Filing at a Glance

Companies: American Economy Insurance Company, American States Insurance Company, First National Insurance Company of America, General Insurance Company of America, Safeco Insurance Company of America

Product Name: Fire & Allied	SERFF Tr Num: SAFX-125513066	State: Arkansas
TOI: 17.0 Other Liability - Claims Made/Occurrence	SERFF Status: Closed	State Tr Num: EFT $50
Sub-TOI: 17.0000 Other Liability Sub-TOI Combinations	Co Tr Num: ML AR07458CGF01	State Status: Fees verified and received
Filing Type: Form	Co Status:	Reviewer(s): Betty Montesi, Llyweyia Rawlins, Brittany Yielding
	Author: SPI SafecoInsuranceSPI	Disposition Date: 03/19/2008
	Date Submitted: 02/27/2008	Disposition Status: Approved
Effective Date Requested (New): 05/01/2008		Effective Date (New): 05/01/2008
Effective Date Requested (Renewal): 05/01/2008		Effective Date (Renewal): 05/01/2008

State Filing Description:

General Information

Project Name: Fire - Safeco Optimum Property	Status of Filing in Domicile:
Project Number: ML AR07458CGF01	Domicile Status Comments:
Reference Organization:	Reference Number:
Reference Title:	Advisory Org. Circular:
Filing Status Changed: 03/19/2008	
State Status Changed: 03/18/2008	Deemer Date:
Corresponding Filing Tracking Number:	

Filing Description:

Withdrawing: See attached form listing

We are submitting a revision and enhancement to our Peak Property, Peak Extra Property, Ultra Peak Property and Ultra Peak Extra Property Programs under our companion Division Five - Fire and Allied Lines form filing, CF

AR07458CGF01. The new program will be titled Safeco Optimum PropertyTM. We are taking this opportunity to expand coverages and eligibility as well as address some coverage concerns. Some of the features of the new program are listed below:

" Separate Peak and Peak Extra endorsements are being replaced with a single product.
" Various Ultra Peak and Ultra Peak Extra endorsements are being replaced with single products.
" 2008 ISO Property Multistate changes are incorporated into the forms.
" Coverage enhancements formerly provided by separate endorsements are now built into the forms.
" Contents is written on a Special cause of loss basis; Basic or Broad coverage will not be offered.
" Flex Coverage provides a single limit that can be used for the following coverages:
o Accounts Receivable
o Brands and Labels
o Non-owned Detached Trailers
o Outdoor Trees, Shrubs, Plants, Sod and Lawns (not included in Safeco Optimum PropertyTM for Golf and Country Clubs)
o Personal Effects
o Valuable Papers and Records
" A variety of coverage extensions and additional coverages are available.

Combining the forms and endorsements for these programs resulted in massive changes to our forms. Due to the number and type of changes creating a side-by-side comparison is not practical. In its place we are including a Forms Memorandum that details the changes to the forms.

Compliance with applicable statutes including cancellation, nonrenewals and other state specific requirements is satisfied through the use of appropriate ISO and company Interline and Commercial Property forms.

We are submitting this filing under your Prior Approval statute and ask for an approval applicable to all policies written on or after May 1, 2008, and concurrent with our companion filings.

Company and Contact

Filing Contact Information

Steven Darci, Commercial Lines Filings Analyst stedar@safeco.com
Safeco Plaza (206) 473-5823 [Phone]
Seattle, WA 98185-0001 (206) 473-6723[FAX]

Filing Company Information

American Economy Insurance Company Safeco Plaza State Filings Suite 2800 Seattle, WA 98185-0001 (206) 545-5000 ext. [Phone]	CoCode: 19690 Group Code: 163 Group Name: Safeco Group FEIN Number: 35-1044900 ---	State of Domicile: Indiana Company Type: State ID Number:
American States Insurance Company Safeco Plaza State Filings Suite 2800 Seattle, WA 98185-0001 (206) 545-5000 ext. [Phone]	CoCode: 19704 Group Code: 163 Group Name: Safeco Group FEIN Number: 35-0145400 ---	State of Domicile: Indiana Company Type: State ID Number:
First National Insurance Company of America Safeco Plaza State Filings Suite 2800 Seattle, WA 98185-0001 (206) 545-5000 ext. [Phone]	CoCode: 24724 Group Code: 163 Group Name: Safeco Group FEIN Number: 91-0742144 ---	State of Domicile: Washington Company Type: State ID Number:
General Insurance Company of America Safeco Plaza State Filings Suite 2800 Seattle , WA 98185-0001 (206) 545-5000 ext. [Phone]	CoCode: 24732 Group Code: 163 Group Name: Safeco Group FEIN Number: 91-0231910 ---	State of Domicile: Washington Company Type: State ID Number:
Safeco Insurance Company of America Safeco Plaza State Filings Suite 2800 Seattle, WA 98185-0001 (206) 545-5000 ext. [Phone]	CoCode: 24740 Group Code: 163 Group Name: Safeco Group FEIN Number: 91-0742148	State of Domicile: Washington Company Type: State ID Number:

SERFF Tracking Number:	*SAFX-125513066*	*State:*	*Arkansas*
First Filing Company:	*American Economy Insurance Company, ...*	*State Tracking Number:*	*EFT $50*
Company Tracking Number:	*ML AR07458CGF01*		
TOI:	*17.0 Other Liability - Claims Made/Occurrence*	*Sub-TOI:*	*17.0000 Other Liability Sub-TOI Combinations*
Product Name:	*Fire & Allied*		
Project Name/Number:	*Fire - Safeco Optimum Property/ML AR07458CGF01*		

Filing Fees

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

COMPANY	AMOUNT	DATE PROCESSED	TRANSACTION #
American Economy Insurance Company	$50.00	02/27/2008	18205209

Correspondence Summary

Dispositions

Status	Created By	Created On	Date Submitted
Approved	Llyweyia Rawlins	03/19/2008	03/19/2008

Disposition

Disposition Date: 03/19/2008

Effective Date (New): 05/01/2008

Effective Date (Renewal): 05/01/2008

Status: Approved

Comment:

Rate data does NOT apply to filing.

Overall Rate Information for Multiple Company Filings	
Overall Percentage Rate Indicated For This Filing	0.000%
Overall Percentage Rate Impact For This Filing	0.000%
Effect of Rate Filing-Written Premium Change For This Program	$0
Effect of Rate Filing - Number of Policyholders Affected	0

Item Type	Item Name	Item Status	Public Access
Supporting Document	Uniform Transmittal Document-Property & Casualty	Approved	Yes
Supporting Document	Explanation of Optimum, Form Memorandum, Forms Listing, Withdrawn Form CMP	Approved	Yes
Form	Safeco Optimum Property Causes of Loss - Special Form	Approved	Yes
Form	Safeco Optimum Property Extra Expense Coverage Form	Approved	Yes
Form	Safeco Optimum Property Business Income (And Extra Expense) Actual Loss Sustained Coverage Form	Approved	Yes
Form	Safeco Optimum Property Business Income (Without Extra Expense) Coverage Form	Approved	Yes
Form	Safeco Optimum Property Business Income (And Extra Expense) Coverage Form	Approved	Yes
Form	Safeco Optimum Property for Manufacturers Building and Personal Property Coverage Form	Approved	Yes
Form	Safeco Optimum Property for Manufacturers Causes of Loss - Special Form	Approved	Yes
Form	Safeco Optimum Property for Manufacturers Business Income (And Extra Expense) Coverage Form	Approved	Yes
Form	Safeco Optimum Property for Manufacturers Business Income (Without Extra Expense) Coverage Form	Approved	Yes
Form	Safeco Optimum Property for Manufacturers Extra Expense Coverage Form	Approved	Yes
Form	Safeco Optimum Property for Manufacturers Business Income (And Extra Expense) Actual Loss Sustained Coverage Form	Approved	Yes

Form	Safeco Optimum Property for Restaurants Building and Personal Property Coverage Form	Approved	Yes
Form	Safeco Optimum Property for Restaurants Causes of Loss - Special Form	Approved	Yes
Form	Safeco Optimum Property for Restaurants Business Income (And Extra Expense) Coverage Form	Approved	Yes
Form	Safeco Optimum Property for Restaurants Business Income (Without Extra Expense) Coverage Form	Approved	Yes
Form	Safeco Optimum Perperty for Restaurants Extra Expense Coverage Form	Approved	Yes
Form	Safeco Optimum Property for Restaurants Business Income (And Extra Expense) Actual Loss Sustained Coverage Form	Approved	Yes
Form	Safeco Optimum Property for Religious Institutions Building and Personal Property Coverage Form	Approved	No
Form	Safeco Optimum Property for Religious Institutions Causes of Loss - Special Form	Approved	Yes
Form	Safeco Optimum Property for Religious Institutions Business Income (And Extra Expense) Coverage Form	Approved	Yes
Form	Safeco Optimum Property for Religious Institutions Business Income (Without Extra Expense) Coverage Form	Approved	Yes
Form	Safeco Optimum Property for Religious Institutions Extra Expense Coverage Form	Approved	Yes
Form	Safeco Optimum Property for Religious Institutions Business Income (And Extra Expense) Actual Loss Sustained Coverage Form	Approved	Yes
Form	Safeco Optimum Property for Golf and Country Clubs Building and Personal Property Coverage Form	Approved	Yes

Form	Safeco Optimum Property for Gold and Country Clubs Causes of Loss - Special Form	Approved	Yes
Form	Safeco Optimum Property for Golf and Country Clubs Business Income (Without Extra Expense) Coverage Form	Approved	Yes
Form	Safeco Optimum Property for Golf and Country Clubs Extra Expense Coverage Form	Approved	Yes
Form	Safeco Optimum Property for Golf and Country Clubs Business Income (And Extra Expense) Actual Loss Sustained Coverage Form	Approved	Yes
Form	Safeco Optimum Property for Automobile Service Businesses Building and Personal Property Coverage Form	Approved	Yes
Form	Safeco Optimum Property for Automobile Service Businesses Causes of Loss - Special Form	Approved	Yes
Form	Safeco Optimum Property for Automobile Service Businesses Business Income (And Extra Expense) Coverage Form	Approved	Yes
Form	Safeco Optimum Property for Automobile Service Businesses Business Income (Without Extra Expense) Coverage Form	Approved	Yes
Form	Safeco Optimum Property for Automobile Service Businesses Extra Expense Coverage Form	Approved	Yes
Form	Safeco Optimum Property for Automobile Service Businesses Business Income (And Extra Expense) Actual Loss Sustained Coverage Form	Approved	Yes
Form	Safeco Optimum Property for Apartments Building and Personal Property Coverage Form	Approved	Yes
Form	Safeco Optimum Property for Apartments Causes of Loss - Special Form	Approved	Yes
Form	Safeco Optimum Property for Apartments	Approved	Yes

	Business Income (And Extra Expense) Coverage Form		
Form	Safeco Optimum Property for Apartments Business Income (Without Extra Expense) Coverage Form	Approved	Yes
Form	Safeco Optimum Property for Apartments Extra Expense Coverage Form	Approved	Yes
Form	Safeco Optimum Property for Apartments Business Income (And Extra Expense) Actual Loss Sustained Coverage Form	Approved	Yes
Form	Safeco Optimum Property for Condominium Associations Building and Personal Property Coverage Form	Approved	Yes
Form	Safeco Optimum Property for Condominium Associations Causes of Loss - Special Form	Approved	Yes
Form	Safeco Optimum Property for Condominium Associations Business Income (And Extra Expense) Coverage Form	Approved	Yes
Form	Safeco Optimum Property for Condominium Associations Business Income (Without Extra Expense) Coverage Form	Approved	Yes
Form	Safeco Optimum Property for Condominium Associations Extra Expense Coverage Form	Approved	Yes
Form	Safeco Optimum Property for Condominium Associations Business Income (And Extra Expense) Actual Loss Sustained Coverage Form	Approved	Yes
Form	"Fungus", Wet Rot, Dry Rot and Bacteria Coverage	Approved	Yes
Form	Ordinance or Law Coverage	Approved	Yes
Form	Safeco Optimum Property Value Reporting Form Change	Approved	Yes
Form	Safeco Optimum Property Peak Season Limit of Insurance	Approved	Yes

Form	Safeco Optimum Property Flood Coverage Endorsement	Approved	Yes
Form	Safeco Optimum Property for Golf and Country Clubs Building and Personal Property Coverage Form	Approved	Yes
Form	Safeco Optimum Property Building and Personal Property Coverage From	Approved	Yes
Form	Arkansas Changes Business Income (and Extra Expense) Actual Loss Sustained Coverage Form	Approved	Yes

Form Schedule

Review Status	Form Name	Form #	Edition Date	Form Type Action	Action Specific Data	Readability	Attachment
Approved	Safeco Optimum Property Causes of Loss - Special Form	CP 74 31	03 08	Policy/CoveNew rage Form		0.00	CP 74 31.PDF
Approved	Safeco Optimum Property Extra Expense Coverage Form	CP 74 32	03 08	Policy/CoveNew rage Form		0.00	CP 74 32.PDF
Approved	Safeco Optimum Property Business Income (And Extra Expense) Actual Loss Sustained Coverage Form	CP 74 33	03 08	Policy/CoveNew rage Form		0.00	CP 74 33.PDF
Approved	Safeco Optimum Property Business Income (Without Extra Expense) Coverage Form	CP 74 35	03 08	Policy/CoveNew rage Form		0.00	CP 74 35.PDF
Approved	Safeco Optimum Property Business Income (And Extra Expense) Coverage Form	CP 74 36	03 08	Policy/CoveNew rage Form		0.00	CP 74 36.PDF
Approved	Safeco Optimum Property for Manufacturers Building and Personal Property	CP 74 38	03 08	Policy/CoveNew rage Form		0.00	CP 74 38 .PDF

	Coverage Form					
Approved	Safeco Optimum Property for Manufacturers Causes of Loss - Special Form	CP 74 39	03 08	Policy/Coverage Form	New	0.00	CP 74 39.PDF
Approved	Safeco Optimum Property for Manufacturers Business Income (And Extra Expense) Coverage Form	CP 74 40	03 08	Policy/Coverage Form	New	0.00	CP 74 40.PDF
Approved	Safeco Optimum Property for Manufacturers Business Income (Without Extra Expense) Coverage Form	CP 74 41	03 08	Policy/Coverage Form	New	0.00	CP 74 41.PDF
Approved	Safeco Optimum Property for Manufacturers Extra Expense Coverage Form	CP 74 42	03 08	Policy/Coverage Form	New	0.00	CP 74 42.PDF
Approved	Safeco Optimum Property for Manufacturers Business Income (And Extra Expense) Actual Loss Sustained Coverage Form	CP 74 43	03 08	Policy/Coverage Form	New	0.00	CP 74 43.PDF
Approved	Safeco Optimum Property for Restaurants Building and Personal	CP 74 59	03 08	Policy/Coverage Form	New	0.00	CP 74 59.PDF

	Property Coverage Form					
Approved	Safeco Optimum Property for Restaurants Causes of Loss - Special Form	CP 74 60	03 08	Policy/Coverage Form	0.00	CP 74 60.PDF
Approved	Safeco Optimum Property for Restaurants Business Income (And Extra Expense) Coverage Form	CP 74 61	03 08	Policy/Coverage Form	0.00	CP 74 61.PDF
Approved	Safeco Optimum Property for Restaurants Business Income (Without Extra Expense) Coverage Form	CP 74 62	03 08	Policy/Coverage Form	0.00	CP 74 62.PDF
Approved	Safeco Optimum Perperty for Restaurants Extra Expense Coverage Form	CP 74 63	03 08	Policy/Coverage Form	0.00	CP 74 63.PDF
Approved	Safeco Optimum Property for Restaurants Business Income (And Extra Expense) Actual Loss Sustained Coverage Form	CP 74 64	03 08	Policy/Coverage Form	0.00	CP 74 64.PDF
Approved	Safeco Optimum Property for Religious Institutions	CP 74 52	03 08	Policy/Coverage Form	0.00	CP 74 52.PDF

	Building and Personal Property Coverage Form					
Approved	Safeco Optimum Property for Religious Institutions Causes of Loss - Special Form	CP 74 53	03 08	Policy/Coverage Form	New	0.00	CP 74 53.PDF
Approved	Safeco Optimum Property for Religious Institutions Business Income (And Extra Expense) Coverage Form	CP 74 54	03 08	Policy/Coverage Form	New	0.00	CP 74 54.PDF
Approved	Safeco Optimum Property for Religious Institutions Business Income (Without Extra Expense) Coverage Form	CP 74 55	03 08	Policy/Coverage Form	New	0.00	CP 74 55.PDF
Approved	Safeco Optimum Property for Religious Institutions Extra Expense Coverage Form	CP 74 56	03 08	Policy/Coverage Form	New	0.00	CP 74 56.PDF
Approved	Safeco Optimum Property for Religious Institutions Business Income (And Extra	CP 74 57	03 08	Policy/Coverage Form	New	0.00	CP 74 57.PDF

	Expense) Actual Loss Sustained Coverage Form					
Approved	Safeco Optimum Property for Golf and Country Clubs Building and Personal Property Coverage Form	CP 74 46	03 08	Policy/Coverage Form New	0.00	CP 74 46.PDF
Approved	Safeco Optimum Property for Gold and Country Clubs Causes of Loss - Special Form	CP 74 47	03 08	Policy/Coverage Form New	0.00	CP 74 47 .PDF
Approved	Safeco Optimum Property for Golf and Country Clubs Business Income (Without Extra Expense) Coverage Form	CP 74 48	03 08	Policy/Coverage Form New	0.00	CP 74 48.PDF
Approved	Safeco Optimum Property for Golf and Country Clubs Extra Expense Coverage Form	CP 74 49	03 08	Policy/Coverage Form New	0.00	CP 74 49.PDF
Approved	Safeco Optimum Property for Golf and Country Clubs Business Income (And Extra Expense) Actual Loss Sustained Coverage Form	CP 74 50	03 08	Policy/Coverage Form New	0.00	CP 74 50.PDF

Approved	Safeco Optimum Property for Automobile Service Businesses Building and Personal Property Coverage Form	CP 74 75	03 08	Policy/Coverage Form	0.00	CP 74 75.PDF
Approved	Safeco Optimum Property for Automobile Service Businesses Causes of Loss - Special Form	CP 74 76	03 08	Policy/Coverage Form	0.00	CP 74 76.PDF
Approved	Safeco Optimum Property for Automobile Service Businesses Business Income (And Extra Expense) Coverage Form	CP 74 77	03 08	Policy/Coverage Form	0.00	CP 74 77.PDF
Approved	Safeco Optimum Property for Automobile Service Businesses Business Income (Without Extra Expense) Coverage Form	CP 74 78	03 08	Policy/Coverage Form	0.00	CP 74 78.PDF
Approved	Safeco Optimum Property for Automobile Service	CP 74 79	03 08	Policy/Coverage Form	0.00	CP 74 79.PDF

	Businesses Extra Expense Coverage Form					
Approved	Safeco Optimum Property for Automobile Service Businesses Business Income (And Extra Expense) Actual Loss Sustained Coverage Form	CP 74 80	03 08	Policy/Coverage Form New	0.00	CP 74 80.PDF
Approved	Safeco Optimum Property for Apartments Building and Personal Property Coverage Form	CP 74 66	03 08	Policy/Coverage Form New	0.00	CP 74 66.PDF
Approved	Safeco Optimum Property for Apartments Causes of Loss - Special Form	CP 74 67	03 08	Policy/Coverage Form New	0.00	CP 74 67.PDF
Approved	Safeco Optimum Property for Apartments Business Income (And Extra Expense) Coverage Form	CP 74 68	03 08	Policy/Coverage Form New	0.00	CP 74 68.PDF
Approved	Safeco Optimum Property for Apartments Business Income (Without Extra Expense)	CP 74 69	03 08	Policy/Coverage Form New	0.00	CP 74 69.PDF

	Coverage Form					
Approved	Safeco Optimum Property for Apartments Extra Expense Coverage Form	CP 74 70	03 08	Policy/Coverage Form New	0.00	CP 74 70.PDF
Approved	Safeco Optimum Property for Apartments Business Income (And Extra Expense) Actual Loss Sustained Coverage Form	CP 74 71	03 08	Policy/Coverage Form New	0.00	CP 74 71.PDF
Approved	Safeco Optimum Property for Condominium Associations Building and Personal Property Coverage Form	CP 74 83	03 08	Policy/Coverage Form New	0.00	CP 74 83.PDF
Approved	Safeco Optimum Property for Condominium Associations Causes of Loss - Special Form	CP 74 84	03 08	Policy/Coverage Form New	0.00	CP 74 84.PDF
Approved	Safeco Optimum Property for Condominium Associations Business Income (And Extra Expense) Coverage Form	CP 74 85	03 08	Policy/Coverage Form New	0.00	CP 74 85.PDF
Approved	Safeco Optimum Property for	CP 74 86	03 08	Policy/Coverage Form New	0.00	CP 74 86.PDF

	Condominium Associations Business Income (Without Extra Expense) Coverage Form						
Approved	Safeco Optimum Property for Condominium Associations Extra Expense Coverage Form	CP 74 87	03 08	Policy/Coverage Form	New	0.00	CP 74 87.PDF
Approved	Safeco Optimum Property for Condominium Associations Business Income (And Extra Expense) Actual Loss Sustained Coverage Form	CP 74 88	03 08	Policy/Coverage Form	New	0.00	CP 74 88.PDF
Approved	"Fungus", Wet Rot, Dry Rot and Bacteria Coverage	CP 92 02	03 08	Endorsement/Amendment/Conditions	New	0.00	CP 92 02.PDF
Approved	Ordinance or Law Coverage	CP 92 03	03 08	Endorsement/Amendment/Conditions	New	0.00	CP 92 03.PDF
Approved	Safeco Optimum Property Value Reporting Form Change	CP 92 04	03 08	Endorsement/Amendment/Conditions	New	0.00	CP 92 04.PDF
Approved	Safeco Optimum Property Peak Season Limit of Insurance	CP 92 05	03 08	Endorsement/Amendment/Conditions	New	0.00	CP 92 05.PDF
Approved	Safeco Optimum	CP 92 06	03 08	Endorsement	New	0.00	CP 92

	Property Flood Coverage Endorsement			nt/Amendment/Conditions			06.PDF
Approved	Safeco Optimum Property for Golf and Country Clubs Building and Personal Property Coverage Form	CP 74 45	03 08	Policy/Coverage Form	New	0.00	CP 74 45.PDF
Approved	Safeco Optimum Property Building and Personal Property Coverage From	CP 74 30	03 08	Policy/Coverage Form	New	0.00	CP 74 30.PDF
Approved	Arkansas Changes Business Income (and Extra Expense) Actual Loss Sustained Coverage Form	CP 92 08	03 08	Endorsement/Amendment/Conditions	New	0.00	CP 92 08.PDF

Safeco Optimum Property ™
CAUSES OF LOSS — SPECIAL FORM

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

A. Covered Causes Of Loss

Covered Causes of Loss means Risks Of Direct Physical Loss unless the loss is:

1. Excluded in Section **B.,** Exclusions; or

2. Limited in Section **C.,** Limitations;

that follow.

B. Exclusions

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

a. Ordinance Or Law

The enforcement of any ordinance or law:

(1) Regulating the construction, use or repair of any property; or

(2) Requiring the tearing down of any property, including the cost of removing its debris.

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

(a) An ordinance or law that is enforced even if the property has not been damaged; or

(b) The increased costs incurred to comply with an ordinance or law in the course of construction, repair, renovation, remodeling or demolition of property, or removal of its debris, following a physical loss to that property.

b. Earth Movement

(1) Earthquake, including any earth sinking, rising or shifting related to such event;

(2) Landslide, including any earth sinking, rising or shifting related to such event;

(3) Mine subsidence, meaning subsidence of a man-made mine, whether or not mining activity has ceased;

(4) Earth sinking (other than sinkhole collapse), rising or shifting including soil conditions which cause settling, cracking or other disarrangement of foundations or other parts of realty. Soil conditions include contraction, expansion, freezing, thawing, erosion, improperly compacted soil and the action of water under the ground surface.

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

(5) Volcanic eruption, explosion or effusion. But if volcanic eruption, explosion or effusion results in fire, building glass breakage or Volcanic Action, we will pay for the loss or damage caused by that fire, building glass breakage or Volcanic Action.

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

(a) Airborne volcanic blast or airborne shock waves;

(b) Ash, dust or particulate matter; or

(c) Lava flow.

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

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

(6) This Exclusion does not apply to the following coverages from the Building And Personal Property Coverage Form:

(a) Coverage Extension **A.5.a. Accounts Receivable**

(b) Coverage Extension **A.5.e. Electronic Data Processing**

(c) Coverage Extension **A.5.f. Exhibitions**

(d) Coverage Extension **A.5.g. Fine Arts**

(e) Coverage Extension **A.5.n. Property In Transit**

(f) Coverage Extension **A.5.p. Sales Representatives Samples**

(g) Coverage Extension **A.5.u. Valuable Papers And Records**

c. Governmental Action

Seizure or destruction of property by order of governmental authority.

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

d. Nuclear Hazard

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

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

e. Utility Services

The failure of power, communication, water or other utility service supplied to the described premises, however caused, if the failure:

(1) Originates away from the described premises; or

(2) Originates at the described premises, but only if such failure involves equipment used to supply the utility service to the described premises from a source away from the described premises.

Failure of any utility service includes lack of sufficient capacity and reduction in supply.

Loss or damage caused by a surge of power is also excluded, if the surge would not have occurred but for an event causing a failure of power.

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

Communication services include but are not limited to service relating to Internet access or access to any electronic, cellular or satellite network.

f. War And Military Action

(1) War, including undeclared or civil war;

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

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

g. Water

(1) (a) Flood, whether or not arising from natural forces;

(b) Surface water;

(c) Waves;

(d) Tides;

(e) Tidal waves; or

(f) Overflow of any body of water

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

(2) Release of water held by a dam, levee or dike, or by a water or flood control device;

(3) Mudslide or mudflow;

(4) Water that backs up or overflows from a sewer, drain or sump, except as provided below in the Additional Coverage for Back Up of Sewer, Drain or Sump; or

(5) Water under the ground surface pressing on, or flowing or seeping through:

(a) Foundations, walls, floors or paved surfaces;

(b) Basements, whether paved or not; or

(c) Doors, windows or other openings.

But if Water, as described in **g.(1)** through **g.(5)** above, results in fire, explosion or sprinkler leakage, we will pay for the loss or damage caused by that fire, explosion or sprinkler leakage.

(6) This Exclusion does not apply to the following coverages from the Building And Personal Property Coverage Form:

(a) Coverage Extension **A.5.a. Accounts Receivable**

(b) Coverage Extension **A.5.e. Electronic Data Processing**

(c) Coverage Extension **A.5.f. Exhibitions**

(d) Coverage Extension **A.5.g. Fine Arts**

(e) Coverage Extension **A.5.n. Property In Transit**

(f) Coverage Extension **A.5.p. Sales Representatives Samples**

(g) Coverage Extension **A.5.u. Valuable Papers And Records**

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

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

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

This exclusion does not apply:

1. When "fungus", wet or dry rot or bacteria results from fire or lightning; or

2. To the extent that coverage is provided in the Additional Coverage — Limited Coverage for "Fungus", Wet Rot, Dry Rot And Bacteria with respect to loss or damage by a cause of loss other than fire or lightning.

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

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

a. Electrical, Magnetic Or Electromagnetic Energy: Artificially generated electrical, magnetic or electromagnetic energy that damages, disturbs, disrupts or otherwise interferes with any:

(1) Electrical or electronic wire, device, appliance, system or network; or

(2) Device, appliance, system or network utilizing cellular or satellite technology.

For the purpose of this exclusion, electrical, magnetic or electromagnetic energy includes but is not limited to:

(1) Electrical current, including arcing;

(2) Electrical charge produced or conducted by a magnetic or electromagnetic field;

(3) Pulse of electromagnetic energy; or

(4) Electromagnetic waves or microwaves.

But if fire results, we will pay for the loss or damage caused by that fire.

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

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

d. Other Types Of Loss:

(1) Wear and tear;

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

(3) Smog;

(4) Settling, cracking, shrinking or expansion;

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

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

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

(a) Dampness or dryness of atmosphere;

(b) Changes in or extremes of temperature; or

(c) Marring or scratching.

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

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

f. Continuous Seepage Or Leakage: Continuous or repeated seepage or leakage of water, or the presence or condensation of humidity, moisture or vapor, that occurs over a period of 14 days or more.

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

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

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

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

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

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

j. Collapse: Collapse, including any of the following conditions of property or any part of the property:

(1) An abrupt falling down or caving in;

(2) Loss of structural integrity, including separation of parts of the property or property in danger of falling down or caving in; or

(3) Any cracking, bulging, sagging, bending, leaning, settling, shrinkage or expansion as such condition relates to **(1)** or **(2)** above.

But if collapse results in a Covered Cause of Loss at the described premises, we will pay for the loss or damage caused by that Covered Cause of Loss.

This exclusion, **j.,** does not apply:

(a) To the extent that coverage is provided under the Additional Coverage — Collapse; or

(b) To collapse caused by one or more of the following:

(i) The "specified causes of loss";

(ii) Breakage of building glass;

(iii) Weight of rain that collects on a roof; or

(iv) Weight of people or personal property.

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

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

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

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

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

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

c. Negligent Work: Faulty, inadequate or defective:

(1) Planning, zoning, development, surveying, siting;

(2) Design, specifications, workmanship, repair, construction, renovation, remodeling, grading, compaction;

(3) Materials used in repair, construction, renovation or remodeling; or

(4) Maintenance;

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

4. Special Exclusions

The following provisions apply only to the specified Coverage Forms.

a. Business Income (And Extra Expense) Coverage Form, Business Income (Without Extra Expense) Coverage Form, Business Income (And Extra Expense) Actual Loss Sustained Coverage Form, Or Extra Expense Coverage Form

We will not pay for:

(1) Any loss caused by or resulting from:

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

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

This exclusion does not apply to Extra Expense.

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

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

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

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

(4) Any other consequential loss.

b. Leasehold Interest Coverage Form

(1) Paragraph **B.1.a.** Ordinance Or Law, does not apply to insurance under this Coverage Form.

(2) We will not pay for any loss caused by:

(a) Your canceling the lease;

(b) The suspension, lapse or cancellation of any license; or

(c) Any other consequential loss.

c. Legal Liability Coverage Form

(1) The following exclusions do not apply to insurance under this Coverage Form:

(a) Paragraph **B.1.a.,** Ordinance Or Law;

(b) Paragraph **B.1.c.,** Governmental Action;

(c) Paragraph **B.1.d.,** Nuclear Hazard;

(d) Paragraph **B.1.e.,** Utility Services; and

(e) Paragraph **B.1.f.,** War And Military Action.

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

(a) Contractual Liability

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

(i) Your assumption of liability was executed prior to the accident; and

(ii) The building is Covered Property under this Coverage Form.

(b) Nuclear Hazard

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

5. Additional Exclusion

The following provisions apply only to the specified property.

LOSS OR DAMAGE TO PRODUCTS

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

C. Limitations

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

1. We will not pay for loss of or damage to property, as described and limited in this section. In addition, we will not pay for any loss that is a consequence of loss or damage as described and limited in this section.

a. Steam boilers, steam pipes, steam engines or steam turbines caused by or resulting from any condition or event inside such equipment. But we will pay for loss of or damage to such equipment caused by or resulting from an explosion of gases or fuel within the furnace of any fired vessel or within the flues or passages through which the gases of combustion pass.

b. Hot water boilers or other water heating equipment caused by or resulting from any condition or event inside such boilers or equipment, other than an explosion.

c. The interior of any building or structure, or to personal property in the building or structure, caused by or resulting from

rain, snow, sleet, ice, sand or dust, whether driven by wind or not, unless:

(1) The building or structure first sustains damage by a Covered Cause of Loss to its roof or walls through which the rain, snow, sleet, ice, sand or dust enters; or

(2) The loss or damage is caused by or results from thawing of snow, sleet or ice on the building or structure.

d. Property that is missing, where the only evidence of the loss or damage is a shortage disclosed on taking inventory, or other instances where there is no physical evidence to show what happened to the property.

e. Property that has been transferred to a person or to a place outside the described premises on the basis of unauthorized instructions.

2. We will not pay for loss of or damage to the following types of property unless caused by the "specified causes of loss" or building glass breakage:

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

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

(1) Glass; or

(2) Containers of property held for sale.

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

a. $5,000 for furs, fur garments and garments trimmed with fur.

b. $5,000 for jewelry, watches, watch movements, jewels, pearls, precious and semi-precious stones, bullion, gold, silver, platinum and other precious alloys or metals. This limit does not apply to jewelry and watches worth $100 or less per item.

c. $250 for stamps, tickets, including lottery tickets held for sale, and letters of credit.

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

This limitation, **C.3.,** does not apply to Business Income coverage or to Extra Expense coverage.

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

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

b. Is directly caused by freezing.

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

D. Additional Coverage — Collapse

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

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

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

a. Building decay that is hidden from view, unless the presence of such decay is known to an insured prior to collapse;

b. Insect or vermin damage that is hidden from view, unless the presence of such damage is known to an insured prior to collapse;

c. Use of defective material or methods in construction, remodeling or renovation if the abrupt collapse occurs during the course of the construction, remodeling or renovation.

d. Use of defective material or methods in construction, remodeling or renovation if the abrupt collapse occurs after the

construction, remodeling or renovation is complete, but only if the collapse is caused in part by:

(1) A cause of loss listed in **2.a.** or **2.b.**;

(2) One or more of the "specified causes of loss";

(3) Breakage of building glass;

(4) Weight of people or personal property; or

(5) Weight of rain that collects on a roof.

3. This **Additional Coverage — Collapse** does **not** apply to:

a. A building or any part of a building that is in danger of falling down or caving in;

b. A part of a building that is standing, even if it has separated from another part of the building; or

c. A building that is standing or any part of a building that is standing, even if it shows evidence of cracking, bulging, sagging, bending, leaning, settling, shrinkage or expansion.

4. With respect to the following property:

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

b. Awnings, gutters and downspouts;

c. Yard fixtures;

d. Outdoor swimming pools;

e. Fences;

f. Piers, wharves and docks;

g. Beach or diving platforms or appurtenances;

h. Retaining walls; and

i. Walks, roadways and other paved surfaces;

if an abrupt collapse is caused by a cause of loss listed in **2.a.** through **2.d.,** we will pay for loss or damage to that property only if:

(1) Such loss or damage is a direct result of the abrupt collapse of a building insured under this Coverage Form; and

(2) The property is Covered Property under this Coverage Form.

5. If personal property abruptly falls down or caves in and such collapse is not the result of abrupt collapse of a building, we will pay for loss or damage to Covered Property caused by such collapse of personal property only if:

a. The collapse of personal property was caused by a cause of loss listed in **2.a.** through **2.d.;**

b. The personal property which collapses is inside a building; and

c. The property which collapses is not of a kind listed in **4.,** regardless of whether that kind of property is considered to be personal property or real property.

The coverage stated in this Paragraph **5.** does not apply to personal property if marring and/or scratching is the only damage to that personal property caused by the collapse.

6. This Additional Coverage — Collapse does not apply to personal property that has not abruptly fallen down or caved in, even if the personal property shows evidence of cracking, bulging, sagging, bending, leaning, settling, shrinkage or expansion.

7. This Additional Coverage — Collapse will not increase the Limits of Insurance provided in this Coverage Part.

8. The term Covered Cause of Loss includes the Additional Coverage — Collapse as described and limited in **D.1.** through **D.7.**

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

1. The coverage described in **E.2.** and **E.6.** only applies when the "fungus", wet or dry rot or bacteria is the result of one or more of the following causes that occurs during the policy period and only if all reasonable means were used to save and preserve the property from further damage at the time of and after that occurrence.

a. A "specified cause of loss" other than fire or lightning; or

b. Flood, if the Flood Coverage Endorsement applies to the affected premises.

2. We will pay for loss or damage by "fungus", wet or dry rot or bacteria. As used in this Limited Coverage, the term loss or damage means:

a. Direct physical loss or damage to Covered Property caused by "fungus", wet

or dry rot or bacteria, including the cost of removal of the "fungus", wet or dry rot or bacteria;

b. The cost to tear out and replace any part of the building or other property as needed to gain access to the "fungus", wet or dry rot or bacteria; and

c. The cost of testing performed after removal, repair, replacement or restoration of the damaged property is completed, provided there is a reason to believe that "fungus", wet or dry rot or bacteria are present.

3. The coverage described under **E.2.** of this Limited Coverage is limited to $15,000. Regardless of the number of claims, this limit is the most we will pay for the total of all loss or damage arising out of all occurrences of "specified causes of loss" (other than fire or lightning) and Flood which take place in a 12-month period (starting with the beginning of the present annual policy period). With respect to a particular occurrence of loss which results in "fungus", wet or dry rot or bacteria, we will not pay more than a total of $15,000 even if the "fungus", wet or dry rot or bacteria continues to be present or active, or recurs, in a later policy period.

4. The coverage provided under this Limited Coverage does not increase the applicable Limit of Insurance on any Covered Property. If a particular occurrence results in loss or damage by "fungus", wet or dry rot or bacteria, and other loss or damage, we will not pay more, for the total of all loss or damage, than the applicable Limit of Insurance on the affected Covered Property.

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

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

6. The following, **6.a.** or **6.b.,** applies only if Business Income and/or Extra Expense Coverage applies to the described premises and only if the "suspension" of "operations" satisfies all terms and conditions of the applicable Business Income and/or Extra Expense Coverage Form.

a. If the loss which resulted in "fungus", wet or dry rot or bacteria does not in itself necessitate a "suspension" of "operations", but such "suspension" is necessary due to loss or damage to property caused by "fungus", wet or dry rot or bacteria, then our payment under Business Income and/or Extra Expense is limited to the amount of loss and/or expense sustained in a period of not more than 30 days. The days need not be consecutive.

b. If a covered "suspension" of "operations" was caused by loss or damage other than "fungus", wet or dry rot or bacteria but remediation of "fungus", wet or dry rot or bacteria prolongs the "period of restoration", we will pay for loss and/or expense sustained during the delay (regardless of when such a delay occurs during the "period of restoration"), but such coverage is limited to 30 days. The days need not be consecutive.

F. Additional Coverage — Back Up Of Sewer, Drain Or Sump

1. We will pay for

a. direct physical loss of or damage to Covered Property at the premises described in the Declarations; or

b. if Business Income and/or Extra Expense Coverage applies to the described premises, the loss of Business Income you sustain and/or necessary Extra Expense you incur at premises which are described in the Declarations

solely caused by water that backs up from a sewer, drain or sump.

2. We will not pay for water or other materials that back up from any sewer, drain or sump when it is caused by any flood.

3. Coverage under **F.1.b.** above applies only if the "suspension" of "operations" satisfies all terms and conditions of the applicable Business Income and/or Extra Expense Coverage Form.

4. The most we will pay in any one occurrence for this Additional Coverage under **F.1.a.** and **F.1.b.** combined is $50,000 per premises.

This coverage is included within the Limits of Insurance.

G. Additional Coverage Extensions

1. Water Damage, Other Liquids, Powder Or Molten Material Damage

If loss or damage caused by or resulting from covered water or other liquid, powder or molten material occurs, we will also pay the cost to tear out and replace any part of the building or structure to repair damage to the system or appliance from which the water or other substance escapes. This Coverage Extension does not increase the Limit of Insurance.

2. Glass

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

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

This Coverage Extension, **G.2.,** does not increase the Limit of Insurance.

H. Definitions

1. "Fungus" means any type or form of fungus, including mold or mildew, and any mycotoxins, spores, scents or by-products produced or released by fungi.

2. "Operations" means:

a. Your business activities occurring at the described premises; and

b. The tenantability of the described premises.

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

a. Sinkhole collapse means the sudden sinking or collapse of land into underground empty spaces created by the action of water on limestone or dolomite. This cause of loss does not include:

(1) The cost of filling sinkholes; or

(2) Sinking or collapse of land into man-made underground cavities.

b. Falling objects does not include loss or damage to:

(1) Personal property in the open; or

(2) The interior of a building or structure, or property inside a building or structure, unless the roof or an outside wall of the building or structure is first damaged by a falling object.

c. Water damage means accidental discharge or leakage of water or steam as the direct result of the breaking apart or cracking of a plumbing, heating, air conditioning or other system or appliance (other than a sump system including its related equipment and parts), that is located on the described premises and contains water or steam.

4. "Suspension" means:

a. The slowdown or cessation of your business activities; or

b. That a part or all of the described premises is rendered untenantable.

Safeco Optimum Property ™
EXTRA EXPENSE COVERAGE FORM

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

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

Other words and phrases that appear in quotation marks have special meaning. Refer to Section **E.** Definitions.

A. Coverage

We will pay the actual and necessary Extra Expense you sustain due to direct physical loss of or damage to property at premises which are described in the Declarations and for which an Extra Expense Limit of Insurance is shown in the Declarations. The loss or damage must be caused by or result from a Covered Cause of Loss. With respect to loss of or damage to personal property in the open or personal property in a vehicle, the described premises include the area within 1,000 feet of the site at which the described premises are located.

With respect to the requirements set forth in the preceding paragraph, if you occupy only part of the site at which the described premises are located, your premises means:

a. The portion of the building which you rent, lease or occupy; and

b. Any area within the building or on the site at which the described premises are located, if that area services, or is used to gain access to, the described premises.

1. Extra Expense

Extra Expense means necessary expenses you incur during the "period of restoration" that you would not have incurred if there had been no direct physical loss or damage to property. Coverage pertains to expenses (other than the expense to repair or replace property) which are incurred to:

a. Avoid or minimize the "suspension" of business and to continue "operations" at the described premises or at replacement premises or temporary locations, including relocation expenses and costs to equip and operate the replacement location or temporary location.

b. Minimize the "suspension" of business if you cannot continue "operations".

We will also pay Extra Expense to repair or replace property, but only to the extent it reduces the amount of loss that otherwise would have been payable under this Coverage Form.

2. Covered Causes Of Loss, Exclusions And Limitations

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

3. Additional Limitation — Interruption Of Computer Operations

Coverage for Extra Expense does not apply when action is taken to avoid or minimize a "suspension" of "operations" caused by destruction or corruption of "electronic data", or any loss or damage to "electronic data", except as provided under the Coverage Extension for Electronic Data Processing found in the Building And Personal Property Coverage Form.

4. Additional Coverages

a. Alterations And New Buildings

We will pay for the actual and necessary Extra Expense you incur due to direct physical loss or damage at the described premises caused by or resulting from any Covered Cause of Loss to:

(1) New buildings or structures, whether complete or under construction;

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(2) Alterations or additions to existing buildings or structures; and

(3) Machinery, equipment, supplies or building materials located on or within 1,000 feet of the described premises and:

(a) Used in the construction, alterations or additions; or

(b) Incidental to the occupancy of new buildings.

b. Civil Authority

In this Additional Coverage — Civil Authority, the described premises are premises to which this Coverage Form applies, as shown in the Declarations.

When a Covered Cause of Loss causes damage to property other than property at the described premises, we will pay for the actual and necessary Extra Expense you incur caused by action of civil authority that prohibits access to the described premises, provided that both of the following apply:

(1) Access to the area immediately surrounding the damaged property is prohibited by civil authority as a result of the damage, and the described premises are within that area but are not more than one mile from the damaged property; and

(2) The action of civil authority is taken in response to dangerous physical conditions resulting from the damage or continuation of the Covered Cause of Loss that caused the damage, or the action is taken to enable a civil authority to have unimpeded access to the damaged property.

Civil Authority coverage will begin immediately after the time of the first action of civil authority that prohibits access to the described premises and will end 30 consecutive days after the date of that action.

c. Dependent Properties — Extra Expense

(1) Your coverage for Extra Expense, as provided and limited in this form, is extended to apply to the actual and necessary Extra Expense you incur due to direct physical loss of or damage to "dependent property" caused by or resulting from a Covered Cause of Loss.

However this Additional Coverage does not apply when the only loss to "dependent property" is loss or damage to "electronic data", including destruction or corruption of "electronic data". If the "dependent property" sustains loss or damage to "electronic data" and other property, coverage under this Additional Coverage will not continue once the other property is repaired, rebuilt or replaced.

(2) The most we will pay under this Additional Coverage is $50,000 in any one occurrence regardless of the number of dependent properties.

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

d. Ordinance Or Law — Increased Period Of Restoration

(1) If a Covered Cause of Loss occurs to property at the premises described in the Declarations, coverage is extended to include the amount of actual and necessary loss you sustain during the increased period of "suspension" of "operations" caused by or resulting from the enforcement of any ordinance or law that:

(a) Regulates the construction or repair of any property;

(b) Requires the tearing down of parts of any property not damaged by a Covered Cause of Loss; and

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

However, coverage is not extended under this Additional Coverage to include loss caused by or resulting from the enforcement of any ordinance or law which requires any insured or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of "pollutants".

5. Coverage Extensions

a. Newly Acquired Locations

(1) You may extend your Extra Expense Coverage to apply to property at any premises you acquire other than fairs or exhibitions.

(2) The most we will pay under this Extension is $250,000 at each premises.

Payments under this Coverage Extension are separate from the Limit(s) of Insurance shown in the Declarations for any other coverage.

(3) Insurance under this Extension for each newly acquired premises will end when any of the following first occurs:

(a) This policy expires;

(b) 180 days expire after you acquire or begin to construct the property; or

(c) You report values to us.

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

b. Spoilage Due To Power Outage, Mechanical Breakdown, Or Contamination — Extra Expense

(1) You may extend your Extra Expense Coverage to apply to loss caused by spoilage of "perishable stock" caused by:

(a) Breakdown or Contamination, meaning:

(i) Change in temperature or humidity caused by mechanical breakdown or mechanical failure of refrigerating, cooling, or humidity control equipment; and

(ii) Contamination by the refrigerant.

(b) Power Outage, meaning change in temperature or humidity caused by complete or partial interruption of electrical power due to conditions beyond your control.

(2) This coverage does not apply to loss to stock which is outside of a building or in or on a vehicle unless the stock is being moved to prevent or reduce loss covered by this policy.

(3) Only the following Exclusions contained in Paragraph **B.1.** of the Causes Of Loss — Special Form apply to this Coverage Extension:

(a) **B.1.b.** Earth Movement;

(b) **B.1.c.** Governmental Action;

(c) **B.1.d.** Nuclear Hazard;

(d) **B.1.f.** War And Military Action; and

(e) **B.1.g.** Water.

(4) The following Exclusions are added:

We will not pay for loss or damage caused by:

(a) The disconnecting of any refrigerating, cooling or humidity control system from the source of power.

(b) Shutting off electrical power by turning off the switch that controls the flow of electricity.

(c) The inability of an Electrical Utility Company or other power source to provide sufficient power due to:

(i) Lack of fuel; or

(ii) Governmental order.

(d) A power source at the described premises not having enough power to meet demand due to lack of generating capacity.

(5) The most we will pay under this Coverage Extension is $50,000 per occurrence.

c. Utility Service — Extra Expense

(1) You may extend your Extra Expense Coverage to apply to loss at the described premises or Newly Acquired Locations caused by the interruption of service to the described premises or Newly Acquired Locations. The interruption must result from direct physical loss or damage by a Covered Cause of Loss to the property described in Paragraph **(2),**

(2) Utility Services

(a) Water Supply Services, meaning pumping stations and water mains supplying water to your premises.

(b) Communication Supply Services, meaning property supplying communication services, including telephone, radio, microwave or television

services, to your premises, such as:

(i) Communication transmission lines, including optic fiber transmission lines;

(ii) Coaxial cables; and

(iii) Microwave radio relays except satellites.

(c) Power Supply Services, meaning the following types of property supplying electricity, steam or gas to your premises:

(i) Utility generating plants;

(ii) Switching stations;

(iii) Substations;

(iv) Transformers; and

(v) Transmission lines.

(3) This Coverage Extension does not apply to loss caused by spoilage of "perishable stock" caused by interruption of Utility Services.

(4) The most we will pay under this Coverage Extension is $50,000 per occurrence.

Payments under this Coverage Extension will not increase the applicable Limit of Insurance.

(5) The provisions of this Coverage Extension are superseded by CP 15 45 Utility Services — Time Element, if attached to and made a part of this policy.

B. Limits Of Insurance

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

2. The amount of insurance stated in the Coverage Extension **A.5.a. Newly Acquired Locations** applies in accordance with the terms of that coverage and is separate from the Limit(s) of Insurance shown in the Declarations for any other coverage.

3. Payments under the following Additional Coverages and Coverage Extensions will not increase the applicable Limit of Insurance:

a. Additional Coverage **A.4.a. Alterations And New Buildings**

b. Additional Coverage **A.4.b. Civil Authority**

c. Additional Coverage **A.4.c. Dependent Properties — Extra Expense**

d. Additional Coverage **A.4.d. Ordinance Or Law — Increased Period Of Restoration**

e. Coverage Extension **A.5.b. Spoilage Due To Power Outage, Mechanical Breakdown, Or Contamination — Extra Expense**

f. Coverage Extension **A.5.c. Utility Service — Extra Expense**

C. Deductible

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

2. When the same occurrence involves loss to insurance under this coverage form and loss under the Building And Personal Property Coverage Form, only one deductible will be applied to the occurrence.

3. Windstorm, Hail or Hurricane percentage deductibles do not apply to Extra Expense coverage.

D. Loss Conditions

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

1. Appraisal

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

a. Pay its chosen appraiser; and

b. Bear the other expenses of the appraisal and umpire equally.

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

2. Duties If You Incur Extra Expense

a. You must see that the following are done if you incur Extra Expense:

(1) Notify the police if a law may have been broken.

(2) Give us prompt notice of the direct physical loss or damage. Include a description of the property involved.

(3) As soon as possible, give us a description of how, when, and where the direct physical loss or damage occurred.

(4) Take all reasonable steps to protect the Covered Property from further damage, and keep a record of your expenses necessary to protect the Covered Property, for consideration in the settlement of the claim. This will not increase the Limit of Insurance. However, we will not pay for any subsequent loss or damage resulting from a cause of loss that is not a Covered Cause of Loss. Also, if feasible, set the damaged property aside and in the best possible order for examination.

(5) As often as may be reasonably required, permit us to inspect the property proving the loss or damage and examine your books and records.

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

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

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

(8) If you intend to continue your business, you must resume all or part of your "operations" as quickly as possible.

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

3. Limits On Loss Payment

We will not pay more for Extra Expense than the percentages shown in the Declarations times the Limit of Insurance.

When the "period of restoration" is:

a. 30 days or less, the first percentage applies.

b. 60 days or less, but more than 30 days, the second percentage applies.

c. More than 60 days, the third percentage applies.

EXAMPLE:

The Limit of Insurance is	$ 100,000
The percentages shown in the Declarations are	40%-80%-100%
The "period of restoration" is	45 days
The amount of Extra Expenses incurred is	$ 90,000

We will not pay more than $100,000 times 80% (the percentage applicable for a "period of restoration" of 31-60 days), or $80,000. The remaining $10,000 is not covered.

4. Loss Determination

a. The amount of Extra Expense will be determined based on:

(1) All expenses that exceed the normal operating expenses that would have been incurred by "operations" during the "period of restoration" if no direct physical loss or damage had occurred. We will deduct from the total of such expenses:

(a) The salvage value that remains of any property bought for temporary use during the "period of restoration", once "operations" are resumed; and

(b) Any Extra Expense that is paid for by other insurance, except for insurance that is written subject to the same plan, terms, conditions and provisions as this insurance; and

(2) Necessary expenses that reduce the Extra Expense otherwise incurred.

b. We will reduce the amount of your Extra Expense loss to the extent you can return "operations" to normal and discontinue such Extra Expense.

c. If you do not resume "operations", or do not resume "operations" as quickly as possible, we will pay based on the length of time it would have taken to resume "operations" as quickly as possible.

5. **Loss Payment**

We will pay for any loss within 30 days after we receive the proof of loss, if you have complied with all of the terms of this Coverage Part and:

a. We reach agreement with you on the amount of loss; or

b. An appraisal award has been made.

E. Definitions

1. "Dependent property" means property operated by others whom you depend on to:

a. Deliver materials or services to you, or to others for your account. With respect to Contributing Locations, services does not mean water, communication or power supply services;

b. Accept your products or services;

c. Manufacture products for delivery to your customers under contract of sale; or

d. Attract customers to your business.

"Dependent property" does not include roads, bridges, tunnels, waterways, airfields, pipelines or any other similar areas or structures.

2. "Electronic data" means information, facts or computer programs stored as or on, created or used on, or transmitted to or from computer software (including systems and applications software), on hard or floppy disks, CD-ROMs, tapes, drives, cells, data processing devices or any other repositories of computer software which are used with electronically controlled equipment. The term computer programs, referred to in the foregoing description of "electronic data", means a set of related electronic instructions which direct the operations and functions of a computer or device connected to it, which enable the computer or device to receive, process, store, retrieve or send data.

3. "Operations" means your business activities occurring at the described premises.

4. "Period of restoration" means the period of time that:

a. Begins with the date of direct physical loss or damage caused by or resulting from any Covered Cause of Loss at the described premises; and

b. Ends on the earlier of:

(1) The date when the property at the described premises should be repaired, rebuilt or replaced with reasonable speed and similar quality; or

(2) The date when business is resumed at a new permanent location.

"Period of restoration" does not include any increased period required due to the enforcement of any ordinance or law that:

(1) Regulates the construction, use or repair, or requires the tearing down of any property; or

(2) Requires any insured or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of "pollutants".

The expiration date of this policy will not cut short the "period of restoration".

5. "Perishable stock" means personal property which is maintained under controlled conditions for its preservation and which is susceptible to loss or damage if the controlled conditions change.

6. "Pollutants" means any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste. Waste includes materials to be recycled, reconditioned or reclaimed.

7. "Suspension" means the slowdown or cessation of your business activities.

Safeco Optimum Property ™
BUSINESS INCOME (AND EXTRA EXPENSE) ACTUAL LOSS SUSTAINED COVERAGE FORM

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

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

Other words and phrases that appear in quotation marks have special meaning. Refer to Section **D.** Definitions.

A. Coverage

1. Business Income

Business Income means the:

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

b. Continuing normal operating expenses incurred, including payroll.

For manufacturing risks, Net Income includes the net sales value of production.

Coverage is provided as described and limited below for one or more of the following options for which a Limit of Insurance is shown in the Declarations:

(1) Business Income Including "Rental Value".

(2) Business Income Other Than "Rental Value".

(3) "Rental Value".

If option **(1)** above is selected, the term Business Income will include "Rental Value". If option **(3)** above is selected, the term Business Income will mean "Rental Value" only.

If Limits of Insurance are shown under more than one of the above options, the provisions of this Coverage Part apply separately to each.

We will only pay for loss of Business Income that you sustain during the "period of restoration" and that occurs within 12 consecutive months after the date of direct physical loss or damage. With respect to loss of or damage to personal property in the open or personal property in a vehicle, the described premises include the area within 1,000 feet of the site at which the described premises are located.

With respect to the requirements set forth in the preceding paragraph, if you occupy only part of the site at which the described premises are located, your premises means:

a. The portion of the building which you rent, lease or occupy; and

b. Any area within the building or on the site at which the described premises are located, if that area services, or is used to gain access to, the described premises.

If you are operating at a Net Loss, continuing normal operating expenses will be offset by the net loss.

2. Extra Expense

a. Extra Expense coverage is provided at the premises described in the Declarations.

b. Extra Expense means necessary expenses you incur during the "period of restoration" that you would not have incurred if there had been no direct physical loss or damage to property caused by or resulting from a Covered Cause of Loss.

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We will pay Extra Expense (other than the expense to repair or replace property) to:

(1) Avoid or minimize the "suspension" of business and to continue "operations" at the described premises or at replacement premises or temporary locations, including relocation expenses and costs to equip and operate the replacement location or temporary location.

(2) Minimize the "suspension" of business if you cannot continue "operations".

We will also pay Extra Expense to repair or replace property, but only to the extent it reduces the amount of loss that otherwise would have been payable under this Coverage Form.

We will only pay Extra Expense you incur during the "period of restoration" and that occurs within 12 consecutive months after the date of direct physical loss or damage.

3. Covered Causes Of Loss, Exclusions And Limitations

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

4. Additional Limitation — Interruption Of Computer Operations

a. Coverage for Business Income does not apply when a "suspension" of "operations" is caused by destruction or corruption of "electronic data", or any loss or damage to "electronic data", except as provided under the Coverage Extension for Electronic Data Processing found in the Building And Personal Property Coverage Form.

b. Coverage for Extra Expense does not apply when action is taken to avoid or minimize a "suspension" of "operations" caused by destruction or corruption of "electronic data", or any loss or damage to "electronic data", except as provided under the Coverage Extension for Electronic Data Processing found in the Building And Personal Property Coverage Form.

5. Additional Coverages

a. Civil Authority

In this Additional Coverage — Civil Authority, the described premises are premises to which this Coverage Form applies, as shown in the Declarations.

When a Covered Cause of Loss causes damage to property other than property at the described premises, we will pay for the actual loss of Business Income you sustain and necessary Extra Expense caused by action of civil authority that prohibits access to the described premises, provided that both of the following apply:

(1) Access to the area immediately surrounding the damaged property is prohibited by civil authority as a result of the damage, and the described premises are within that area but are not more than one mile from the damaged property; and

(2) The action of civil authority is taken in response to dangerous physical conditions resulting from the damage or continuation of the Covered Cause of Loss that caused the damage, or the action is taken to enable a civil authority to have unimpeded access to the damaged property.

Civil Authority coverage for Business Income will begin 72 hours after the time of the first action of civil authority that prohibits access to the described premises and will apply for a period of up to thirty consecutive days from the date on which such coverage began.

Civil Authority coverage for Extra Expense will begin immediately after the time of the first action of civil authority that prohibits access to the described premises and will end:

(1) 30 consecutive days after the date of that action; or

(2) When your Civil Authority coverage for Business Income ends;

whichever is later.

b. Alterations And New Buildings

We will pay for the actual loss of Business Income you sustain and necessary Extra Expense you incur due to direct physical loss or damage at the described premises caused by or resulting from any Covered Cause of Loss to:

(1) New buildings or structures, whether complete or under construction;

(2) Alterations or additions to existing buildings or structures; and

(3) Machinery, equipment, supplies or building materials located on or within 1,000 feet of the described premises and:

(a) Used in the construction, alterations or additions; or

(b) Incidental to the occupancy of new buildings.

If such direct physical loss or damage delays the start of "operations", the "period of restoration" for Business Income Coverage will begin on the date "operations" would have begun if the direct physical loss or damage had not occurred.

This Additional Coverage applies to losses that you incur during the "period of restoration" and that occur within 12 consecutive months after the date of direct physical loss or damage.

c. Extended Business Income

(1) Business Income Other Than "Rental Value"

If the necessary "suspension" of your "operations" produces a Business Income loss payable under this policy, we will pay for the actual loss of Business Income you incur during the period that:

(a) Begins on the date property (except "finished stock") is actually repaired, rebuilt or replaced and "operations" are resumed; and

(b) Ends on the earlier of:

(i) The date you could restore your "operations", with reasonable speed, to the level which would generate the business income amount that would have existed if no direct physical loss or damage had occurred; or

(ii) 180 consecutive days after the date determined in **(1)(a)** above, unless "180" is replaced in the Declarations by a different number of days.

However, Extended Business Income does not apply to loss of Business Income incurred as a result of unfavorable business conditions caused by the impact of the Covered Cause of Loss in the area where the described premises are located.

Loss of Business Income must be caused by direct physical loss or damage at the described premises caused by or resulting from any Covered Cause of Loss.

(2) "Rental Value"

If the necessary "suspension" of your "operations" produces a "Rental Value" loss payable under this policy, we will pay for the actual loss of "Rental Value" you incur during the period that:

(a) Begins on the date property is actually repaired, rebuilt or replaced and tenantability is restored; and

(b) Ends on the earlier of:

(i) The date you could restore tenant occupancy, with reasonable speed, to the level which would generate the "Rental Value" that would have existed if no direct physical loss or damage had occurred; or

(ii) 180 consecutive days after the date determined in **(2)(a)** above, unless "180" is replaced in the Declarations by a different number of days.

However, Extended Business Income does not apply to loss of "Rental Value" incurred as a result of unfavorable business conditions caused by the impact of the Covered Cause of Loss in the area where the described premises are located.

Loss of "Rental Value" must be caused by direct physical loss or damage at the described premises caused by or resulting from any Covered Cause of Loss.

d. Dependent Properties — Time Element

(1) Your coverage for Business Income and Extra Expense, as provided and limited in this form, is extended to apply to the actual loss of Business Income you sustain, and the actual and necessary Extra Expense you incur, due to direct physical loss of or damage to "dependent property" caused by or resulting from a Covered Cause of Loss.

However this Additional Coverage does not apply when the only loss to "dependent property" is loss or damage to "electronic data", including destruction or corruption of "electronic data". If the dependent property sustains loss or damage to "electronic data" and other property, coverage under this Additional Coverage will not continue once the other property is repaired, rebuilt or replaced.

(2) Under the Loss Determination Condition below, the following is added to the Resumption Of Operations provision:

We will reduce the amount of your Business Income loss, other than Extra Expense, to the extent you can resume "operations", in whole or in part, by using any other available source of materials or outlet for your products.

(3) The most we will pay under this Additional Coverage is $50,000 in any one occurrence regardless of the number of dependent properties.

(4) The provisions of this Additional Coverage are superseded by CP 15 08 Business Income From Dependent Properties — Broad Form, or CP 15 09 Business Income From Dependent Properties — Limited Form, if attached to and made a part of this policy.

e. Ordinance Or Law — Increased Period Of Restoration

(1) If a Covered Cause of Loss occurs to property at the premises described in the Declarations, coverage is extended to include the amount of actual and necessary loss you sustain during the increased period of "suspension" of "operations" caused by or resulting from the enforcement of any ordinance or law that:

(a) Regulates the construction or repair of any property;

(b) Requires the tearing down of parts of any property not damaged by a Covered Cause of Loss; and

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

However, coverage is not extended under this Additional Coverage to include loss caused by or resulting from the enforcement of any ordinance or law which requires any insured or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of "pollutants".

We will only pay for loss under this Additional Coverage that occurs within 12 consecutive months after the date of direct physical loss or damage.

f. Transit — Business Income

(1) This insurance is extended to apply to the actual loss of Business Income you sustain caused by direct physical loss or damage by a Covered Cause of Loss to Covered Property while in or on a vehicle or in transit more than 1,000 feet from a covered premises while:

(a) In or on a vehicle you own, rent or lease;

(b) In the custody of a public or contract trucker;

(c) In the custody of an air or rail carrier; or

(d) While waterborne on inland waterways. However, there is no coverage under this Additional Coverage for any imported or exported property that is covered under any ocean marine cargo policy that anyone has obtained.

(2) There is no coverage under this Additional Coverage resulting from loss or damage to:

(a) "Fine arts", "antiques", fur garments, jewelry, precious or semiprecious stones, gold, silver, platinum, or other precious metals or alloys; or

(b) Mail shipments in the custody of the U.S. Postal Service.

(3) This Additional Coverage will continue to apply to such property in the due course of transit, after the expiration or cancellation of this policy, until arrival at and accepted by an authorized representative at the invoiced destination, but for no longer than 30 days after the date of the shipment origination, but this will not cut short the "period of restoration".

(4) You must retain accurate records of all shipments of Covered Property for one year.

(5) The most we will pay under this Additional Coverage is $50,000 in any one occurrence.

6. Coverage Extensions

a. Newly Acquired Locations

(1) You may extend your Business Income and Extra Expense Coverages to apply to property at any premises you acquire other than fairs or exhibitions.

(2) The most we will pay under this Extension, for the sum of Business Income loss and Extra Expense incurred, is $250,000 at each premises.

(3) Insurance under this Extension for each newly acquired premises will end when any of the following first occurs:

(a) This policy expires;

(b) 180 days expire after you acquire or begin to construct the property; or

(c) You report values to us.

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

b. Spoilage Due To Power Outage, Mechanical Breakdown, Or Contamination — Time Element

(1) You may extend your Business Income and Extra Expense Coverages to apply to loss caused by spoilage of "perishable stock" caused by:

(a) Breakdown or Contamination, meaning:

(i) Change in temperature or humidity caused by mechanical breakdown or mechanical failure of refrigerating, cooling, or humidity control equipment; and

(ii) Contamination by the refrigerant.

(b) Power Outage, meaning change in temperature or humidity caused by complete or partial interruption of electrical power due to conditions beyond your control.

(2) This coverage does not apply to loss to stock which is outside of a building or in or on a vehicle unless the stock is being moved to prevent or reduce loss covered by this policy.

(3) Only the following Exclusions contained in Paragraph **B.1.** of the Causes Of Loss — Special Form apply to this Coverage Extension:

(a) **B.1.b.** Earth Movement;

(b) **B.1.c.** Governmental Action;

(c) **B.1.d.** Nuclear Hazard;

(d) **B.1.f.** War And Military Action; and

(e) **B.1.g.** Water.

(4) The following Exclusions are added:

We will not pay for loss or damage caused by:

(a) The disconnecting of any refrigerating, cooling or humidity control system from the source of power.

(b) Shutting off electrical power by turning off the switch that controls the flow of electricity.

(c) The inability of an Electrical Utility Company or other power source to provide sufficient power due to:

(i) Lack of fuel; or

(ii) Governmental order.

(d) A power source at the described premises not having enough power to meet demand due to lack of generating capacity.

(5) For the purposes of this Coverage Extension, the "period of restoration" begins 24 hours after the time of direct physical loss for Business Income coverage, or immediately after the time of direct physical loss or damage for Extra Expense coverage.

(6) The most we will pay under this Coverage Extension is $50,000 per occurrence.

c. Utility Service — Time Element

(1) You may extend your Business Income and Extra Expense Coverages to apply to loss caused by the interruption of service to the described premises or Newly Acquired Locations. The interruption must result from direct physical loss or damage by a Covered Cause of Loss to the property described in Paragraph **(2).**

(2) Utility Services

(a) Water Supply Services, meaning pumping stations and water mains supplying water to your premises.

(b) Communication Supply Services, meaning property supplying communication services, including telephone, radio, microwave or television services, to your premises, such as:

(i) Communication transmission lines, including optic fiber transmission lines;

(ii) Coaxial cables; and

(iii) Microwave radio relays except satellites.

(c) Power Supply Services, meaning the following types of property supplying electricity, steam or gas to your premises:

(i) Utility generating plants;

(ii) Switching stations;

(iii) Substations;

(iv) Transformers; and

(v) Transmission lines.

(3) For the purposes of this Coverage Extension, the "period of restoration" begins 24 hours after the time of direct physical loss for Business Income coverage, or immediately after the time of direct physical loss or damage for Extra Expense coverage.

(4) This Coverage Extension does not apply to loss caused by spoilage of "perishable stock" caused by interruption of Utility Services.

(5) The most we will pay under this Coverage Extension is $50,000 per occurrence.

(6) The provisions of this Coverage Extension are superseded by CP 15 45 Utility Services — Time Element, if attached to and made a part of this policy.

B. Deductible

1. We will not pay for loss in any one occurrence until the amount of loss exceeds the Deductible shown in the Declarations. We will then pay the amount of covered loss in excess of the Deductible.

2. When the same occurrence involves loss to insurance under this coverage form and loss under the Building And Personal Property Coverage Form, only one deductible will be applied to the occurrence.

3. Windstorm, Hail or Hurricane percentage deductibles do not apply to Business Income coverage or Extra Expense coverage.

C. Loss Conditions

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

1. Appraisal

If we and you disagree on the amount of Net Income and operating expense or the amount of loss, either may make written

demand for an appraisal of the loss. In this event, each party will select a competent and impartial appraiser.

The two appraisers will select an umpire. If they cannot agree, either may request that selection be made by a judge of a court having jurisdiction. The appraisers will state separately the amount of Net Income and operating expense or amount of loss. If they fail to agree, they will submit their differences to the umpire. A decision agreed to by any two will be binding. Each party will:

a. Pay its chosen appraiser; and

b. Bear the other expenses of the appraisal and umpire equally.

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

2. Duties In The Event Of Loss

a. You must see that the following are done in the event of loss:

(1) Notify the police if a law may have been broken.

(2) Give us prompt notice of the direct physical loss or damage. Include a description of the property involved.

(3) As soon as possible, give us a description of how, when, and where the direct physical loss or damage occurred.

(4) Take all reasonable steps to protect the Covered Property from further damage, and keep a record of your expenses necessary to protect the Covered Property, for consideration in the settlement of the claim. However, we will not pay for any subsequent loss or damage resulting from a cause of loss that is not a Covered Cause of Loss. Also, if feasible, set the damaged property aside and in the best possible order for examination.

(5) As often as may be reasonably required, permit us to inspect the property proving the loss or damage and examine your books and records.

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

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

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

(8) If you intend to continue your business, you must resume all or part of your "operations" as quickly as possible.

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

3. Loss Determination

a. The amount of Business Income loss will be determined based on:

(1) The Net Income of the business before the direct physical loss or damage occurred;

(2) The likely Net Income of the business if no physical loss or damage had occurred, but not including any Net Income that would likely have been earned as a result of an increase in the volume of business due to favorable business conditions caused by the impact of the Covered Cause of Loss on customers or on other businesses;

(3) The operating expenses, including payroll expenses, necessary to resume "operations" with the same quality of service that existed just before the direct physical loss or damage; and

(4) Other relevant sources of information, including:

(a) Your financial records and accounting procedures;

(b) Bills, invoices and other vouchers; and

(c) Deeds, liens or contracts.

b. The amount of Extra Expense will be determined based on:

(1) All expenses that exceed the normal operating expenses that would have been incurred by "operations" during the "period of restoration" if no direct physical loss or damage had

occurred. We will deduct from the total of such expenses:

(a) The salvage value that remains of any property bought for temporary use during the "period of restoration", once "operations" are resumed; and

(b) Any Extra Expense that is paid for by other insurance, except for insurance that is written subject to the same plan, terms, conditions and provisions as this insurance; and

(2) Necessary expenses that reduce the Business Income loss that otherwise would have been incurred.

c. Resumption Of Operations

We will reduce the amount of your:

(1) Business Income loss, other than Extra Expense, to the extent you can resume your "operations", in whole or in part, by using damaged or undamaged property (including merchandise or stock) at the described premises or elsewhere.

(2) Extra Expense loss to the extent you can return "operations" to normal and discontinue such Extra Expense.

d. If you do not resume "operations", or do not resume "operations" as quickly as possible, we will pay based on the length of time it would have taken to resume "operations" as quickly as possible.

4. Loss Payment

We will pay for covered loss within 30 days after we receive the sworn proof of loss, if you have complied with all of the terms of this Coverage Part and:

a. We have reached agreement with you on the amount of loss; or

b. An appraisal award has been made.

D. Definitions

1. "Antique" means an object having value because its:

a. craftsmanship is in the style or fashion of former times; and

b. age is 100 years old or older.

2. "Dependent property" means property operated by others whom you depend on to:

a. Deliver materials or services to you, or to others for your account. With respect to Contributing Locations, services does not mean water, communication or power supply services;

b. Accept your products or services;

c. Manufacture products for delivery to your customers under contract of sale; or

d. Attract customers to your business.

"Dependent property" does not include roads, bridges, tunnels, waterways, airfields, pipelines or any other similar areas or structures.

3. "Electronic data" means information, facts or computer programs stored as or on, created or used on, or transmitted to or from computer software (including systems and applications software), on hard or floppy disks, CD-ROMs, tapes, drives, cells, data processing devices or any other repositories of computer software which are used with electronically controlled equipment. The term computer programs, referred to in the foregoing description of "electronic data", means a set of related electronic instructions which direct the operations and functions of a computer or device connected to it, which enable the computer or device to receive, process, store, retrieve or send data.

4. "Fine arts" means paintings, etchings, pictures; tapestries; rare or art glass; art glass windows; valuable rugs; statuary; sculptures; "antique" furniture; bric-a-brac; porcelains; and similar property of rarity, historical value or artistic merit.

5. "Finished stock" means stock you have manufactured.

"Finished stock" also includes whiskey and alcoholic products being aged.

"Finished stock" does not include stock you have manufactured that is held for sale on the premises of any retail outlet insured under this Coverage Part.

6. "Operations" means:

a. Your business activities occurring at the described premises; and

b. The tenantability of the described premises, if coverage for Business Income

Including "Rental Value" or "Rental Value" applies.

7. "Period of restoration" means the period of time that:

a. Begins:

(1) 72 hours after the time of direct physical loss or damage for Business Income coverage; or

(2) Immediately after the time of direct physical loss or damage for Extra Expense coverage;

caused by or resulting from any Covered Cause of Loss at the described premises; and

b. Ends on the earlier of:

(1) The date when the property at the described premises should be repaired, rebuilt or replaced with reasonable speed and similar quality; or

(2) The date when business is resumed at a new permanent location.

"Period of restoration" does not include any increased period required due to the enforcement of any ordinance or law that

(1) Regulates the construction, use or repair, or requires the tearing down of any property; or

(2) Requires any insured or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of "pollutants".

The expiration date of this policy will not cut short the "period of restoration".

8. "Perishable stock" means personal property which is maintained under controlled conditions for its preservation and which is susceptible to loss or damage if the controlled conditions change.

9. "Pollutants" means any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste. Waste includes materials to be recycled, reconditioned or reclaimed.

10. "Rental Value" means Business Income that consists of:

a. Net Income (Net Profit or Loss before income taxes) that would have been earned or incurred as rental income from tenant occupancy of the premises described in the Declarations as furnished and equipped by you, including fair rental value of any portion of the described premises which is occupied by you; and

b. Continuing normal operating expenses incurred in connection with that premises, including:

(1) Payroll; and

(2) The amount of charges which are the legal obligation of the tenant(s) but would otherwise be your obligations.

11. "Suspension" means:

a. The slowdown or cessation of your business activities; or

b. That a part or all of the described premises is rendered untenantable, if coverage for Business Income Including "Rental Value" or "Rental Value" applies.

Safeco Optimum Property ™
BUSINESS INCOME (WITHOUT EXTRA EXPENSE) COVERAGE FORM

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

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

Other words and phrases that appear in quotation marks have special meaning. Refer to Section **F.** Definitions.

A. Coverage

1. Business Income

Business Income means the:

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

b. Continuing normal operating expenses incurred, including payroll.

For manufacturing risks, Net Income includes the net sales value of production.

Coverage is provided as described and limited below for one or more of the following options for which a Limit of Insurance is shown in the Declarations:

(1) Business Income Including "Rental Value".

(2) Business Income Other Than "Rental Value".

(3) "Rental Value".

If option **(1)** above is selected, the term Business Income will include "Rental Value". If option **(3)** above is selected, the term Business Income will mean "Rental Value" only.

If Limits of Insurance are shown under more than one of the above options, the provisions of this Coverage Part apply separately to each.

We will pay for the actual loss of Business Income you sustain due to the necessary "suspension" of your "operations" during the "period of restoration". The "suspension" must be caused by direct physical loss of or damage to property at premises which are described in the Declarations and for which a Business Income Limit of Insurance is shown in the Declarations. The loss or damage must be caused by or result from a Covered Cause of Loss. With respect to loss of or damage to personal property in the open or personal property in a vehicle, the described premises include the area within 1,000 feet of the site at which the described premises are located.

With respect to the requirements set forth in the preceding paragraph, if you occupy only part of the site at which the described premises are located, your premises means:

a. The portion of the building which you rent, lease or occupy; and

b. Any area within the building or on the site at which the described premises are located, if that area services, or is used to gain access to, the described premises.

2. Covered Causes Of Loss, Exclusions And Limitations

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

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3. Additional Limitation — Interruption Of Computer Operations

Coverage for Business Income does not apply when a "suspension" of "operations" is caused by destruction or corruption of "electronic data", or any loss or damage to "electronic data", except as provided under the Coverage Extension for Electronic Data Processing found in the Building And Personal Property Coverage Form.

4. Additional Coverages

a. Expenses To Reduce Loss

In the event of a covered loss of Business Income, we will pay necessary expenses you incur, except the cost of extinguishing a fire, to avoid further loss of Business Income. The total of our payment for Business Income loss and Expenses to Reduce Loss will not be more than the Business Income loss that would have been payable under this Coverage Form if the Expenses to Reduce Loss had not been incurred. This coverage does not increase the Limit of Insurance.

b. Civil Authority

In this Additional Coverage — Civil Authority, the described premises are premises to which this Coverage Form applies, as shown in the Declarations.

When a Covered Cause of Loss causes damage to property other than property at the described premises, we will pay for the actual loss of Business Income you sustain caused by action of civil authority that prohibits access to the described premises, provided that both of the following apply:

(1) Access to the area immediately surrounding the damaged property is prohibited by civil authority as a result of the damage, and the described premises are within that area but are not more than one mile from the damaged property; and

(2) The action of civil authority is taken in response to dangerous physical conditions resulting from the damage or continuation of the Covered Cause of Loss that caused the damage, or the action is taken to enable a civil authority to have unimpeded access to the damaged property.

Civil Authority coverage will begin 72 hours after the time of the first action of civil authority that prohibits access to the described premises and will apply for a period of up to thirty consecutive days from the date on which such coverage began.

c. Alterations And New Buildings

We will pay for the actual loss of Business Income you sustain due to direct physical loss or damage at the described premises caused by or resulting from any Covered Cause of Loss to:

(1) New buildings or structures, whether complete or under construction;

(2) Alterations or additions to existing buildings or structures; and

(3) Machinery, equipment, supplies or building materials located on or within 1,000 feet of the described premises and:

(a) Used in the construction, alterations or additions; or

(b) Incidental to the occupancy of new buildings.

If such direct physical loss or damage delays the start of "operations", the "period of restoration" will begin on the date "operations" would have begun if the direct physical loss or damage had not occurred.

d. Extended Business Income

(1) Business Income Other Than "Rental Value"

If the necessary "suspension" of your "operations" produces a Business Income loss payable under this policy, we will pay for the actual loss of Business Income you incur during the period that:

(a) Begins on the date property (except "finished stock") is actually repaired, rebuilt or replaced and "operations" are resumed; and

(b) Ends on the earlier of:

(i) The date you could restore your "operations", with reasonable speed, to the level which would generate

the business income amount that would have existed if no direct physical loss or damage had occurred; or

(ii) 180 consecutive days after the date determined in **(1)(a)** above, unless "180" is replaced in the Declarations by a different number of days.

However, Extended Business Income does not apply to loss of Business Income incurred as a result of unfavorable business conditions caused by the impact of the Covered Cause of Loss in the area where the described premises are located.

Loss of Business Income must be caused by direct physical loss or damage at the described premises caused by or resulting from any Covered Cause of Loss.

(2) "Rental Value"

If the necessary "suspension" of your "operations" produces a "Rental Value" loss payable under this policy, we will pay for the actual loss of "Rental Value" you incur during the period that:

(a) Begins on the date property is actually repaired, rebuilt or replaced and tenantability is restored; and

(b) Ends on the earlier of:

(i) The date you could restore tenant occupancy, with reasonable speed, to the level which would generate the "Rental Value" that would have existed if no direct physical loss or damage had occurred; or

(ii) 180 consecutive days after the date determined in **(2)(a)** above, unless "180" is replaced in the Declarations by a different number of days.

However, Extended Business Income does not apply to loss of "Rental Value" incurred as a result of unfavorable business conditions caused by the impact of the Covered Cause of Loss in the area where the described premises are located.

Loss of "Rental Value" must be caused by direct physical loss or damage at the described premises caused by or resulting from any Covered Cause of Loss.

e. Dependent Properties — Business Income

(1) Your coverage for Business Income, as provided and limited in this form, is extended to apply to the actual loss of Business Income you sustain due to direct physical loss of or damage to "dependent property" caused by or resulting from a Covered Cause of Loss.

However this Additional Coverage does not apply when the only loss to dependent property is loss or damage to "electronic data", including destruction or corruption of "electronic data". If the dependent property sustains loss or damage to "electronic data" and other property, coverage under this Additional Coverage will not continue once the other property is repaired, rebuilt or replaced.

(2) Under the Loss Determination Condition below, the following is added to the Resumption Of Operations provision:

We will reduce the amount of your Business Income loss to the extent you can resume "operations", in whole or in part, by using any other available source of materials or outlet for your products.

(3) The most we will pay under this Additional Coverage is $50,000 in any one occurrence regardless of the number of dependent properties.

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

(4) The provisions of this Additional Coverage are superseded by **CP 15 08** Business Income From Dependent Properties — Broad Form, or

CP 15 09 Business Income From Dependent Properties — Limited Form, if attached to and made a part of this policy.

f. Ordinance Or Law — Increased Period Of Restoration

(1) If a Covered Cause of Loss occurs to property at the premises described in the Declarations, coverage is extended to include the amount of actual and necessary loss you sustain during the increased period of "suspension" of "operations" caused by or resulting from the enforcement of any ordinance or law that:

(a) Regulates the construction or repair of any property;

(b) Requires the tearing down of parts of any property not damaged by a Covered Cause of Loss; and

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

However, coverage is not extended under this Additional Coverage to include loss caused by or resulting from the enforcement of any ordinance or law which requires any insured or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of "pollutants".

g. Transit — Business Income

(1) This insurance is extended to apply to the actual loss of Business Income you sustain caused by direct physical loss or damage by a Covered Cause of Loss to Covered Property while in or on a vehicle or in transit more than 1,000 feet from a covered premises while:

(a) In or on a vehicle you own, rent or lease;

(b) In the custody of a public or contract trucker;

(c) In the custody of an air or rail carrier; or

(d) While waterborne on inland waterways. However, there is no coverage under this Additional Coverage for any imported or exported property that is covered under any ocean marine cargo policy that anyone has obtained.

(2) There is no coverage under this Additional Coverage resulting from loss or damage to:

(a) "Fine arts", "antiques", fur garments, jewelry, precious or semiprecious stones, gold, silver, platinum, or other precious metals or alloys; or

(b) Mail shipments in the custody of the U.S. Postal Service.

(3) This Additional Coverage will continue to apply to such property in the due course of transit, after the expiration or cancellation of this policy, until arrival at and accepted by an authorized representative at the invoiced destination, but for no longer than 30 days after the date of the shipment origination, but this will not cut short the "period of restoration".

(4) You must retain accurate records of all shipments of Covered Property for one year.

(5) The most we will pay under this Additional Coverage is $50,000 in any one occurrence.

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

5. Coverage Extensions

a. Newly Acquired Locations

(1) You may extend your Business Income Coverage to apply to property at any premises you acquire other than fairs or exhibitions.

(2) The most we will pay under this Extension is $250,000 at each premises.

Payments under this Coverage Extension are separate from the Limit(s) of Insurance shown in the Declarations for any other coverage.

(3) Insurance under this Extension for each newly acquired premises will end when any of the following first occurs:

(a) This policy expires;

(b) 180 days expire after you acquire or begin to construct the property; or

(c) You report values to us.

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

b. Spoilage Due To Power Outage, Mechanical Breakdown, Or Contamination — Business Income

(1) You may extend your Business Income Coverage to apply to loss caused by spoilage of "perishable stock" caused by:

(a) Breakdown or Contamination, meaning:

(i) Change in temperature or humidity caused by mechanical breakdown or mechanical failure of refrigerating, cooling, or humidity control equipment; and

(ii) Contamination by the refrigerant.

(b) Power Outage, meaning change in temperature or humidity caused by complete or partial interruption of electrical power due to conditions beyond your control.

(2) This coverage does not apply to loss to stock which is outside of a building or in or on a vehicle unless the stock is being moved to prevent or reduce loss covered by this policy.

(3) Only the following Exclusions contained in Paragraph **B.1.** of the Causes Of Loss — Special Form apply to this Coverage Extension:

(a) **B.1.b.** Earth Movement;

(b) **B.1.c.** Governmental Action;

(c) **B.1.d.** Nuclear Hazard;

(d) **B.1.f.** War And Military Action; and

(e) **B.1.g.** Water.

(4) The following Exclusions are added:

We will not pay for loss or damage caused by:

(a) The disconnecting of any refrigerating, cooling or humidity control system from the source of power.

(b) Shutting off electrical power by turning off the switch that controls the flow of electricity.

(c) The inability of an Electrical Utility Company or other power source to provide sufficient power due to:

(i) Lack of fuel; or

(ii) Governmental order.

(d) A power source at the described premises not having enough power to meet demand due to lack of generating capacity.

(5) For the purposes of this Coverage Extension, the "period of restoration" begins 24 hours after the time of direct physical loss.

(6) The most we will pay under this Coverage Extension is $50,000 per occurrence.

c. Utility Service — Business Income

(1) You may extend your Business Income Coverage to apply to loss caused by the interruption of service to the described premises or Newly Acquired Locations. The interruption must result from direct physical loss or damage by a Covered Cause of Loss to the property described in paragraph **(2).**

(2) Utility Services

(a) Water Supply Services, meaning pumping stations and water mains supplying water to your premises.

(b) Communication Supply Services, meaning property supplying communication services, including telephone, radio, microwave or television services, to your premises, such as:

(i) Communication transmission lines, including optic fiber transmission lines;

(ii) Coaxial cables; and

(iii) Microwave radio relays except satellites.

(c) Power Supply Services, meaning the following types of property supplying electricity, steam or gas to your premises:

(i) Utility generating plants;

(ii) Switching stations;

(iii) Substations;

(iv) Transformers; and

(v) Transmission lines.

(3) For the purposes of this Coverage Extension, the "period of restoration" begins 24 hours after the time of direct physical loss.

(4) This Coverage Extension does not apply to loss caused by spoilage of "perishable stock" caused by interruption of Utility Services.

(5) The most we will pay under this Coverage Extension is $50,000 per occurrence.

Payments under this Coverage Extension will not increase the applicable Limit of Insurance.

(6) The provisions of this Coverage Extension are superseded by **CP 15 45** Utility Services — Time Element, if attached to and made a part of this policy.

B. Limits Of Insurance

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

2. The amount of insurance stated in the Coverage Extension **A.5.a. Newly Acquired Locations** applies in accordance with the terms of that coverage and is separate from the Limit(s) of Insurance shown in the Declarations for any other coverage.

3. Payments under the following Additional Coverages and Coverage Extensions will not increase the applicable Limit of Insurance:

a. Additional Coverage **A.4.a. Expenses To Reduce Loss**

b. Additional Coverage **A.4.b. Civil Authority**

c. Additional Coverage **A.4.c. Alterations And New Buildings**

d. Additional Coverage **A.4.d. Extended Business Income**

e. Additional Coverage **A.4.e. Dependent Properties — Business Income**

f. Additional Coverage **A.4.f. Ordinance Or Law — Increased Period Of Restoration**

g. Additional Coverage **A.4.g. Transit — Business Income**

h. Coverage Extension **A.5.b. Spoilage Due To Power Outage, Mechanical Breakdown, Or Contamination — Business Income**

i. Coverage Extension **A.5.c. Utility Service — Business Income**

C. Deductible

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

2. When the same occurrence involves loss to insurance under this coverage form and loss under the Building And Personal Property Coverage Form, only one deductible will be applied to the occurrence.

3. Windstorm, Hail or Hurricane percentage deductibles do not apply to Business Income coverage.

D. Loss Conditions

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

1. Appraisal

If we and you disagree on the amount of Net Income and operating expense or the amount of loss, either may make written demand for an appraisal of the loss. In this event, each party will select a competent and impartial appraiser.

The two appraisers will select an umpire. If they cannot agree, either may request that selection be made by a judge of a court having jurisdiction. The appraisers will state separately the amount of Net Income and operating expense or amount of loss. If they fail to agree, they will submit their differences to the umpire. A decision agreed to by any two will be binding. Each party will:

a. Pay its chosen appraiser; and

b. Bear the other expenses of the appraisal and umpire equally.

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

2. Duties In The Event Of Loss

a. You must see that the following are done in the event of loss:

(1) Notify the police if a law may have been broken.

(2) Give us prompt notice of the direct physical loss or damage. Include a description of the property involved.

(3) As soon as possible, give us a description of how, when, and where the direct physical loss or damage occurred.

(4) Take all reasonable steps to protect the Covered Property from further damage, and keep a record of your expenses necessary to protect the Covered Property, for consideration in the settlement of the claim. This will not increase the Limit of Insurance. However, we will not pay for any subsequent loss or damage resulting from a cause of loss that is not a Covered Cause of Loss. Also, if feasible, set the damaged property aside and in the best possible order for examination.

(5) As often as may be reasonably required, permit us to inspect the property proving the loss or damage and examine your books and records.

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

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

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

(8) If you intend to continue your business, you must resume all or part of your "operations" as quickly as possible.

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

3. Loss Determination

a. The amount of Business Income loss will be determined based on:

(1) The Net Income of the business before the direct physical loss or damage occurred;

(2) The likely Net Income of the business if no physical loss or damage had occurred, but not including any Net Income that would likely have been earned as a result of an increase in the volume of business due to favorable business conditions caused by the impact of the Covered Cause of Loss on customers or on other businesses;

(3) The operating expenses, including payroll expenses, necessary to resume "operations" with the same quality of service that existed just before the direct physical loss or damage; and

(4) Other relevant sources of information, including:

(a) Your financial records and accounting procedures;

(b) Bills, invoices and other vouchers; and

(c) Deeds, liens or contracts.

b. Resumption Of Operations

We will reduce the amount of your Business Income loss to the extent you can resume your "operations", in whole or in part, by using damaged or undamaged property (including merchandise or stock) at the described premises or elsewhere.

c. If you do not resume "operations", or do not resume "operations" as quickly as possible, we will pay based on the length of time it would have taken to resume "operations" as quickly as possible.

4. Loss Payment

We will pay for covered loss within 30 days after we receive the sworn proof of loss, if you have complied with all of the terms of this Coverage Part and:

a. We have reached agreement with you on the amount of loss; or

b. An appraisal award has been made.

E. Optional Coverages

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

1. Maximum Period Of Indemnity

The most we will pay for the total of Business Income loss and Extra Expense is the lesser of:

a. The amount of loss sustained and expenses incurred during the 120 days immediately following the beginning of the "period of restoration"; or

b. The Limit of Insurance shown in the Declarations.

2. Monthly Limit Of Indemnity

The most we will pay for loss of Business Income in each period of 30 consecutive days after the beginning of the "period of restoration" is:

a. The Limit of Insurance, multiplied by

b. The fraction shown in the Declarations for this Optional Coverage.

EXAMPLE

When:	The Limit of Insurance	$ 120,000
	is The fraction shown in the Declarations for this Optional Coverage is	1/4
	The most we will pay for loss in each period of 30 consecutive days is: ($120,000 x 1/4 = $30,000)	$ 30,000
	If, in this example, the actual amount of loss is:	
	Days 1-30	$ 40,000
	Days 31-60	$ 20,000
	Days 61-90	$ 30,000
		$ 90,000

We will pay:	
Days 1-30	$ 30,000
Days 31-60	$ 20,000
Days 61-90	$ 30,000
	$ 80,000

The remaining $10,000 is not covered.

F. Definitions

1. "Antique" means an object having value because its:

a. craftsmanship is in the style or fashion of former times; and

b. age is 100 years old or older.

2. "Dependent property" means property operated by others whom you depend on to:

a. Deliver materials or services to you, or to others for your account. With respect to Contributing Locations, services does not mean water, communication or power supply services;

b. Accept your products or services;

c. Manufacture products for delivery to your customers under contract of sale; or

d. Attract customers to your business.

"Dependent property" does not include roads, bridges, tunnels, waterways, airfields, pipelines or any other similar areas or structures.

3. "Electronic data" means information, facts or computer programs stored as or on, created or used on, or transmitted to or from computer software (including systems and applications software), on hard or floppy disks, CD-ROMs, tapes, drives, cells, data processing devices or any other repositories of computer software which are used with electronically controlled equipment. The term computer programs, referred to in the foregoing description of "electronic data", means a set of related electronic instructions which direct the operations and functions of a computer or device connected to it, which enable the computer or device to receive, process, store, retrieve or send data.

4. "Fine arts" means paintings, etchings, pictures; tapestries; rare or art glass; art glass windows; valuable rugs; statuary; sculptures; "antique" furniture; bric-a-brac; porcelains; and similar property of rarity, historical value or artistic merit.

5. "Finished stock" means stock you have manufactured.

"Finished stock" also includes whiskey and alcoholic products being aged.

"Finished stock" does not include stock you have manufactured that is held for sale on the premises of any retail outlet insured under this Coverage Part.

6. "Operations" means:

   a. Your business activities occurring at the described premises; and

   b. The tenantability of the described premises, if coverage for Business Income Including "Rental Value" or "Rental Value" applies.

7. "Period of restoration" means the period of time that:

   a. Begins 72 hours after the time of direct physical loss or damage caused by or resulting from any Covered Cause of Loss at the described premises; and

   b. Ends on the earlier of:

      (1) The date when the property at the described premises should be repaired, rebuilt or replaced with reasonable speed and similar quality; or

      (2) The date when business is resumed at a new permanent location.

   "Period of restoration" does not include any increased period required due to the enforcement of any ordinance or law that:

      (1) Regulates the construction, use or repair, or required the tearing down of any property; or

      (2) Requires any insured or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of "pollutants".

   The expiration date of this policy will not cut short the "period of restoration".

8. "Perishable stock" means personal property which is maintained under controlled conditions for its preservation and which is susceptible to loss or damage if the controlled conditions change.

9. "Pollutants" means any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste. Waste includes materials to be recycled, reconditioned or reclaimed.

10. "Rental Value" means Business Income that consists of:

    a. Net Income (Net Profit or Loss before income taxes) that would have been earned or incurred as rental income from tenant occupancy of the premises described in the Declarations as furnished and equipped by you, including fair rental value of any portion of the described premises which is occupied by you; and

    b. Continuing normal operating expenses incurred in connection with that premises, including:

       (1) Payroll; and

       (2) The amount of charges which are the legal obligation of the tenant(s) but would otherwise be your obligations.

11. "Suspension" means:

    a. The slowdown or cessation of your business activities; or

    b. That a part or all of the described premises is rendered untenantable, if coverage for Business Income Including "Rental Value" or "Rental Value" applies.

Safeco Optimum Property ™
BUSINESS INCOME (AND EXTRA EXPENSE) COVERAGE FORM

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

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

Other words and phrases that appear in quotation marks have special meaning. Refer to Section **F.** Definitions.

A. Coverage

1. Business Income

Business Income means the:

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

b. Continuing normal operating expenses incurred, including payroll.

For manufacturing risks, Net Income includes the net sales value of production.

Coverage is provided as described and limited below for one or more of the following options for which a Limit of Insurance is shown in the Declarations:

(1) Business Income Including "Rental Value".

(2) Business Income Other Than "Rental Value".

(3) "Rental Value".

If option **(1)** above is selected, the term Business Income will include "Rental Value". If option **(3)** above is selected, the term Business Income will mean "Rental Value" only.

If Limits of Insurance are shown under more than one of the above options, the provisions of this Coverage Part apply separately to each.

We will pay for the actual loss of Business Income you sustain due to the necessary "suspension" of your "operations" during the "period of restoration". The "suspension" must be caused by direct physical loss of or damage to property at premises which are described in the Declarations and for which a Business Income Limit of Insurance is shown in the Declarations. The loss or damage must be caused by or result from a Covered Cause of Loss. With respect to loss of or damage to personal property in the open or personal property in a vehicle, the described premises include the area within 1,000 feet of the site at which the described premises are located.

With respect to the requirements set forth in the preceding paragraph, if you occupy only part of the site at which the described premises are located, your premises means:

a. The portion of the building which you rent, lease or occupy; and

b. Any area within the building or on the site at which the described premises are located, if that area services, or is used to gain access to, the described premises.

2. Extra Expense

a. Extra Expense coverage is provided at the premises described in the Declarations only if the Declarations show that Business Income coverage applies at that premises.

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b. Extra Expense means necessary expenses you incur during the "period of restoration" that you would not have incurred if there had been no direct physical loss or damage to property caused by or resulting from a Covered Cause of Loss.

We will pay Extra Expense (other than the expense to repair or replace property) to:

(1) Avoid or minimize the "suspension" of business and to continue operations at the described premises or at replacement premises or temporary locations, including relocation expenses and costs to equip and operate the replacement location or temporary location.

(2) Minimize the "suspension" of business if you cannot continue "operations".

We will also pay Extra Expense to repair or replace property, but only to the extent it reduces the amount of loss that otherwise would have been payable under this Coverage Form.

3. Covered Causes Of Loss, Exclusions And Limitations

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

4. Additional Limitation — Interruption Of Computer Operations

a. Coverage for Business Income does not apply when a "suspension" of "operations" is caused by destruction or corruption of "electronic data", or any loss or damage to "electronic data", except as provided under the Coverage Extension for Electronic Data Processing found in the Building And Personal Property Coverage Form.

b. Coverage for Extra Expense does not apply when action is taken to avoid or minimize a "suspension" of "operations" caused by destruction or corruption of "electronic data", or any loss or damage to "electronic data", except as provided under the Coverage Extension for Electronic Data Processing found in the Building And Personal Property Coverage Form.

5. Additional Coverages

a. Civil Authority

In this Additional Coverage — Civil Authority, the described premises are premises to which this Coverage Form applies, as shown in the Declarations.

When a Covered Cause of Loss causes damage to property other than property at the described premises, we will pay for the actual loss of Business Income you sustain and necessary Extra Expense caused by action of civil authority that prohibits access to the described premises, provided that both of the following apply:

(1) Access to the area immediately surrounding the damaged property is prohibited by civil authority as a result of the damage, and the described premises are within that area but are not more than one mile from the damaged property; and

(2) The action of civil authority is taken in response to dangerous physical conditions resulting from the damage or continuation of the Covered Cause of Loss that caused the damage, or the action is taken to enable a civil authority to have unimpeded access to the damaged property.

Civil Authority coverage for Business Income will begin 72 hours after the time of the first action of civil authority that prohibits access to the described premises and will apply for a period of up to thirty consecutive days from the date on which such coverage began.

Civil Authority coverage for Extra Expense will begin immediately after the time of the first action of civil authority that prohibits access to the described premises and will end:

(1) 30 consecutive days after the date of that action; or

(2) When your Civil Authority coverage for Business Income ends;

whichever is later.

b. Alterations And New Buildings

We will pay for the actual loss of Business Income you sustain and necessary Extra Expense you incur due to direct physical loss or damage at the described premises caused by or resulting from any Covered Cause of Loss to:

(1) New buildings or structures, whether complete or under construction;

(2) Alterations or additions to existing buildings or structures; and

(3) Machinery, equipment, supplies or building materials located on or within 1,000 feet of the described premises and:

(a) Used in the construction, alterations or additions; or

(b) Incidental to the occupancy of new buildings.

If such direct physical loss or damage delays the start of "operations", the "period of restoration" for Business Income Coverage will begin on the date "operations" would have begun if the direct physical loss or damage had not occurred.

c. Extended Business Income

(1) Business Income Other Than "Rental Value"

If the necessary "suspension" of your "operations" produces a Business Income loss payable under this policy, we will pay for the actual loss of Business Income you incur during the period that:

(a) Begins on the date property (except "finished stock") is actually repaired, rebuilt or replaced and "operations" are resumed; and

(b) Ends on the earlier of:

(i) The date you could restore your "operations", with reasonable speed, to the level which would generate the business income amount that would have existed if no direct physical loss or damage had occurred; or

(ii) 180 consecutive days after the date determined in **(1)(a)** above, unless "180" is replaced in the Declarations by a different number of days.

However, Extended Business Income does not apply to loss of Business Income incurred as a result of unfavorable business conditions caused by the impact of the Covered Cause of Loss in the area where the described premises are located.

Loss of Business Income must be caused by direct physical loss or damage at the described premises caused by or resulting from any Covered Cause of Loss.

(2) "Rental Value"

If the necessary "suspension" of your "operations" produces a "Rental Value" loss payable under this policy, we will pay for the actual loss of "Rental Value" you incur during the period that:

(a) Begins on the date property is actually repaired, rebuilt or replaced and tenantability is restored; and

(b) Ends on the earlier of:

(i) The date you could restore tenant occupancy, with reasonable speed, to the level which would generate the "Rental Value" that would have existed if no direct physical loss or damage had occurred; or

(ii) 180 consecutive days after the date determined in **(2)(a)** above, unless "180" is replaced in the Declarations by a different number of days.

However, Extended Business Income does not apply to loss of "Rental Value" incurred as a result of unfavorable business conditions caused by the impact of the Covered Cause of Loss in the area where the described premises are located.

Loss of "Rental Value" must be caused by direct physical loss or damage at the described premises caused by or resulting from any Covered Cause of Loss.

d. Dependent Properties — Time Element

(1) Your coverage for Business Income and Extra Expense, as provided and limited in this form, is extended to apply to the actual loss of Business Income you sustain, and the actual and necessary Extra Expense you incur, due to direct physical loss of or damage to "dependent property" caused by or resulting from a Covered Cause of Loss.

However this Additional Coverage does not apply when the only loss to dependent property is loss or damage to "electronic data", including destruction or corruption of "electronic data". If the dependent property sustains loss or damage to "electronic data" and other property, coverage under this Additional Coverage will not continue once the other property is repaired, rebuilt or replaced.

(2) Under the Loss Determination Condition below, the following is added to the Resumption Of Operations provision:

We will reduce the amount of your Business Income loss, other than Extra Expense, to the extent you can resume "operations", in whole or in part, by using any other available source of materials or outlet for your products.

(3) The most we will pay under this Additional Coverage is $50,000 in any one occurrence regardless of the number of dependent properties.

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

(4) The provisions of this Additional Coverage are superseded by **CP 15 08** Business Income From Dependent Properties — Broad Form, or **CP 15 09** Business Income From Dependent Properties — Limited Form, if attached to and made a part of this policy.

e. Ordinance Or Law — Increased Period Of Restoration

(1) If a Covered Cause of Loss occurs to property at the premises described in the Declarations, coverage is extended to include the amount of actual and necessary loss you sustain during the increased period of "suspension" of "operations" caused by or resulting from the enforcement of any ordinance or law that:

(a) Regulates the construction or repair of any property;

(b) Requires the tearing down of parts of any property not damaged by a Covered Cause of Loss; and

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

However, coverage is not extended under this Additional Coverage to include loss caused by or resulting from the enforcement of any ordinance or law which requires any insured or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of "pollutants".

f. Transit — Business Income

(1) This insurance is extended to apply to the actual loss of Business Income you sustain caused by direct physical loss or damage by a Covered Cause of Loss to Covered Property while in or on a vehicle or in transit more than 1,000 feet from a covered premises while:

(a) In or on a vehicle you own, rent or lease;

(b) In the custody of a public or contract trucker;

(c) In the custody of an air or rail carrier; or

(d) While waterborne on inland waterways. However, there is no coverage under this Additional Coverage for any imported or exported property that is covered under any ocean marine

cargo policy that anyone has obtained.

(2) There is no coverage under this Additional Coverage resulting from loss or damage to:

(a) "Fine arts", "antiques", fur garments, jewelry, precious or semiprecious stones, gold, silver, platinum, or other precious metals or alloys; or

(b) Mail shipments in the custody of the U.S. Postal Service.

(3) This Additional Coverage will continue to apply to such property in the due course of transit, after the expiration or cancellation of this policy, until arrival at and accepted by an authorized representative at the invoiced destination, but for no longer than 30 days after the date of the shipment origination, but this will not cut short the "period of restoration".

(4) You must retain accurate records of all shipments of Covered Property for one year.

(5) The most we will pay under this Additional Coverage is $50,000 in any one occurrence.

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

6. Coverage Extensions

a. Newly Acquired Locations

(1) You may extend your Business Income and Extra Expense Coverages to apply to property at any premises you acquire other than fairs or exhibitions.

(2) The most we will pay under this Extension, for the sum of Business Income loss and Extra Expense incurred, is $250,000 at each premises.

Payments under this Coverage Extension are separate from the Limit(s) of Insurance shown in the Declarations for any other coverage.

(3) Insurance under this Extension for each newly acquired premises will end when any of the following first occurs:

(a) This policy expires;

(b) 180 days expire after you acquire or begin to construct the property; or

(c) You report values to us.

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

b. Spoilage Due To Power Outage, Mechanical Breakdown, Or Contamination — Time Element

(1) You may extend your Business Income and Extra Expense Coverages to apply to loss caused by spoilage of "perishable stock" caused by:

(a) Breakdown or Contamination, meaning:

(i) Change in temperature or humidity caused by mechanical breakdown or mechanical failure of refrigerating, cooling, or humidity control equipment; and

(ii) Contamination by the refrigerant.

(b) Power Outage, meaning change in temperature or humidity caused by complete or partial interruption of electrical power due to conditions beyond your control.

(2) This coverage does not apply to loss to stock which is outside of a building or in or on a vehicle unless the stock is being moved to prevent or reduce loss covered by this policy.

(3) Only the following Exclusions contained in Paragraph **B.1.** of the Causes Of Loss — Special Form apply to this Coverage Extension:

(a) **B.1.b.** Earth Movement;

(b) **B.1.c.** Governmental Action;

(c) **B.1.d.** Nuclear Hazard;

(d) **B.1.f.** War And Military Action; and

(e) **B.1.g.** Water.

(4) The following Exclusions are added:

We will not pay for loss or damage caused by:

(a) The disconnecting of any refrigerating, cooling or humidity control system from the source of power.

(b) Shutting off electrical power by turning off the switch that controls the flow of electricity.

(c) The inability of an Electrical Utility Company or other power source to provide sufficient power due to:

(i) Lack of fuel; or

(ii) Governmental order.

(d) A power source at the described premises not having enough power to meet demand due to lack of generating capacity.

(5) For the purposes of this Coverage Extension, the "period of restoration" begins 24 hours after the time of direct physical loss for Business Income coverage, or immediately after the time of direct physical loss or damage for Extra Expense coverage.

(6) The most we will pay under this Coverage Extension is $50,000 per occurrence.

c. Utility Service —Time Element

(1) You may extend your Business Income and Extra Expense Coverages to apply to loss caused by the interruption of service to the described premises or Newly Acquired Locations. The interruption must result from direct physical loss or damage by a Covered Cause of Loss to the property described in paragraph **(2).**

(2) Utility Services

(a) Water Supply Services, meaning pumping stations and water mains supplying water to your premises.

(b) Communication Supply Services, meaning property supplying communication services, including telephone, radio, microwave or television services, to your premises, such as:

(i) Communication transmission lines, including optic fiber transmission lines;

(ii) Coaxial cables; and

(iii) Microwave radio relays except satellites.

(c) Power Supply Services, meaning the following types of property supplying electricity, steam or gas to your premises:

(i) Utility generating plants;

(ii) Switching stations;

(iii) Substations;

(iv) Transformers; and

(v) Transmission lines.

(3) For the purposes of this Coverage Extension, the "period of restoration" begins 24 hours after the time of direct physical loss for Business Income coverage, or immediately after the time of direct physical loss or damage for Extra Expense coverage.

(4) This Coverage Extension does not apply to loss caused by spoilage of "perishable stock" caused by interruption of Utility Services.

(5) The most we will pay under this Coverage Extension is $50,000 per occurrence.

Payments under this Coverage Extension will not increase the applicable Limit of Insurance.

(6) The provisions of this Coverage Extension are superseded by **CP 15 45** Utility Services — Time Element, if attached to and made a part of this policy.

B. Limits Of Insurance

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

2. The amount of insurance stated in the Coverage Extension **A.6.a. Newly Acquired Locations** applies in accordance with the terms of that coverage and is separate from

the Limit(s) of Insurance shown in the Declarations for any other coverage.

3. Payments under the following Additional Coverages and Coverage Extensions will not increase the applicable Limit of Insurance:

   a. Additional Coverage **A.5.a. Civil Authority**

   b. Additional Coverage **A.5.b. Alterations And New Buildings**

   c. Additional Coverage **A.5.c. Extended Business Income**

   d. Additional Coverage **A.5.d. Dependent Properties — Time Element**

   e. Additional Coverage **A.5.e. Ordinance Or Law — Increased Period Of Restoration**

   f. Additional Coverage **A.5.f. Transit — Business Income**

   g. Coverage Extension **A.6.b. Spoilage Due To Power Outage, Mechanical Breakdown, Or Contamination — Time Element**

   h. Coverage Extension **A.6.c. Utility Service — Time Element**

C. Deductible

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

2. When the same occurrence involves loss to insurance under this coverage form and loss under the Building And Personal Property Coverage Form, only one deductible will be applied to the occurrence.

3. Windstorm, Hail or Hurricane percentage deductibles do not apply to Business Income coverage or Extra Expense coverage.

D. Loss Conditions

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

1. **Appraisal**

   If we and you disagree on the amount of Net Income and operating expense or the amount of loss, either may make written demand for an appraisal of the loss. In this event, each party will select a competent and impartial appraiser.

   The two appraisers will select an umpire. If they cannot agree, either may request that selection be made by a judge of a court having jurisdiction. The appraisers will state separately the amount of Net Income and operating expense or amount of loss. If they fail to agree, they will submit their differences to the umpire. A decision agreed to by any two will be binding. Each party will:

   a. Pay its chosen appraiser; and

   b. Bear the other expenses of the appraisal and umpire equally.

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

2. **Duties In The Event Of Loss**

   a. You must see that the following are done in the event of loss:

      (1) Notify the police if a law may have been broken.

      (2) Give us prompt notice of the direct physical loss or damage. Include a description of the property involved.

      (3) As soon as possible, give us a description of how, when, and where the direct physical loss or damage occurred.

      (4) Take all reasonable steps to protect the Covered Property from further damage, and keep a record of your expenses necessary to protect the Covered Property, for consideration in the settlement of the claim. This will not increase the Limit of Insurance. However, we will not pay for any subsequent loss or damage resulting from a cause of loss that is not a Covered Cause of Loss. Also, if feasible, set the damaged property aside and in the best possible order for examination.

      (5) As often as may be reasonably required, permit us to inspect the property proving the loss or damage and examine your books and records.

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

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

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

(8) If you intend to continue your business, you must resume all or part of your "operations" as quickly as possible.

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

3. Loss Determination

a. The amount of Business Income loss will be determined based on:

(1) The Net Income of the business before the direct physical loss or damage occurred;

(2) The likely Net Income of the business if no physical loss or damage had occurred, but not including any Net Income that would likely have been earned as a result of an increase in the volume of business due to favorable business conditions caused by the impact of the Covered Cause of Loss on customers or on other businesses;

(3) The operating expenses, including payroll expenses, necessary to resume "operations" with the same quality of service that existed just before the direct physical loss or damage; and

(4) Other relevant sources of information, including:

(a) Your financial records and accounting procedures;

(b) Bills, invoices and other vouchers; and

(c) Deeds, liens or contracts.

b. The amount of Extra Expense will be determined based on:

(1) All expenses that exceed the normal operating expenses that would have been incurred by "operations" during the "period of restoration" if no direct physical loss or damage had occurred. We will deduct from the total of such expenses:

(a) The salvage value that remains of any property bought for temporary use during the "period of restoration", once "operations" are resumed; and

(b) Any Extra Expense that is paid for by other insurance, except for insurance that is written subject to the same plan, terms, conditions and provisions as this insurance; and

(2) Necessary expenses that reduce the Business Income loss that otherwise would have been incurred.

c. Resumption Of Operations

We will reduce the amount of your:

(1) Business Income loss, other than Extra Expense, to the extent you can resume your "operations", in whole or in part, by using damaged or undamaged property (including merchandise or stock) at the described premises or elsewhere.

(2) Extra Expense loss to the extent you can return "operations" to normal and discontinue such Extra Expense.

d. If you do not resume "operations", or do not resume "operations" as quickly as possible, we will pay based on the length of time it would have taken to resume "operations" as quickly as possible.

4. Loss Payment

We will pay for covered loss within 30 days after we receive the sworn proof of loss, if you have complied with all of the terms of this Coverage Part and:

a. We have reached agreement with you on the amount of loss; or

b. An appraisal award has been made.

E. Optional Coverages

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

1. Maximum Period Of Indemnity

The most we will pay for the total of Business Income loss and Extra Expense is the lesser of:

a. The amount of loss sustained and expenses incurred during the 120 days immediately following the beginning of the "period of restoration"; or

b. The Limit of Insurance shown in the Declarations.

2. Monthly Limit Of Indemnity

The most we will pay for loss of Business Income in each period of 30 consecutive days after the beginning of the "period of restoration" is:

a. The Limit of Insurance, multiplied by

b. The fraction shown in the Declarations for this Optional Coverage.

EXAMPLE

When:	The Limit of Insurance is	$ 120,000
	The fraction shown in the Declarations for this Optional Coverage is	1/4
	The most we will pay for loss in each period of 30 consecutive days is: ($120,000 x 1/4 = $30,000)	$ 30,000
	If, in this example, the actual amount of loss is:	
	Days 1-30	$ 40,000
	Days 31-60	$ 20,000
	Days 61-90	$ 30,000
		$ 90,000
	We will pay:	
	Days 1-30	$ 30,000
	Days 31-60	$ 20,000
	Days 61-90	$ 30,000
		$ 80,000

The remaining $10,000 is not covered.

F. Definitions

1. "Antique" means an object having value because its:

a. craftsmanship is in the style or fashion of former times; and

b. age is 100 years old or older.

2. "Dependent property" means property operated by others whom you depend on to:

a. Deliver materials or services to you, or to others for your account. With respect to Contributing Locations, services does not mean water, communication or power supply services;

b. Accept your products or services;

c. Manufacture products for delivery to your customers under contract of sale; or

d. Attract customers to your business.

"Dependent property" does not include roads, bridges, tunnels, waterways, airfields, pipelines or any other similar areas or structures.

3. "Electronic data" means information, facts or computer programs stored as or on, created or used on, or transmitted to or from computer software (including systems and applications software), on hard or floppy disks, CD-ROMs, tapes, drives, cells, data processing devices or any other repositories of computer software which are used with electronically controlled equipment. The term computer programs, referred to in the foregoing description of "electronic data", means a set of related electronic instructions which direct the operations and functions of a computer or device connected to it, which enable the computer or device to receive, process, store, retrieve or send data.

4. "Fine arts" means paintings, etchings, pictures; tapestries; rare or art glass; art glass windows; valuable rugs; statuary; sculptures; "antique" furniture; bric-a-brac; porcelains; and similar property of rarity, historical value or artistic merit.

5. "Finished stock" means stock you have manufactured.

"Finished stock" also includes whiskey and alcoholic products being aged.

"Finished stock" does not include stock you have manufactured that is held for sale on the premises of any retail outlet insured under this Coverage Part.

6. "Operations" means:

   a. Your business activities occurring at the described premises; and

   b. The tenantability of the described premises, if coverage for Business Income Including "Rental Value" or "Rental Value" applies.

7. "Period of restoration" means the period of time that:

   a. Begins:

      (1) 72 hours after the time of direct physical loss or damage for Business Income coverage; or

      (2) Immediately after the time of direct physical loss or damage for Extra Expense coverage;

      caused by or resulting from any Covered Cause of Loss at the described premises; and

   b. Ends on the earlier of:

      (1) The date when the property at the described premises should be repaired, rebuilt or replaced with reasonable speed and similar quality; or

      (2) The date when business is resumed at a new permanent location.

   "Period of restoration" does not include any increased period required due to the enforcement of any ordinance or law that:

      (1) Regulates the construction, use or repair, or requires the tearing down of any property; or

      (2) Requires any insured or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of "pollutants"

   The expiration date of this policy will not cut short the "period of restoration".

8. "Perishable stock" means personal property which is maintained under controlled conditions for its preservation and which is susceptible to loss or damage if the controlled conditions change.

9. "Pollutants" means any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste. Waste includes materials to be recycled, reconditioned or reclaimed.

10. "Rental Value" means Business Income that consists of:

    a. Net Income (Net Profit or Loss before income taxes) that would have been earned or incurred as rental income from tenant occupancy of the premises described in the Declarations as furnished and equipped by you, including fair rental value of any portion of the described premises which is occupied by you; and

    b. Continuing normal operating expenses incurred in connection with that premises, including:

       (1) Payroll; and

       (2) The amount of charges which are the legal obligation of the tenant(s) but would otherwise be your obligations.

11. "Suspension" means:

    a. The slowdown or cessation of your business activities; or

    b. That a part or all of the described premises is rendered untenantable, if coverage for Business Income Including "Rental Value" or "Rental Value" applies.

Safeco Optimum Property ™ for Manufacturers BUILDING AND PERSONAL PROPERTY COVERAGE FORM

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

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

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

A. Coverage

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

1. Covered Property

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

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

(1) Foundations of buildings, structures, machinery or boilers;

(2) Underground pipes, flues or drains;

(3) Completed additions;

(4) Fixtures, including outdoor fixtures such as light poles;

(5) Permanently installed:

(a) Machinery and

(b) Equipment;

(6) Fences and signs, whether attached to the building or not;

(7) Antennas (including satellite dishes) and their lead-in wiring, masts or towers;

(8) Personal property owned by you that is used to maintain or service the building or structure or its premises, including:

(a) Fire-extinguishing equipment;

(b) Outdoor furniture;

(c) Floor coverings; and

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

(9) If not covered by other insurance:

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

(b) Materials, equipment, supplies and temporary structures, on or within 1,000 feet of the described premises, used for making additions, alterations or repairs to the building or structure.

b. Business Personal Property located in or on the building described in the Declarations or in the open (or in a vehicle) within 1,000 feet of the described premises.

Business Personal Property means:

(1) Your Business Personal Property owned by your business; and includes:

(a) Furniture and fixtures;

(b) Machinery and equipment;

(c) "Stock";

(d) Patterns, dies, molds and forms;

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(e) All other personal property owned by you and used in your business;

(f) Labor, materials or services furnished or arranged by you on personal property of others;

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

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

(ii) You acquired or made at your expense but cannot legally remove.

(2) Tools and equipment owned by your employees that are used in your business operations.

(3) Personal property owned by others that is in your care, custody or control (including leased property as provided in written lease agreements); and includes:

(a) Leased personal property which you have a contractual responsibility to insure;

(b) Building plate glass that you have a contractual responsibility to insure as a building tenant;

(c) All other personal property of others.

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

2. Property Not Covered

Covered Property does not include:

a. Accounts, bills, currency, food stamps or other evidences of debt, "money", notes or "securities", except as provided under the Additional Coverage for Money and Securities. Lottery tickets held for sale are not "securities";

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

c. Automobiles held for sale;

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

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

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

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

h. Personal effects owned by you, your officers, your partners or members, your managers or your employees, except as provided by the Coverage Extension for Personal Effects;

i. Personal property while airborne or waterborne, except as provided under the Coverage Extension for Property In Transit;

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

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

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

m. "Electronic data", except as provided by the Coverage Extension for Electronic Data Processing. This Paragraph, **m.** does not apply to your "stock" of prepackaged software;

n. The cost to replace or restore the information on "valuable papers and records", including those which exist as "electronic data", except as provided by the Coverage Extension for Valuable Papers And Records;

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

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

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

This paragraph does not apply to:

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

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

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

(d) Trailers, but only to the extent provided for in the Coverage Extension for Non-owned Detached Trailers;

p. The following property while outside of buildings:

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

(2) Trees, shrubs, plants, sod or lawns (other than "stock" of trees, shrubs, plants or sod), except as provided in the Coverage Extension for Outdoor Trees, Shrubs, Plants, Sod and Lawns.

3. Covered Causes Of Loss

See applicable Causes Of Loss Form(s) as shown in the Declarations.

4. Additional Coverages

a. Arson, Vandalism or Theft Reward

We will pay a reward for information which leads to an arson, vandalism or "theft" conviction involving a covered loss at a premises described in the Declarations.

The most we will pay for this Additional Coverage is $50,000 or 25% of the amount that we pay for direct physical loss or damage to the Covered Property that has sustained loss or damage by arson, vandalism or "theft", whichever is less. This limit applies per occurrence regardless of the number of persons providing this information. No deductible applies to this Additional Coverage.

Payments under this Additional Coverage are separate from the Limit(s) of Insurance shown in the Declarations for any other coverage.

b. Computer Fraud

(1) We will pay for loss or damage to "money", "securities" and "other property" resulting directly from the use of any computer to fraudulently cause a transfer of that property from inside the "premises" or "banking premises":

(a) To a person (other than a "messenger") outside those "premises"; or

(b) To a place outside those "premises".

(2) This Additional Coverage does not cover:

(a) Loss resulting from any dishonest or criminal act committed by you, your partners, your "members", your "employees", "managers", directors, trustees or authorized representatives:

(i) Whether acting alone or in collusion with other persons; or

(ii) While performing services for you or otherwise.

(b) Loss, or that part of any loss, the proof of which as to its existence or amount is dependent upon an inventory computation or a profit and loss computation.

(c) Loss resulting from:

(i) The unauthorized disclosure of your confidential information including, but not limited to, patents, trade secrets, processing methods or customer lists; or

(ii) The unauthorized use or disclosure of confidential information of another person or entity which is held by you including, but not limited to, financial information, personal information, credit card information or similar non-public information.

(3) If you have reason to believe that any loss involves a violation of law, you must notify the local law enforcement authorities.

(4) Under this Additional Coverage, "occurrence" means:

(a) An individual act or event;

(b) The combined total of all separate acts or events whether or not related; or

(c) A series of acts or events whether or not related;

committed by a person acting alone or in collusion with other persons, or not committed by any person, during the policy period shown in the Declarations.

(5) Unless a higher limit is shown in the Declarations, the most we will pay for all loss under this Additional Coverage is $50,000 in any one "occurrence", regardless of the number of persons involved in committing the fraud.

Unless a higher limit is shown in the Declarations, the most we will pay in any one policy period regardless of the number of "occurrences" or persons involved in committing the fraud is $100,000. With respect to an occurrence which begins in one policy year and continues or results in additional loss or damage in a subsequent policy year(s), all loss or damage is deemed to be sustained in the policy year in which the occurrence began.

No deductible applies to this Additional Coverage.

Payments under this Additional Coverage are separate from the Limit(s) of Insurance shown in the Declarations for any other coverage.

(6) If Computer Fraud coverage is provided under the Crime Coverage Part of this policy, that coverage replaces the Computer Fraud coverage provided by this Additional Coverage. The provisions of this Additional Coverage would no longer apply.

c. Contract Penalty

(1) We will pay for penalties contained within a written contract purchase or sales agreement with a customer or vendor that you are required to pay because you are unable to complete a project, fill an order, or complete a purchase in accordance with contract terms or conditions. Your inability to complete a project, fill an order, or complete a purchase on time must be a direct result of physical loss of or damage to covered property caused by a Covered Cause of Loss at a covered premises in the policy period.

(2) The most we will pay for this Additional Coverage is $50,000 in any one policy period regardless of the number of contracts or penalties.

Payments under this Additional Coverage are separate from the Limit(s) of Insurance shown in the Declarations for any other coverage.

d. Debris Removal

(1) Subject to Paragraphs **(3)** and **(4),** we will pay your expense to remove debris of Covered Property caused by or resulting from a Covered Cause of Loss that occurs during the policy period. The expenses will be paid only if they are reported to us in writing within 180 days of the date of direct physical loss or damage.

(2) Debris Removal does not apply to costs to:

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

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

(c) Remove debris of outdoor trees, shrubs, plants, sod or lawns except to remove such debris from covered buildings or personal property, or as is provided under the Coverage Extension for Outdoor Trees, Shrubs, Plants, Sod And Lawns.

(3) Subject to the exceptions in Paragraph **(4),** the following provisions apply:

(a) The most we will pay for the total of direct physical loss or damage plus debris removal expense is the Limit of Insurance applicable to the Covered Property that has sustained loss or damage.

(b) Subject to **(a)** above, the amount we will pay for debris removal expense is limited to 25% of the sum of the deductible plus the amount that we pay for direct physical loss or damage to the Covered Property that has sustained loss or damage.

(4) We will pay up to an additional $50,000 for debris removal expense, for each premises described in the Declarations, in any one occurrence of physical loss or damage to Covered Property, if one or

both of the following circumstances apply:

(a) The total of the actual debris removal expense plus the amount we pay for direct physical loss or damage exceeds the Limit of Insurance on the Covered Property that has sustained loss or damage.

(b) The actual debris removal expense exceeds 25% of the sum of the deductible plus the amount that we pay for direct physical loss or damage to the Covered Property that has sustained loss or damage.

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

(5) Examples

EXAMPLE #1

Limit of Insurance	$ 90,000
Amount of Deductible	$ 1,000
Amount of Loss	$ 50,000
Amount of Loss Payable	$ 49,000
($50,000 - $1,000)	
Debris Removal Expense	$ 10,000
Debris Removal Expense Payable	$ 10,000
($10,000 is 20% of $50,000)	

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

EXAMPLE #2

Limit of Insurance	$ 90,000
Amount of Deductible	$ 1,000
Amount of Loss	$ 80,000
Amount of Loss Payable	$ 79,000
($80,000 - $1,000)	
Debris Removal Expense	$ 64,000
Debris Removal Expense Payable	
Basic Amount	$ 11,000
Additional Amount	$ 50,000

The basic amount payable for debris removal expense under the terms of Paragraph **(3)** is calculated as follows: $80,000 ($79,000 + $1,000) x .25 = $20,000; capped at $11,000. The cap applies because the sum of the loss payable ($79,000) and the basic amount payable for debris removal expense ($11,000) cannot exceed the Limit of Insurance ($90,000).

The additional amount payable for debris removal expense is provided in accordance with the terms of Paragraph **(4),** because the debris removal expense ($64,000) exceeds 25% of the loss payable plus the deductible ($64,000 is 80% of $80,000), and because the sum of the loss payable and debris removal expense ($79,000 + $64,000 = $143,000) would exceed the Limit of Insurance ($90,000). The additional amount of covered debris removal expense is $50,000, the maximum payable under Paragraph **(4).** Thus the total payable for debris removal expense in this example is $61,000; $3,000 of the debris removal expense is not covered.

e. Employee Theft

(1) We will pay for direct loss of or damage to "money", "securities" and "other property" resulting directly from "theft" committed by an "employee", whether identified or not, acting alone or in collusion with other persons.

For the purposes of this Additional Coverage, "theft" shall also include "forgery".

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

(a) Resulting from "theft" or any other dishonest act that you or any of your partners or "members" commit whether acting alone or in collusion with other persons.

(b) Resulting from:

(i) The unauthorized disclosure of your confidential information including, but not limited to, patents, trade secrets, processing methods or customer lists; or

(ii) The unauthorized use or disclosure of confidential information of another person or entity which is held by you including, but not limited to, financial information, personal information, credit card information or similar non-public information.

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

(i) An inventory computation; or

(ii) A profit and loss computation.

(3) Under this Additional Coverage, "occurrence" means:

(a) An individual act;

(b) The combined total of all separate acts whether or not related; or

(c) A series of acts whether or not related;

committed by an "employee" acting alone or in collusion with other persons, during the Policy Period shown in the Declarations.

(4) All loss or damage:

(a) Caused by one or more persons; or

(b) Involving a single act or series of acts;

is considered one occurrence.

(5) The property covered under this Additional Coverage is limited to property:

(a) That you own or lease; or

(b) That you hold for others whether or not you are legally liable for the loss of such property.

However, this Additional Coverage is for your benefit only. It provides no rights or benefits to any other person or organization. Any claim for loss that is covered under this policy must be presented by you.

(6) If any loss is covered:

(a) Partly by this insurance; and

(b) Partly by any prior canceled or terminated insurance that we or any affiliate had issued to you or any predecessor in interest;

the most we will pay is the larger of the amount recoverable under this insurance or the prior insurance.

We will pay only for loss or damage you sustain through acts committed or events occurring during the policy period. Regardless of the number of years this policy remains in force or the number of premiums paid, no Limit of Insurance cumulates from year to year or period to period.

(7) This Additional Coverage is canceled as to any "employee" immediately upon discovery by:

(a) You; or

(b) Any of your partners, "members", "managers", officers or directors not in collusion with the "employee";

of any dishonest act committed by that "employee" before or after being hired by you.

(8) We will pay only for covered loss or damage sustained during the policy period and discovered no later than one year from the end of the policy period.

(9) If you (or any predecessor in interest) sustained loss or damage during the policy period of any prior insurance that you could have recovered under that insurance except that the time within which to discover loss or damage had expired, we will pay for it under this Additional Coverage, provided:

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

(b) The loss or damage would have been covered by this Additional Coverage had it been in effect when the acts or events causing the loss or damage were committed or occurred.

(10) The insurance under Paragraph **(9)** above is part of, not in addition to, the Limit of Insurance applying to this Additional Coverage and is

limited to the lesser of the amount recoverable under:

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

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

(11) Employee Benefit Plans

(a) "Employee benefit plans" (hereafter referred to as Plan) owned, controlled or operated by you and which you provide solely for the benefit of your "employees" are included as Insureds under this Additional Coverage.

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

(c) With respect to loss sustained by any such Plan, this Additional Coverage is replaced by the following:

We will pay for loss of or damage to "funds", and "other property" resulting directly from fraudulent or dishonest acts committed by an "employee", whether identified or not, acting alone or in collusion with other persons.

(d) If the first Named Insured is an entity other than a Plan, any payment we make for loss sustained by any Plan will be made to the Plan sustaining the loss.

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

(i) Sustained by two or more Plans; or

(ii) Of commingled "funds" or "other property" of two or more Plans;

resulting directly from an occurrence will be made to each Plan sustaining loss in the proportion that the Limit of Insurance required for each Plan bears to the total Limit of Insurance of all Plans sustaining loss.

(f) The insurance under this Paragraph **(11)** is part of, not in addition to, the Limit of Insurance applying to this Employee Theft Additional Coverage.

(12) The most we will pay for loss or damage in any one "occurrence" is $50,000, unless a higher limit is shown in the Declarations. No deductible applies to this Additional Coverage.

Payments under this Additional Coverage are separate from the Limit(s) of Insurance shown in the Declarations for any other coverage.

(13) If Employee Dishonesty or Employee Theft coverage is provided under the Crime Coverage Part of this policy, that coverage replaces the Employee Theft coverage provided by this Additional Coverage. The provisions of this Additional Coverage would no longer apply.

f. Extra Expense

(1) We will pay the actual and necessary Extra Expense you sustain due to direct physical loss or damage to property at the premises described in the Declarations, including personal property in the open (or in a vehicle) within 1,000 feet, caused by or resulting from any Covered Cause of Loss. If you are a tenant, your premises is the portion of the building which you rent, lease or occupy, including:

(a) All routes within the building to gain access to the described premises; and

(b) Your personal property in the open (or in a vehicle) within 1,000 feet.

(2) Extra Expense means necessary expenses you incur during the "period of restoration" that you would not have incurred if there had been no direct physical loss or damage to property:

(a) To avoid or minimize the suspension of business and to continue "operations":

(i) At the described premises; or

(ii) At replacement premises or temporary locations, including:

(aa) Relocation expenses; and

(bb) Costs to equip and operate the replacement or temporary locations;

(b) To minimize the suspension of business if you cannot continue "operations", or

(c) **(i)** To repair or replace any property; or

(ii) To research, replace or restore the lost information on damaged "valuable papers and records", to the extent it reduces the amount of loss that otherwise would have been payable under this Additional Coverage.

(3) The most we will pay for loss or damage under this Additional Coverage is $10,000. No deductible applies to this Additional Coverage.

Payments under this Additional Coverage are separate from the Limit(s) of Insurance shown in the Declarations for any other coverage.

(4) If two or more of this policy's coverages apply to the same loss, we will not pay more than the actual amount of loss.

(5) The provisions of this Additional Coverage are superseded if Extra Expense coverage is provided by another form attached to and made a part of this policy.

g. Fire Department Service Charge

When the fire department is called to save or protect Covered Property from a Covered Cause of Loss, we will pay up to $50,000, unless a higher limit is shown in the Declarations, for your liability for fire department service charges:

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

(2) Required by local ordinance.

No deductible applies to this Additional Coverage.

Payments under this Additional Coverage are separate from the Limit(s) of Insurance shown in the Declarations for any other coverage.

h. Fire Extinguisher Systems Recharge

(1) We will pay the actual cost of recharging or replacing, whichever is less, your:

(a) Portable fire extinguishers; or

(b) Automatic fire suppression or extinguishing systems

if they are discharged to fight a fire at the premises described in the Declarations or at immediately adjacent premises which expose your property to loss.

(2) We will not pay for:

(a) Halon, or any other fire extinguishing agent that is no longer in production; or

(b) any costs resulting from the enforcement of any ordinance or law that regulates the recharging, repair or replacement of fire suppression or extinguishing systems or the extinguishing agent.

(3) The most we will pay under this Additional Coverage in any one occurrence is $50,000. No deductible applies to this Additional Coverage.

Payments under this Additional Coverage are separate from the Limit(s) of Insurance shown in the Declarations for any other coverage.

i. Forgery Or Alteration

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

(a) Made or drawn by or drawn upon you; or

(b) Made or drawn by one acting as your agent;

or that are purported to have been so made or drawn.

(2) If you are sued for refusing to pay any instrument covered in Paragraph **i.(1)** on the basis that it has been forged or altered, and you

have our written consent to defend against the suit, we will pay for any reasonable legal expenses that you incur and pay in that defense.

(3) For the purposes of this Additional Coverage, a substitute check as defined in the Check Clearing for the 21st Century Act shall be treated the same as the original it replaced.

(4) We will not pay for loss caused by or resulting from dishonest or criminal acts committed by any of your "employees", directors or trustees:

(a) Whether acting alone or in collusion with other persons; or

(b) While performing services for you or otherwise.

(5) Under this Additional Coverage, "occurrence" means:

(a) An individual act;

(b) The combined total of all separate acts whether or not related; or

(c) A series of acts whether or not related;

committed by a person acting alone or in collusion with other persons, or not committed by any person, during the Policy Period shown in the Declarations.

(6) The most we will pay for loss in any one "occurrence" is $25,000, unless a higher limit is shown in the Declarations. This Additional Coverage is subject to a separate deductible of $1,000 in any one "occurrence". No other deductible applies.

Payments under this Additional Coverage are separate from the Limit(s) of Insurance shown in the Declarations for any other coverage.

(7) If Forgery Or Alteration coverage is provided under the Crime Coverage Part of this policy, that coverage replaces the Forgery Or Alteration coverage provided by this Additional Coverage. The provisions of this Additional Coverage would no longer apply.

j. Lock And Key Replacement

We will pay the cost for rekeying, repair or replacement, whichever is less, of exterior and interior door locks located at premises described in the Declarations if your door keys are stolen in a covered "theft" loss. For the purposes of this Additional Coverage, "theft" losses also include those acts of "theft" committed by "employees".

The most we will pay for loss in any one occurrence is $2,500. No deductible applies to this Additional Coverage.

Payments under this Additional Coverage are separate from the Limit(s) of Insurance shown in the Declarations for any other coverage.

k. Money And Securities

(1) We will pay for loss of your "money" and "securities" resulting directly from "theft", disappearance, or destruction:

(a) Inside the "premises" or "banking premises".

(b) Outside the "premises", which means outside the building you occupy in conducting your business:

(i) while in the care and custody of you, any of your partners or any "employees"; or

(ii) while in the care and custody of an armored motor vehicle company.

But we will pay only for the amount of loss that you cannot recover:

(aa) Under your contract with the armored vehicle company; and

(bb) From any insurance or indemnity carried by, or for the benefit of customers of, the armored motor vehicle company.

(2) Exclusions **B.1.c.,** Government Action; **B.1.d.,** Nuclear Hazard; **B.1.f.,** War And Military Action, and **B.2.k.** Pollution of the Causes Of Loss —

Special Form apply to this Money And Securities coverage.

(3) The following additional Exclusions apply to this Money And Securities coverage:

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

(i) Any dishonest or criminal act committed by any of your "employees", directors or trustees or authorized representatives:

(aa) Acting alone or in collusion with other persons; or

(bb) While performing services for you or otherwise.

(ii) Loss that is an indirect result of any act or occurrence covered by this insurance, including, but not limited to, loss resulting from:

(aa) Your inability to realize income that you would have realized had there been no loss of, or loss from damage to, "money" or "securities";

(bb) Payment of damages of any type for which you are legally liable; or

(cc) Payment of costs, fees or other expenses you incur in establishing the existence or the amount of loss under this Additional Coverage;

(iii) Expenses related to any legal action;

(iv) Accounting or arithmetical errors or omissions;

(v) Giving or surrendering of property in any exchange or purchase;

(vi) Voluntary parting of title to or possession of property resulting from your, or anyone acting on your express or implied authority, being induced by any dishonest act to voluntarily part with title to or possession of any property; or

(vii) Loss of property contained in any money operated device unless the amount of "money" deposited in it is recorded by a continuous recording instrument in the device.

(4) The following Additional Conditions apply:

(a) If you have reason to believe that any loss involves a violation of law, you must notify the local law enforcement authorities.

(b) You must keep records of all "money" and "securities" so we can verify the amount of any loss or damage.

(5) Under this Additional Coverage, "occurrence" means:

(a) An individual act or event;

(b) The combined total of all separate acts or events whether or not related; or

(c) A series of acts or events whether or not related;

committed by a person acting alone or in collusion with other persons, or not committed by any person, during the Policy Period shown in the Declarations.

(6) **(a)** The most we will pay for loss in any one "occurrence" inside the "premises" or "banking premises" is $25,000, unless a higher limit is shown in the Declarations.

(b) The most we will pay for loss in any one "occurrence" outside the "premises" is $25,000, unless a higher limit is shown in the Declarations.

No deductible applies to this Additional Coverage.

Payments under this Additional Coverage are separate from the

Limit(s) of Insurance shown in the Declarations for any other coverage.

(7) If Theft, Disappearance And Destruction coverage is provided under the Crime Coverage Part of this policy, that coverage replaces the Money And Securities coverage provided by this Additional Coverage. The provisions of this Additional Coverage would no longer apply.

l. Money Orders And Counterfeit Money

(1) We will pay for loss resulting directly from your having accepted in good faith, in exchange for merchandise, "money" or services:

(a) Money orders issued by any post office, express company or bank that are not paid upon presentation; or

(b) "Counterfeit money" that is acquired during the regular course of business.

(2) If you have reason to believe that any loss involves a violation of law, you must notify the local law enforcement authorities.

(3) Under this Additional Coverage

(a) "Counterfeit Money" means an imitation of "money" that is intended to deceive and to be taken as genuine.

(b) "Occurrence" means:

(i) An individual act or event;

(ii) The combined total of all separate acts or events whether or not related; or

(iii) A series of acts or events whether or not related;

committed by a person acting alone or in collusion with other persons, or not committed by any person, during the Policy Period shown in the Declarations.

(4) The most we will pay for all loss resulting directly from an "occurrence" is $5,000, unless a higher limit is shown in the Declarations. This Additional Coverage is subject to a separate deductible of $250 in any one "occurrence". No other deductible applies.

Payments under this Additional Coverage are separate from the Limit(s) of Insurance shown in the Declarations for any other coverage.

(5) If either Money Orders And Counterfeit Paper Currency or Money Orders And Counterfeit Money coverage is provided under the Crime Coverage Part of this policy, that coverage replaces the Money Orders And Counterfeit Money coverage provided by this Additional Coverage. The provisions of this Additional Coverage would no longer apply.

m. Ordinance Or Law

(1) Application of Coverage(s)

The Coverage(s) provided by this Additional Coverage apply only if both **(1)(a)** and **(1)(b)** are satisfied and are then subject to the qualifications set forth in **(1)(c).**

(a) The ordinance or law:

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

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

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

(b) **(i)** The building sustains direct physical damage that is covered under this policy and such damage results in enforcement of the ordinance or law; or

(ii) The building sustains both direct physical damage that is covered under this policy and direct physical damage

that is not covered under this policy, and the building damage in its entirety results in enforcement of the ordinance or law.

(iii) But if the building sustains direct physical damage that is not covered under this policy, and such damage is the subject of the ordinance or law, then there is no coverage under this Additional Coverage even if the building has also sustained covered direct physical damage.

(c) In the situation described in **(1)(b)(ii)** above, we will not pay the full amount of loss otherwise payable under the terms of Coverages **A, B,** and/or **C** of this Additional Coverage. Instead, we will pay a proportion of such loss; meaning the proportion that the covered direct physical damage bears to the total direct physical damage. (Section **(7)** of this Additional Coverage provides an example of this procedure.)

However, if the covered direct physical damage, alone, would have resulted in enforcement of the ordinance or law, then we will pay the full amount of loss otherwise payable under the terms of Coverages **A, B** and/or **C** of this Additional Coverage.

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

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

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

(3) Coverage

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

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

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

(b) Coverage B — Demolition Cost Coverage

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

(c) Coverage C — Increased Cost Of Construction Coverage

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

(aa) Repair or reconstruct damaged portions of that building; and/or

(bb) Reconstruct or remodel undamaged portions of that building, whether

or not demolition is required;

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

(ii) However:

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

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

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

(aa) The cost of excavations, grading, backfilling and filling; and

(bb) Pilings.

The items listed in **(iii)(aa)** and **(iii)(bb)** above are deleted from Property Not Covered, but only with respect to the coverage described in this Provision, **(c)(iii).**

(4) Loss Payment

(a) Both of the following loss payment Provisions, **(4)(b)** and **(4)(c),** are subject to the apportionment procedures set forth in Section **(1)(c)** of this Additional Coverage.

(b) When there is a loss in value of an undamaged portion of a building to which Coverage **A** applies, the loss payment for that building, including damaged and undamaged portions, will be determined as follows:

(i) If Replacement Cost coverage applies and the property is being repaired or replaced, on the same or another premises, we will not pay more than the lesser of:

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

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

(ii) If Replacement Cost coverage applies and the property is not repaired or replaced, or if Replacement Cost coverage does not apply, we will not pay more than the lesser of:

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

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

(c) The most we will pay for the total of all covered losses for Coverage **B** — Demolition Cost and Coverage **C** — Increased Cost Of Construction combined is $200,000, unless a higher limit for Ordinance Or Law — Coverages **B** and **C** is shown in the Declarations.

Payments under Coverage **B** and/or **C** are separate from the

Limit(s) of Insurance shown in the Declarations for any other coverage.

Subject to this combined Limit of Insurance, the following loss payment provisions apply:

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

(ii) With respect to the Increased Cost Of Construction:

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

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

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

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

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

(5) The terms of this Additional Coverage apply separately to each building.

(6) Under this Additional Coverage we will not pay for loss due to any ordinance or law that:

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

(b) You failed to comply with.

(7) Example of Proportionate Loss Payment for Ordinance Or Law coverage losses (procedure as set forth in Section **(1)(c)** of this Additional Coverage.)

Assume:

- Wind is a Covered Cause of Loss; Flood is an excluded Cause of Loss
- The building has a value of $200,000
- Total direct physical damage to building: $100,000
- The ordinance or law in this jurisdiction is enforced when building damage equals or exceeds 50% of the building's value
- Portion of direct physical damage that is covered (caused by wind): $30,000
- Portion of direct physical damage that is not covered (caused by flood): $70,000
- Loss under Ordinance Or Law Coverage **C** of this endorsement: $60,000

Step 1:

Determine the proportion that the covered direct physical damage bears to the total direct physical damage.

$30,000 ÷ $100,000 = .30

Step 2:

Apply that proportion to the Ordinance or Law loss.

$60,000 x .30 = $18,000

In this example, the most we will pay under this Additional Coverage for the Coverage **C** loss is $18,000,

subject to all the provisions of this Additional Coverage.

Note: The same procedure applies to losses under Coverages **A** and **B** of this Additional Coverage.

n. Pollutant Clean-up and Removal

We will pay your expense to extract "pollutants" from land or water at the described premises if the discharge, dispersal, seepage, migration, release or escape of the "pollutants" is caused by or results from a Covered Cause of Loss that occurs during the policy period. The expenses will be paid only if they are reported to us in writing within 180 days of the date on which the Covered Cause of Loss occurs.

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

The most we will pay under this Additional Coverage for each described premises is $50,000 for the sum of all covered expenses arising out of Covered Causes of Loss occurring during each separate 12-month period of this policy.

Payments under this Additional Coverage are separate from the Limit(s) of Insurance shown in the Declarations for any other coverage.

o. Preservation Of Property

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

(1) While it is being moved or while temporarily stored at another location; and

(2) Only if the loss or damage occurs within 90 days after the property is first moved.

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

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

5. Coverage Extensions

Except as otherwise provided, the following Extensions apply to property located in or on the building described in the Declarations or in the open (or in a vehicle) within 1,000 feet of the described premises.

a. Accounts Receivable

(1) On Your Premises

(a) You may extend the insurance that applies to Business Personal Property at the premises described in the Declarations to apply to Accounts Receivable, including those records that exist as electronic records.

(b) We will pay:

(i) All amounts due from your customers that you are unable to collect;

(ii) Interest charges on any loan required to offset amounts you are unable to collect pending our payment of these amounts;

(iii) Collection expenses in excess of your normal collection expenses that are made necessary by the loss or damage; and

(iv) Other reasonable expenses that you incur to reestablish your records of accounts receivable;

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

(c) The following Exclusions in the Causes Of Loss — Special Form do not apply to this Accounts Receivable coverage:

(i) **B.1.b.** Earth Movement; **B.1.e.** Utility Services; **B.1.g.** Water; and

(ii) All **B.2.** Exclusions except **B.2.b.** Consequential Loss; **B.2.d.(1)** Wear And Tear; **B.2.e.** Steam Apparatus;

B.2.g. Dishonesty; **B.2.h.** False Pretense; **B.2.j.** Collapse; and **B.2.k.** Pollution.

(d) The following additional Exclusions apply to this Accounts Receivable coverage:

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

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

(bb) Bookkeeping, accounting or billing errors or omissions; or

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

But we will pay for direct loss or damage caused by lightning.

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

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

(e) **(i)** If you cannot accurately establish the amount of accounts receivable outstanding as of the time of loss or damage, the following method will be used:

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

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

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

(aa) The amount of the accounts for which there is no loss or damage;

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

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

(dd) All unearned interest and service charges.

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

(g) The most we will pay for under this Coverage Extension is $250,000 per premises, unless a higher limit is shown in the Declarations.

No deductible applies to this Coverage Extension.

(2) Away From Your Premises

(a) Subject to Paragraphs **(1)(b)** through **(1)(f),** you may extend the insurance that applies to Business Personal Property to apply to Accounts Receivable, including those records that exist as electronic records, while away from premises described in the Declarations.

(b) The most we will pay for this Away From Your Premises coverage is $25,000 per occurrence.

No deductible applies to this Coverage Extension.

(c) This coverage while away from described premises is not increased by the Flex Additional Coverage — Blanket Limit Of Insurance.

Payments under this Coverage Extension are separate from the Limit(s) of Insurance shown in the Declarations for any other coverage.

If Accounts Receivable coverage is provided for any premises under the Inland Marine Coverage Part of this policy, that coverage replaces the Accounts Receivable coverage provided by this Coverage Extension as respects that premises. The provisions of this Coverage Extension would apply to all other premises, including Away From Your Premises coverage, except for the location that is covered for Accounts Receivable under the Inland Marine Coverage Part.

b. Brands And Labels

(1) If Covered Business Personal Property is damaged by a Covered Cause of Loss, we may take all or any part of the property at an agreed or appraised value. When you do not want your damaged "stock" sold under your brand or label, you may:

(a) Remove the brand or label from "stock" or its containers, and relabel the "stock" to comply with the law; or

(b) Label the damaged "stock" as salvage, but in doing so, you must cause no further damage to it.

(2) In either case, we will pay the difference between the salvage value of the damaged "stock" with the brand or label attached, and its salvage value with the brand or label removed. In addition, we will pay reasonable costs for removing the brands or labels and relabeling the damaged "stock".

(3) The most we will pay under this Coverage Extension is $50,000, unless a higher limit is shown in the Declarations.

Payments under this Coverage Extension will not increase the applicable Limit of Insurance.

c. Consequential Damage To Pairs Or Sets

If a part or parts of pairs or sets of "stock" are damaged by a Covered Cause of Loss, causing the part or parts that are not damaged to be unmarketable as a complete product, you may extend the insurance that applies to Business Personal Property to cover the consequential damage to your undamaged parts of such pairs or sets.

Payments under this Coverage Extension will not increase the applicable Limit of Insurance.

d. Deferred Payments

(1) You may extend the insurance that applies to Business Personal Property to cover direct physical loss by a Covered Cause of Loss to the following:

(a) Business Personal Property which you have sold under an installment or deferred payment plan and which is in possession of the buyer. We will pay only for your remaining interest in the property.

(b) Business Personal Property which is rented or leased to others.

(2) The most we will pay for loss or damage under this Extension is $50,000, unless a higher limit is shown in the Declarations.

Payments under this Coverage Extension will not increase the applicable Limit of Insurance.

e. Electronic Data Processing

(1) On Your Premises

(a) Equipment, Media And Data

(i) You may extend the insurance that applies to Business Personal Property at the premises described in the Declarations to cover direct physical loss or

damage by a Covered Cause of Loss to:

(aa) "Hardware", including computerized production equipment and apparatus; and

(bb) "Software".

while at a premises described in the Declarations.

(ii) Covered Property under this Extension does not include "stock".

(iii) Except as is noted in Paragraph **(3)(d),** the most we will pay for loss or damage under Paragraph **(a)** of this Extension is $200,000 per occurrence, unless a higher limit is shown in the Declarations.

(b) Business Income

(i) We will pay for the actual loss of Business Income you sustain due to the necessary suspension of your "operations" during the "period of restoration". The suspension must be caused by direct physical loss of or damage to "hardware", including computerized production equipment and apparatus, or "software" while at a premises described in the Declarations, caused by or resulting from any Covered Cause of Loss.

(ii) Business Income means the:

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

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

(iii) Except as is noted in Paragraph **(3)(d),** the most we will pay for loss or damage under Paragraph **(b)** is $25,000 per occurrence, unless a higher limit is shown in the Declarations. No deductible applies to this coverage.

(c) Extra Expense

(i) We will pay the actual and necessary Extra Expense you sustain due to direct physical loss or damage to "hardware", including computerized production equipment and apparatus, or "software" while at a premises described in the Declarations, caused by or resulting from any Covered Cause of Loss.

(ii) Extra Expense means necessary expenses you incur during the "period of restoration" that you would not have incurred if there had been no direct physical loss or damage to property:

(aa) To avoid or minimize the suspension of business and to continue "operations":

(1) At the described premises; or

(2) At replacement premises or temporary locations, including relocation expenses and costs to equip and operate the replacement or temporary location;

(bb) To minimize the suspension of business if you cannot continue "operations", or

(cc) To repair or replace any property.

(iii) Except as is noted in Paragraph **(3)(d),** the most we will pay for loss or damage under Paragraph **(c)** is $25,000 per occurrence, unless a higher limit is shown in the Declarations. No deductible applies to this coverage.

(d) The following Exclusions in the Causes Of Loss — Special Form do not apply to this Electronic Data Processing coverage:

(i) **B.1.b.** Earth Movement; **B.1.e.** Utility Services; **B.1.g.** Water; and

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

(e) The following additional Exclusions apply to this Electronic Data Processing coverage:

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

(i) "Computer Virus" or "Computer Hacking". Except as provided under the Virus And Hacking Coverage in Paragraph **(3),** we will not pay for:

(aa) any direct or indirect loss or damage; or

(bb) loss of access, loss of use, or loss of functionality

caused by a "computer virus" or by "computer hacking".

(ii) Deterioration, depreciation or obsolescence.

(f) Under this Electronic Data Processing coverage:

(i) "Computer hacking" means an unauthorized intrusion by an individual or group of individuals, whether employed by you or not, into "hardware", "software", or a computer network that results in:

(aa) deletion, destruction, generation, or modification of "software";

(bb) alteration, contamination, corruption, degradation, or destruction of the integrity, quality, or performance of "software";

(cc) observation, scanning, or copying of "electronic data", "programs and applications", and "proprietary programs";

(dd) damage, destruction, inadequacy, malfunction, degradation, or corruption of any "hardware" or "media" used with "hardware"; or

(ee) denial of access to or denial of services from your "hardware" or your computer network.

(ii) "Computer virus" means the introduction of any malicious, self-replicating electronic data processing code or other code into "hardware" or "software" that is intended to result in:

(aa) deletion, destruction, generation, or modification of "software";

(bb) alteration, contamination, corruption, degradation, or destruction of the integrity, quality, or performance of "software";

(cc) damage, destruction, inadequacy, malfunction, degradation, or corruption of any "hardware" or "media" used with "hardware"; or

(dd) denial of access to or denial of services from your "hardware" or your computer network.

(iii) "Pollutants" means:

(aa) any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste.

Waste includes materials to be recycled, reconditioned or reclaimed.

(bb) electrical or magnetic emissions, whether visible or invisible, and sound emissions.

But we will pay for direct loss or damage caused by lightning.

(2) Away From Your Premises

(a) Subject to Paragraphs **(1)(d)** through **(1)(f),** you may extend the insurance that applies to Business Personal Property to cover direct physical loss or damage to "hardware" or "software" caused by a Covered Cause of Loss while it is in the custody of you, your officers, your partners, or your employees:

(i) at your residence or the residence of your officers, partners, or employees;

(ii) temporarily at a premises that is not described in the Declarations; or

(iii) in transit.

(b) Covered Property under this Extension does not include "stock" or computerized production equipment or apparatus.

(c) We will not pay for loss or damage to property that is voluntarily released to the care, custody or control of anyone else including property while in transit as checked baggage.

(d) The most we will pay for loss or damage under Paragraph **(2)** is $100,000 per occurrence, unless a higher limit is shown in the Declarations. This Away From Your Premises coverage is subject to a separate deductible of $1,000 in any one occurrence. No other deductible applies.

(3) Virus And Hacking Coverage

(a) We cover direct physical loss of or damage to covered "hardware" and "software" while at a premises described in the Declarations caused by a "computer virus" or by "computer hacking".

(b) We cover loss of Business Income and/or Extra Expense caused by a "computer virus" or by "computer hacking". Coverage begins 12 hours after the time of direct physical loss for Business Income coverage.

(c) We do not cover:

(i) loss of exclusive use of, or loss of or reduction in economic or market value of, any "electronic data" or "proprietary programs" that have been copied, scanned, or altered;

(ii) "theft" from your "electronic data" or "proprietary programs" of confidential information through the observation of the "electronic data" or "proprietary programs" by accessing covered "hardware" or your computer network without any alteration or other physical loss or damage to the records or programs. Confidential information includes, but is not limited to, customer information, processing methods, or trade secrets; and

(iii) denial of access to or services from your "hardware" or your computer network.

(d) The most we will pay during one policy year for all covered losses described in Paragraphs **(1)(a), (1)(b)** and **(1)(c)** under the Virus And Hacking Coverage **(3)(a)** and **(3)(b)** combined is $100,000, unless a higher limit is shown in the Declarations. With respect to an occurrence which begins in one policy year and continues or results in additional loss or damage in a subsequent policy year(s), all loss or damage is deemed to be sustained in the policy year in which the occurrence began.

Payments under this Coverage Extension are separate from the Limit(s) of Insurance shown in the Declarations for any other coverage.

If Electronic Data Processing coverage is provided for any premises under the Inland Marine Coverage Part of this policy, that coverage replaces the Electronic Data Processing coverage provided by this Coverage Extension as respects that premises. The provisions of this Coverage Extension would apply to all other premises, including Away From Your Premises coverage, except for the location that is covered for Electronic Data Processing under the Inland Marine Coverage Part.

f. Exhibitions

(1) You may extend the insurance that applies to Business Personal Property while en route to or from, or temporarily on display, at exhibitions, fairs or trade shows.

(2) Exclusions **B.1.b.,** Earth Movement, and **B.1.g.,** Water, of the Causes Of Loss — Special Form do not apply to this Exhibitions coverage.

(3) Under this Coverage Extension, we will not pay for "theft" from an unattended vehicle except when it is securely locked, its windows are fully closed, and there is visible evidence that entry into the vehicle was forced. This exclusion does not apply to Covered Property in the custody of a carrier for hire.

(4) The most we will pay for loss or damage under this Extension is $50,000, unless a higher limit is shown in the Declarations.

Payments under this Coverage Extension are separate from the Limit(s) of Insurance shown in the Declarations for any other coverage.

This Coverage Extension is subject to a separate deductible of $1,000 in any one occurrence. No other deductible applies.

(5) If Exhibition coverage is provided under the Inland Marine Coverage Part of this policy, that coverage replaces the Exhibition coverage provided by this Coverage Extension. The provisions of this Coverage Extension would no longer apply.

g. Fine Arts

(1) On Your Premises

(a) You may extend the insurance that applies to Business Personal Property to cover "fine arts" at the premises described in the Declarations.

(b) Exclusions **B.1.b.,** Earth Movement, and **B.1.g.,** Water, of the Causes Of Loss — Special Form do not apply to this Fine Arts coverage.

(c) In the event of total loss of an article or articles which are part of a pair or set, you may choose to have us pay the market value of the whole set and surrender the remaining pieces to us.

(d) This Extension does not cover:

(i) numismatic or philatelic objects or collections;

(ii) furs or fur-trimmed garments; or

(iii) jewelry, precious or semi-precious stones, gold, silver, platinum, or other precious metals or alloys.

(e) We will not pay for loss caused directly or indirectly by breakage of art glass windows, statuary, marbles, glassware, bric-a-brac, porcelains and similar fragile articles, unless caused by fire, lightning, aircraft, theft or attempted theft, weather conditions, earthquake, flood, explosion malicious damage, or collision, derailment or overturn of the transporting conveyance.

(f) The most we will pay for loss or damage under this Coverage Extension is $50,000 per premises, unless a higher limit is shown in the Declarations.

(2) Property On Exhibit

Subject to Paragraphs **(1)(b)** through **(1)(e),** you may extend the insurance that applies to Business Personal Property to cover "fine arts" while temporarily on exhibit in a premises not owned or occupied by you. The most we will pay for

loss or damage to property on exhibition is $10,000 per occurrence.

(3) Property Off Premises For Framing, Renovating, Packing, Or Appraising

Subject to Paragraphs **(1)(b)** through **(1)(e),** you may extend the insurance that applies to Business Personal Property to cover "fine arts" while temporarily in a premises not owned, occupied, or operated by you for framing, renovating, packing, or appraising. The most we will pay for loss or damage to property off premises for framing, renovating, packing, or appraising is $10,000 per occurrence.

(4) Transit

Subject to Paragraphs **(1)(b)** through **(1)(e),** you may extend the insurance that applies to Business Personal Property to cover "fine arts" while in transit. The most we will pay for loss or damage to property in transit is $10,000 per occurrence.

Payments under this Coverage Extension are separate from the Limit(s) of Insurance shown in the Declarations for any other coverage.

If Commercial Fine Arts coverage is provided under the Inland Marine Coverage Part of this policy, that coverage replaces the Fine Arts coverage provided by this Coverage Extension. The provisions of this Coverage Extension would no longer apply.

h. Inflation Guard

If Building or Business Personal Property coverage is shown in the Declarations and Replacement Cost coverage applies, then this Coverage Extension applies to that property as follows:

(1) The Limit of Insurance for property to which this Coverage Extension applies will automatically increase by up to 6%.

(2) The amount of increase will be:

(a) the Limit of Insurance that applied on the most recent of the policy inception date, the policy anniversary date, or any other policy change amending the Limit of Insurance, times

(b) the 6%, expressed as a decimal (example: 6% is .06), times

(c) the number of days since the beginning of the current policy year or the effective date of the most recent policy change amending the Limit of Insurance, divided by 365.

(3) The insured may purchase a higher percentage under this Coverage Extension. If the insured chooses a higher percentage, it will be reflected in the Declarations.

EXAMPLE:

If:	The applicable Limit of Insurance is	$ 100,000
	The annual percentage increase is	6%
	The number of days since the beginning of the policy year (or last policy change) is	146
	The amount of increase is $100,000 x .06 x 146 ÷ 365 =	$ 2,400

i. Inventory, Appraisals And Other Claims Expenses

(1) You may extend the insurance that applies to Business Personal Property to pay the necessary and reasonable costs for taking inventories, making appraisals, and preparing other documents that we require when loss or damage occurs to Covered Property. This coverage does not apply to your expenses for appraisals to resolve disputes involving value or loss as described in Loss Condition **E.2. Appraisal.**

(2) The most we will pay under this Coverage Extension is $50,000, unless a higher limit is shown in the Declarations.

Payments under this Coverage Extension will not increase the applicable Limit of Insurance.

j. Newly Acquired Or Constructed Property

(1) Buildings

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

(a) Your new buildings while being built on the described premises; and

(b) Buildings you acquire at locations, other than the described premises, intended for:

(i) Similar use as the building described in the Declarations; or

(ii) Use as a warehouse.

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

(2) Business Personal Property

If this policy covers Business Personal Property, you may extend that insurance to apply to:

(a) Business personal property, including such property that you newly acquire, at any location you acquire other than at fairs, trade shows or exhibitions;

(b) Business personal property, including such property that you newly acquire, located at your newly constructed or acquired buildings at the location described in the Declarations; or

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

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

This Extension does not apply to:

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

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

(3) Period of Coverage

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

(a) This policy expires;

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

(c) You report values to us.

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

k. Non-owned Detached Trailers

(1) You may extend the insurance that applies to Business Personal Property to apply to loss or damage to trailers that you do not own, provided that:

(a) The trailer is used in your business;

(b) The trailer is in your care, custody or control at the premises described in the Declarations; and

(c) You have a contractual responsibility to pay for loss or damage to the trailer.

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

(a) While the trailer is attached to any motor vehicle or motorized conveyance, whether or not the motor vehicle or motorized conveyance is in motion;

(b) During hitching or unhitching operations, or when a trailer becomes accidentally unhitched from a motor vehicle or motorized conveyance.

(3) The most we will pay for loss or damage under this Extension is $10,000, unless a higher limit is shown in the Declarations.

Payments under this Coverage Extension are separate from the

Limit(s) of Insurance shown in the Declarations for any other coverage.

(4) This insurance is excess over the amount due (whether you can collect on it or not) from any other insurance covering such property.

l. Outdoor Trees, Shrubs, Plants, Sod And Lawns

You may extend the insurance provided by this Coverage Form to apply to your outdoor trees, shrubs, plants, sod and lawns (other than "stock" of trees, shrubs, plants or sod), including debris removal expense. Loss or damage must be caused by or result from any of the following causes of loss:

(1) Fire;

(2) Lightning;

(3) Explosion;

(4) Riot or Civil Commotion;

(5) Aircraft; or

(6) Vehicles operated by other than you or an employee.

The most we will pay for loss or damage under this Coverage Extension is $50,000, but not more than $10,000 for any one tree, shrub or plant. The $10,000 limitation to individual plants does not apply to sod or lawns. These limits apply to any one occurrence, regardless of the types or number of items lost or damaged in that occurrence.

Payments under this Coverage Extension are separate from the Limit(s) of Insurance shown in the Declarations for any other coverage.

The Limits of Insurance applicable to this Coverage Extension includes their debris removal expense. Such debris removal expense is not included in the Additional Coverage **A.4.d.** for Debris Removal.

m. Personal Effects

(1) You may extend the insurance that applies to Business Personal Property to personal effects owned by you, your officers, your partners or members, your managers or your employees. This extension does not apply to loss or damage by "theft". Our payment for loss of or damage to personal effects of others will only be for the account of the owner of the property.

(2) Personal effects do not include tools and equipment owned by your employees that are used in your business operations.

(3) The most we will pay under this Coverage Extension is $50,000, unless a higher limit is shown in the Declarations.

Payments under this Coverage Extension are separate from the Limit(s) of Insurance shown in the Declarations for any other coverage.

n. Property In Transit

(1) You may extend the insurance provided by this Coverage Part to apply to covered Business Personal Property in or on a vehicle or in transit, including loading and unloading, more than 1,000 feet from a covered premises while:

(a) In or on a vehicle you own, rent or lease;

(b) In the custody of a carrier for hire; or

(c) In the custody of an air or rail carrier

within the United States of America, its territories and possessions, Canada, and Puerto Rico.

(2) Exclusions **B.1.b.,** Earth Movement, and **B.1.g.,** Water, of the Causes Of Loss — Special Form do not apply to this Property In Transit coverage.

(3) Except as is noted in Paragraph **(4)** below, the reference to property while airborne or waterborne in **A.2.i.** of Property Not Covered does not apply to this Coverage Extension.

(4) There is no coverage for exported or imported property:

(a) That is covered under any ocean marine cargo policy that anyone has obtained to cover exports or imports; or

(b) While on an ocean or air conveyance.

(5) There is no coverage under this Extension for loss to property that you become legally obligated to pay as a common or contract carrier

under a bill of lading, contract of carriage, or shipping receipt that is issued by you or that is issued on your behalf.

(6) There is no coverage under this Extension for:

(a) Sales representatives' samples (including containers);

(b) Property of any type while en route to or from a trade show, exhibition, or fair;

(c) "Fine arts", "antiques", fur garments, jewelry, precious or semiprecious stones, gold, silver, platinum, or other precious metals or alloys;

(d) Mail shipments in the custody of the U.S. Postal Service;

(e) Electronic data processing "hardware" or "software", except for "stock";

(f) "Valuable papers and records"; or

(g) Accounts receivable.

(7) The most we will pay in any occurrence under this Coverage Extension is $50,000, unless a higher limit is shown in the Declarations.

Payments under this Coverage Extension are separate from the Limit(s) of Insurance shown in the Declarations for any other coverage.

This Coverage Extension is subject to a separate deductible of $1,000 in any one occurrence. No other deductible applies.

(8) If either Motor Truck Cargo Owners coverage or Transportation coverage are provided under the Inland Marine Coverage Part of this policy, that coverage replaces this Property In Transit Coverage Extension. The provisions of this Coverage Extension would no longer apply.

o. Property Off-premises

(1) You may extend the insurance provided to Business Personal Property to apply to your Covered Property while it is away from the described premises, if it is:

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

(b) In storage at a location you lease.

(2) This Coverage Extension does not apply to:

(a) Property in or on a vehicle or otherwise in transit;

(b) Property at any fair, trade show or exhibition;

(c) Property in the care, custody or control of your sales representatives, or you while acting as a sales representative;

(d) "Contractors' equipment";

(e) Materials, supplies, machinery, fixtures, and equipment that you are installing, constructing, or rigging as part of your installation or construction project, or will become a permanent part of your installation or construction project while they are at a storage location away from the described premises;

(f) Property covered under the Deferred Payments Additional Coverage;

(g) Electronic data processing "hardware" or "software", except for "stock";

(h) "Valuable papers and records"; or

(i) Accounts receivable.

(3) There is no coverage under this Coverage Extension for loss caused by or resulting from:

(a) Earth movement; or

(b) Flood, whether arising from natural or external forces; surface water; waves; tides; tidal waves; overflow of any body of water, or their spray, all whether driven by wind or not.

This exclusion applies whether or not coverage is provided under this policy by any endorsement to Business Personal Property for the causes of loss described in **(3)(a)** or **(3)(b)** above.

(4) The most we will pay for loss or damage under this Coverage Extension is $100,000, unless a higher limit is shown in the Declarations.

Payments under this Coverage Extension are separate from the Limit(s) of Insurance shown in the Declarations for any other coverage.

p. Sales Representatives Samples

(1) You may extend the insurance that applies to Business Personal Property to samples of your stock in trade (including containers) while the property is in the custody of:

(a) your sales representatives and agents; or

(b) your custody while acting as a sales representative

if more than 1,000 feet from a premises described in the Declarations, not including any other premises that is owned, operated, or leased by you.

(2) Exclusions **B.1.b.,** Earth Movement, and **B.1.g.,** Water, of the Causes Of Loss — Special Form do not apply to this Sales Representatives Samples coverage.

(3) Under this Coverage Extension, we will not pay for "theft" from an unattended vehicle except when it is securely locked, its windows are fully closed, and there is visible evidence that entry into the vehicle was forced.

(4) There is no coverage under this Extension for jewelry, precious or semiprecious stones, gold, silver, platinum, or other precious metals or alloys.

(5) The most we will pay for loss or damage under this Coverage Extension is $50,000, unless a higher limit is shown in the Declarations.

Payments under this Coverage Extension are separate from the Limit(s) of Insurance shown in the Declarations for any other coverage.

This Coverage Extension is subject to a separate deductible of $1,000 in any one occurrence. No other deductible applies.

(6) If Salespersons Samples coverage is provided under the Inland Marine Coverage Part of this policy, that coverage replaces the Sales Representatives Samples coverage provided by this Coverage Extension. The provisions of this Coverage Extension would no longer apply.

q. Signs — Supplemental Coverage

(1) You may extend the insurance that applies to Business Personal Property to apply to direct physical loss of or damage to signs (other than signs covered under **A.1.a.** Buildings) located at a premises described in the Declarations:

(a) Owned by you; or

(b) That you have a contractual responsibility to insure as a building tenant.

(2) The most we will pay for loss or damage under this Coverage Extension is $50,000, unless a higher limit is shown in the Declarations.

Payments under this Coverage Extension are separate from the Limit(s) of Insurance shown in the Declarations for any other coverage.

r. Spoilage Due To Power Outage, Mechanical Breakdown, Or Contamination — Direct Damage

(1) You may extend the insurance that applies to Business Personal Property to apply to spoilage of "perishable stock" caused by:

(a) Breakdown or Contamination, meaning:

(i) Change in temperature or humidity caused by mechanical breakdown or mechanical failure of refrigerating, cooling, or humidity control apparatus or equipment, only while such equipment or apparatus is at the described premises; and

(ii) Contamination by the refrigerant.

(b) Power Outage, meaning change in temperature or humidity resulting from complete or partial interruption of electrical power, either on or off the described premises, due to conditions beyond your control.

(2) With respect to the coverage provided by this extension, property located outside of a building or in or on a vehicle is considered to be Property Not Covered unless the stock is being moved to prevent or reduce loss covered by this policy.

(3) We will also pay any necessary expenses you incur to reduce the amount of loss under this coverage. We will pay for such expenses to the extent that they do not exceed the amount of loss that otherwise would have been payable under this Coverage Extension.

(4) Only the following Exclusions contained in Paragraph **B.1.** of the Causes Of Loss — Special Form apply to this Spoilage Due To Power Outage, Mechanical Breakdown, Or Contamination — Direct Damage coverage:

(a) **B.1.b.** Earth Movement;

(b) **B.1.c.** Governmental Action;

(c) **B.1.d.** Nuclear Hazard;

(d) **B.1.f.** War And Military Action; and

(e) **B.1.g.** Water.

(5) The following additional Exclusions are added:

We will not pay for loss or damage caused by:

(a) The disconnecting of any refrigerating, cooling or humidity control system from the source of power.

(b) The deactivation of electrical power caused by the manipulation of any switch or other device used to control the flow of electrical power or current.

(c) The inability of an Electrical Utility Company or other power source to provide sufficient power due to:

(i) Lack of fuel; or

(ii) Governmental order.

(d) The inability of a power source at the described premises to provide sufficient power due to lack of generating capacity to meet demand.

(e) Breaking of any glass that is a permanent part of any refrigerating, cooling or humidity control unit.

(6) The provisions of this Coverage Extension are superseded if the Spoilage Coverage endorsement is attached to and made a part of this policy.

(7) The most we will pay for loss or damage under this Coverage Extension is $50,000 per building, unless a higher limit is shown in the Declarations.

Payments under this Coverage Extension will not increase the applicable Limits of Insurance.

s. Theft Damage To Buildings For Tenants

(1) You may extend the insurance that applies to Business Personal Property to apply to damage to the building caused by or resulting from "theft" or attempted "theft" where you are a tenant and are contractually responsible for such damages.

(2) There is no coverage under this Extension for signs that are covered under Paragraph **A.5.q.**

(3) The most we will pay for loss or damage under this Extension is $50,000.

Payments under this Coverage Extension are separate from the Limit(s) of Insurance shown in the Declarations for any other coverage.

(4) This insurance is excess over any other insurance under this policy covering such property.

t. Utility Services — Direct Damage

(1) You may extend the insurance that applies to Covered Property to apply to loss of or damage to Covered Property, other than "perishable stock", caused by the interruption in utility service to premises described in the Declarations. The interruption in utility service must result from direct physical loss or damage by a Covered Cause of Loss to the following property:

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

(i) Pumping stations; and

(ii) Water mains.

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

(i) Communication transmission lines, including optic fiber transmission lines;

(ii) Coaxial cables; and

(iii) Microwave radio relays except satellites.

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

(i) Utility generating plants;

(ii) Switching stations;

(iii) Substations;

(iv) Transformers; and

(v) Transmission lines.

(2) The Utility Services exclusion in **B.1.e.** of the Causes Of Loss — Special Form does not apply to this Utility Services — Direct Damage coverage.

(3) The provisions of this Coverage Extension are superseded if the Utility Services — Direct Damage endorsement is attached to and made a part of this policy.

(4) The most we will pay for loss or damage under this Coverage Extension is $50,000 at each covered building, unless a higher limit is shown in the Declarations.

Payments under this Coverage Extension will not increase the applicable Limit of Insurance.

u. Valuable Papers And Records

(1) On Your Premises

(a) You may extend the insurance that applies to Business Personal Property at the premises described in the Declarations to apply to the cost to replace or restore the lost information on "valuable papers and records" for which duplicates do not exist.

(b) The following Exclusions in the Causes Of Loss — Special Form do not apply to this Valuable Papers And Records coverage:

(i) **B.1.b.** Earth Movement; **B.1.e.** Utility Services; **B.1.g.** Water; and

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

(c) The following additional Exclusion applies to this Valuable Papers And Records coverage:

We will not pay for loss or damage caused by or resulting from electrical or magnetic injury, disturbance or erasure of electronic recordings.

But we will pay for direct loss or damage caused by lightning.

(d) We will also pay for the cost of blank material for reproducing the records (whether or not duplicates exist), and (when there is a duplicate) for the cost of labor to transcribe or copy the

records. The costs of blank material and labor are subject to the applicable Limit of Insurance on Business Personal Property and therefore coverage of such costs in not additional insurance.

(e) The most we will pay under this Coverage Extension to replace or restore the lost information is $250,000 per premises, unless a higher limit is shown in the Declarations.

(2) Away From Your Premises

(a) Subject to Paragraphs **(b)** through **(d),** we will pay up to $25,000 per occurrence to apply to the cost to replace or restore the lost information on "valuable papers and records" for which duplicates do not exist, while they are away from premises described in the Declarations.

(b) This coverage while away from described premises is not increased by the Flex Additional Coverage — Blanket Limit Of Insurance.

Payments under this Coverage Extension are separate from the Limit(s) of Insurance shown in the Declarations for any other coverage.

If Valuable Papers And Records coverage is provided for any premises under the Inland Marine Coverage Part of this policy, that coverage replaces the Valuable Papers And Records coverage provided by this Coverage Extension as respects that premises. The provisions of this Coverage Extension would apply to all other premises, including Away From Your Premises coverage, except for the location that is covered for Valuable Papers And Records under the Inland Marine Coverage Part.

v. Worldwide Personal Property

(1) You may extend the insurance that applies to Business Personal Property to apply to property while it is:

(a) in the course of transit; or

(b) at a premises

located in any part of the world other than the United States of America (including its territories and possessions), Puerto Rico or Canada.

(2) There is no coverage under this Extension for:

(a) "stock" other than sales representatives' samples;

(b) "money"; or

(c) "securities" other than airline tickets.

(3) We will not pay for loss or damage caused by or resulting from "theft" to property that is voluntarily released to the care, custody or control of anyone else including property released as checked baggage.

(4) The most we will pay for under this Coverage Extension is $10,000 per occurrence.

Payments under this Coverage Extension are separate from the Limit(s) of Insurance shown in the Declarations for any other coverage.

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

6. Flex Additional Coverage — Blanket Limit Of Insurance

a. In the event that covered loss or damage exceeds the specific Limits of Insurance provided in the Coverage Extensions described in **6.b.** plus the applicable deductible, we will pay up to $250,000 to apply in any one occurrence caused by a Covered Cause of Loss only while at a premises described in the Declarations.

You may apportion this Limit among these coverages as you choose.

Payments under the Flex Additional Coverage — Blanket Limit Of Insurance are separate from the Limit(s) of Insurance shown in the Declarations for any other coverage, and will apply in excess of the specific Coverage Extension limits of insurance plus any deductible applying to them.

b. The Coverages Extensions applicable to this Flex Additional Coverage — Blanket Limit Of Insurance include:

(1) Coverage Extension **A.5.a. Accounts Receivable**

(2) Coverage Extension **A.5.b. Brands And Labels**

(3) Coverage Extension **A.5.k. Non-owned Detached Trailers**

(4) Coverage Extension **A.5.l. Outdoor Trees, Shrubs, Plants, Sod And Lawns**

The $10,000 limit for any one tree, shrub or plant described in **A.5.l.** applies to coverage provided by this Flex Additional Coverage — Blanket Limit Of Insurance.

(5) Coverage Extension **A.5.m. Personal Effects**

(6) Coverage Extension **A.5.u. Valuable Papers and Records**

c. The Away From Your Premises coverage for Coverage Extensions **A.5.a.(2) Accounts Receivable** and **A.5.u.(2) Valuable Papers And Records** do not apply to this Flex Additional Coverage — Blanket Limit Of Insurance.

B. Exclusions And Limitations

See applicable Causes Of Loss Form(s) as shown in the Declarations.

C. Limits Of Insurance

1. The most we will pay for loss or damage in any one occurrence is the applicable Limit of Insurance shown in the Declarations, plus additional limit(s) provided by the Additional Coverages, Coverage Extensions, and the Flex Additional Coverage — Blanket Limit Of Insurance, other than those outlined in Paragraph **C.5.**

2. Building Limit — Annual Adjustment: We will adjust the Limit of Insurance for Buildings on each anniversary and/or the renewal of the policy. The amount of the adjustment will be the percent of increase or decrease as that which has occurred during the preceding policy year in the cost-of-construction factor, as reported in the publication of a recognized independent appraisal company.

3. Business Personal Property — Annual Adjustment: We will adjust the Limit of Insurance for Business Personal Property on each anniversary and/or renewal of the policy. The amount of the adjustment will be based on inflation and the economic factors for the preceding year.

4. Except as noted in Paragraph **C.5.,** the limits applicable to the Additional Coverages and Coverage Extensions are separate from the Limit(s) of Insurance shown in the Declarations for any other coverages.

5. Payments under the following Additional Coverages and Coverage Extensions will not increase the applicable Limits of Insurance:

a. Additional Coverage **A.4.m. Ordinance Or Law — Coverage A**

b. Additional Coverage **A.4.o. Preservation Of Property**

c. Coverage Extension **A.5.b. Brands And Labels**

d. Coverage Extension **A.5.c. Consequential Damage To Pairs Or Sets**

e. Coverage Extension **A.5.d. Deferred Payments**

f. Coverage Extension **A.5.i. Inventory, Appraisals And Other Claims Expenses**

g. Coverage Extension **A.5.r. Spoilage Due To Power Outage, Mechanical Breakdown, Or Contamination — Direct Damage**

h. Coverage Extension **A.5.t. Utility Service — Direct Damage**

D. Deductible

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

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

EXAMPLE #1:

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

The amount of loss to Building #1 ($60,100) is less than the sum ($61,000) of the Limit of Insurance applicable to Building #1 plus the Deductible.

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

	$ 60,100	
-	$ 1,000	
	$ 59,100	Loss Payable — Building #1

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

Total amount of loss payable: $59,100 + $80,000 = $139,100

EXAMPLE #2:

The Deductible and Limits of Insurance are the same as those in Example #1.

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

No deductible applies to the following:

a. Additional Coverage **A.4.a. Arson, Vandalism Or Theft Reward**

b. Additional Coverage **A.4.b. Computer Fraud**

c. Additional Coverage **A.4.e. Employee Theft**

d. Additional Coverage **A.4.f. Extra Expense**

e. Additional Coverage **A.4.g. Fire Department Service Charge**

f. Additional Coverage **A.4.h. Fire Extinguisher Systems Recharge**

g. Additional Coverage **A.4.i. Lock And Key Replacement**

h. Additional Coverage **A.4.k. Money And Securities**

i. Coverage Extension **A.5.a. Accounts Receivable**

E. Loss Conditions

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

1. Abandonment

There can be no abandonment of any property to us.

2. Appraisal

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

a. Pay its chosen appraiser; and

b. Bear the other expenses of the appraisal and umpire equally.

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

3. Duties In the Event Of Loss Or Damage

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

(1) Notify the police if a law may have been broken.

(2) Give us prompt notice of the loss or damage. Include a description of the property involved.

(3) As soon as possible, give us a description of how, when and where the loss or damage occurred.

(4) Take all reasonable steps to protect the Covered Property from further damage, and keep a record of your expenses necessary to protect the Covered Property, for consideration in the settlement of the claim. This will not increase the Limit of Insurance. However, we will not pay for any subsequent loss or damage resulting from a cause of loss that is not a Covered Cause of Loss. Also, if feasible, set the damaged property aside and in the best possible order for examination.

(5) At our request, give us complete inventories of the damaged and undamaged property. Include quantities, costs, values and amount of loss claimed.

(6) As often as may be reasonably required, permit us to inspect the property proving the loss or damage and examine your books and records.

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

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

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

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

4. Loss Payment

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

(1) Pay the value of lost or damaged property;

(2) Pay the cost of repairing or replacing the lost or damaged property, subject to **b.** below;

(3) Take all or any part of the property at an agreed or appraised value; or

(4) Repair, rebuild or replace the property with other property of like kind and quality, subject to **b.** below.

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

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

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

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

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

f. We may elect to defend you against suits arising from claims of owners of property. We will do this at our expense.

g. We will pay for covered loss or damage within 30 days after we receive the sworn proof of loss, if you have complied with all of the terms of this Coverage Part and:

(1) We have reached agreement with you on the amount of loss; or

(2) An appraisal award has been made.

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

5. Recovered Property

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

recovered property, subject to the Limit of Insurance.

6. Vacancy

a. Description of Terms

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

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

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

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

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

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

b. Vacancy Provisions

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

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

(a) Fire caused by acts of vandalism;

(b) Vandalism, including fire caused by acts of vandalism;

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

(d) Building glass breakage;

(e) Water damage;

(f) "Theft"; or

(g) Attempted "theft".

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

7. Valuation

a. We will determine the value of Covered Property in the event of loss or damage at replacement cost (without deduction for depreciation) of the time of loss or damage, except as provided in **c.** through **f.** below.

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

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

(2) The cost to replace the lost or damaged property with other property:

(a) Of comparable material and quality; and

(b) Used for the same purpose; or

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

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

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

d. You may make a claim for loss or damage covered by this insurance on an "actual cash value" basis instead of on a replacement cost basis. In the event you elect to have loss or damage settled on an "actual cash value" basis, you may still make a claim for the additional coverage on a replacement cost basis if you notify us of your intent to do so

within 180 days after the loss or damage.

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

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

f. The following types of property are valued as follows:

(1) Contents of a residence at "actual cash value".

(2) Subject to the exceptions in Paragraphs **(a)** and **(b)** below, "stock" at "actual cash value", unless Replacement Cost is shown in the Declarations as Including "Stock".

The following types of "stock" are valued as follows:

(a) "Stock" you have sold but not delivered at the selling price less discounts and expenses you otherwise would have had.

(b) Used or second-hand merchandise held in storage or for sale at "actual cash value".

(c) Finished "stock" you manufacture, at the selling price, as if no loss or damage occurred, less discounts and expenses you otherwise would have had.

(3) "Fine arts" at market value at the time of loss.

(4) "Money" up to and including its face value.

(5) "Securities" up to and including their value at the close of business on the day the loss occurred. We may, at our option:

(a) Pay the market value of such "securities" or replace them in kind, in which event you must assign to us all your rights, title and interest in and to those "securities"; or

(b) Pay the cost of any Lost Securities Bond required in connection with issuing duplicates of the "securities". However, we will be liable only for the payment of so much of the cost of the bond as would be charged for a bond having a penalty not exceeding the lesser of the:

(i) market value of the "securities" at the close of business on the day the loss was discovered; or

(ii) Limit of Insurance applicable to the "securities".

(6) Electronic data processing "hardware":

(a) That is replaced — at the cost of replacing the "hardware" with new equipment that is functionally comparable to the "hardware" that is being replaced;

(b) That is not repaired or replaced — at "actual cash value";

(c) In no event will we pay more than the reasonable cost of restoring partially damaged "hardware" to its condition directly prior to the damage.

(7) Electronic data processing "software":

(a) "Programs and applications"

(i) At the cost to reinstall the "programs or applications" from the licensed discs that were originally used to install the programs or applications.

(ii) If the original licensed discs are lost, damaged, or can no longer be obtained, the value of "programs and applications" will be based on the cost of the most current version of the "programs or applications".

(b) "Proprietary programs":

(i) At the cost of reproduction from duplicate copies. The cost of reproduction

includes, but is not limited to, the cost of labor to copy or transcribe from duplicate copies.

(ii) If duplicate copies do not exist, at the cost of research or other expenses necessary to reproduce, replace, or restore loss "proprietary programs".

(c) "Electronic data":

(i) At the cost of reproduction from duplicate copies. The cost of reproduction includes, but is not limited to, the cost of labor to copy or transcribe from duplicate copies.

(ii) If duplicate copies do not exist, at the cost of research or other expenses necessary to reproduce, replace, or restore lost files, documents, and records.

(d) "Media" at the cost to repair or replace the "media" with material of the same kind or quality.

(8) Glass at the cost of replacement with safety-glazing material if required by law.

(9) Tenant's Improvements and Betterments at:

(a) Replacement Cost of the lost or damaged property if you make repairs promptly.

(b) A proportion of your original cost if you do not make repairs promptly. We will determine the proportionate value as follows:

(i) Multiply the original cost by the number of days from the loss or damage to the expiration of the lease; and

(ii) Divide the amount determined in **(i)** above by the number of days from the installation of improvements to the expiration of the lease.

If your lease contains a renewal option, the expiration of the renewal option period will replace the expiration of the lease in this procedure.

(c) Nothing if others pay for repairs or replacement.

F. Additional Condition — Mortgageholders

The following condition applies in addition to the Common Policy Conditions and the Commercial Property Conditions.

1. The term mortgageholder includes trustee.

2. We will pay for covered loss of or damage to buildings or structures to each mortgageholder shown in the Declarations in their order of precedence, as interests may appear.

3. The mortgageholder has the right to receive loss payment even if the mortgageholder has started foreclosure or similar action on the building or structure.

4. If we deny your claim because of your acts or because you have failed to comply with the terms of this Coverage Part, the mortgageholder will still have the right to receive loss payment if the mortgageholder:

a. Pays any premium due under this Coverage Part at our request if you have failed to do so;

b. Submits a signed, sworn proof of loss within 60 days after receiving notice from us of your failure to do so; and

c. Has notified us of any change in ownership, occupancy or substantial change in risk known to the mortgageholder.

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

5. If we pay the mortgageholder for any loss or damage and deny payment to you because of your acts or because you have failed to comply with the terms of this Coverage Part:

a. The mortgageholder's rights under the mortgage will be transferred to us to the extent of the amount we pay; and

b. The mortgageholder's right to recover the full amount of the mortgageholder's claim will not be impaired.

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

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

   a. 10 days before the effective date of cancellation if we cancel for your nonpayment of premium; or

   b. 30 days before the effective date of cancellation if we cancel for any other reason.

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

G. Optional Coverage — Actual Cash Value

If shown as applicable in the Declarations, the Optional Coverage — Actual Cash Value applies separately to each item.

1. "Actual cash value" replaces Replacement Cost in the Valuation Loss Condition of this Coverage Form.

2. If the cost to repair or replace the damaged building property is $5,000 or less, we will pay the cost of building repairs or replacement.

   The cost of building repairs or replacement does not include the increased cost attributable to enforcement of any ordinance or law regulating the construction, use or repair of any property. However, the following property will be valued at the "actual cash value" even when attached to the building:

   a. Awnings or floor coverings;

   b. Appliances for refrigerating, ventilating, cooking, dishwashing or laundering; or

   c. Outdoor equipment or furniture.

H. Definitions

1. "Actual cash value" means:

   a. When the damage to property is economically repairable, "actual cash value" means the cost of repairing the damage with like kind and quality, less reasonable deduction for wear and tear, deterioration and obsolescence.

   b. When the loss or damage to property creates a total loss, "actual cash value" means the market value of the property in a condition equal to that of the destroyed property, if reasonably available on the used market.

   c. Otherwise, "actual cash value" shall mean the market value of new property of like kind and quality, less reasonable deductible for wear or tear, deterioration and obsolescence.

2. "Antique" means an object having value because its:

   a. craftsmanship is in the style or fashion of former times; and

   b. age is 100 years old or older.

3. "Banking premises" means the interior of that portion of any building occupied by a banking institution or similar safe depository.

4. "Contractors' equipment" means machinery, equipment, and tools of a mobile nature that you use in your contracting, installation, erection, repair, or moving operations or projects.

   "Contractors' equipment" also means:

   a. self-propelled vehicles designed and used primarily to carry mounted equipment; or

   b. vehicles designed for highway use that are unlicensed and not operated on public roads.

5. "Electronic data" means information, facts or computer programs stored as or on, created or used on, or transmitted to or from computer software (including systems and applications software), on hard or floppy disks, CD-ROMs, tapes, drives, cells, data processing devices or any other repositories of computer software which are used with electronically controlled equipment. The term computer programs, referred to in the foregoing description of "electronic data", means a set of related electronic instructions which direct the operations and functions of a computer or device connected to it, which enable the computer or device to receive, process, store, retrieve or send data.

6. "Employee":

   a. "Employee" means:

      (1) Any natural person

         (a) While in your service and for the first 30 days immediately after termination of service, unless such termination is due to "theft" or any dishonest act committed by the "employee";

         (b) Who you compensate directly by salary, wages, or commissions; and

         (c) Who you have the right to direct and control while performing services for you;

(2) Any natural person who is furnished temporarily to you:

(a) To substitute for a permanent "employee" as defined in Paragraph **(1),** who is on leave; or

(b) To meet seasonal or short-term work load conditions;

while that person is subject to your direction and control and performing services for you, excluding, however, any such person while having care and custody of property outside the "premises";

(3) Any natural person who is leased to you under a written agreement between you and a labor leasing firm, to perform duties related to the conduct of your business, but does not mean a temporary employee as defined in Paragraph **(2);**

(4) Any natural person who is:

(a) A trustee, officer, employee, administrator or manager, except an administrator or manager who is an independent contractor, of any "employee benefit plan"; and

(b) A director or trustee of yours while that person is engaged in handling "funds" or "other property" of any "employee benefit plan";

(5) Any natural person who is a former "employee", partner, "member", "manager", director or trustee retained as a consultant while performing services for you;

(6) Any natural person who is a guest student or intern pursuing studies or duties, excluding, however, any such person while having care and custody of property outside the "premises";

(7) Any "employee" of an entity merged or consolidated with you prior to the effective date of this policy; or

(8) Any of your "managers", directors or trustees while:

(a) Performing acts within the scope of the usual duties of an "employee"; or

(b) Acting as a member of any committee duly elected or appointed by resolution of your board of directors or board of trustees to perform specific, as distinguished from general, directorial acts on your behalf.

b. "Employee" does not mean any agent, broker, factor, commission merchant, consignee, independent contractor or representative of the same general character not specified in Paragraph **6.a.**

7. "Employee benefit plan" means any welfare or pension benefit plan shown in the Declarations that you sponsor and which is subject to the Employee Retirement Income Security Act of 1974 (ERISA) and any amendments thereto.

8. "Fine arts" means paintings; etchings; pictures; tapestries; rare or art glass; art glass windows; valuable rugs; statuary; sculptures; "antique" furniture; bric-a-brac; porcelains; and similar property of rarity, historical value, or artistic merit.

"Fine arts" does not mean "valuable papers and records".

9. "Forgery" means the signing of the name of another person or organization with intent to deceive; it does not mean a signature which consists in whole or in part of one's own name signed with or without authority, in any capacity, for any purpose.

10. "Funds" means "money" and "securities".

11. "Fungus" means any type or form of fungus, including mold or mildew, and any mycotoxins, spores, scents or by-products produced or released by fungi.

12. "Hardware" means a network of electronic machine components (microprocessors) capable of accepting instructions and information, processing the information according to the instructions, and producing desired results.

a. "Hardware" includes but is not limited to:

(1) mainframe and mid-range computers and network servers;

(2) personal computers and workstations;

(3) laptops, palmtops, notebook PCs, other portable computer devices and accessories including, but not limited to, multimedia projectors; and

(4) peripheral data processing equipment, including but not limited to, printers, keyboards, monitors, and modems.

b. "Hardware" does not include "software".

13. "Manager" means a person serving in a directorial capacity for a limited liability company.

14. "Media" means processing, recording, or storage media used with "hardware". This includes but is not limited to films, tapes, cards, discs, drums, cartridges, cells, or flashdrives.

15. "Member" means an owner of a limited liability company represented by its membership interest, who also may serve as a "manager".

16. "Messenger" means you, or a relative of yours, or any of your partners or "members", or any "employee" while having care and custody of property outside the "premises".

17. "Money" means:

a. Currency, coins and bank notes in current use and having a face value; and

b. Travelers checks, register checks and money orders held for sale to the public.

18. "Operations" means the type of your business activities occurring at the described premises.

19. "Other property" means any tangible property other than "money" or "securities" that has intrinsic value.

"Other property" does not include computer programs, electronic data or any property specifically excluded under this insurance.

20. "Period of Restoration" means the period of time that:

a. Begins:

(1) 72 hours after the time of direct physical loss or damage for Business Income coverage; or

(2) Immediately after the time of direct physical loss or damage for Extra Expense coverage;

caused by or resulting from any Covered Cause of Loss at the described premises; and

b. Ends on the earlier of:

(1) The date when the property at the described premises should be repaired, rebuilt or replaced with reasonable speed and similar quality; or

(2) The date when business is resumed at a new permanent location.

"Period of restoration" does not include any increased period required due to the enforcement of any ordinance or law that

(1) Regulates the construction, use or repair, or requires the tearing down of any property; or

(2) Requires any insured or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of "pollutants".

The expiration date of this policy will not cut short the "period of restoration".

21. "Perishable stock" means personal property maintained under controlled conditions for its preservation and susceptible to loss or damage if the controlled conditions change.

22. "Pollutants" means any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste. Waste includes materials to be recycled, reconditioned or reclaimed.

23. "Premises" means the interior of that portion of any building you occupy in conducting your business. This definition applies whenever this term appears in quotation marks in this coverage form.

24. "Programs and applications" means operating programs and applications that you purchase and that are:

a. stored on "media"; or

b. pre-installed and stored in "hardware".

25. "Proprietary programs" means proprietary applications or programs that are developed in-house or that you had developed specifically for you and that are:

a. stored on "media"; or

b. installed and stored in "hardware".

26. "Securities" means negotiable and nonnegotiable instruments or contracts representing either "money" or other property and includes:

a. Tokens, tickets, revenue and other stamps (whether represented by actual

stamps or unused value in a meter) in current use; and

b. Evidences of debt issued in connection with credit or charge cards, which cards are not issued by you;

but does not include "money".

27. "Software" means "media", "electronic data", "programs and applications", and "proprietary programs".

28. "Stock" means merchandise held in storage or for sale, raw materials and in-process or finished goods, including supplies used in their packing or shipping.

29. "Theft" means the unlawful taking of property to the deprivation of the Insured.

30. "Valuable papers and records" means inscribed, printed or written documents, manuscripts or records, including abstracts, books, deeds, drawings, films, maps or mortgages.

But "valuable papers and records" does not mean "money" or "securities", converted data, programs or instructions used in your data processing operations, including the materials on which the data is recorded.

Safeco Optimum Property ™ for Manufacturers
CAUSES OF LOSS — SPECIAL FORM

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

A. Covered Causes Of Loss

Covered Causes of Loss means Risks Of Direct Physical Loss unless the loss is:

1. Excluded in Section **B.,** Exclusions; or

2. Limited in Section **C.,** Limitations;

that follow.

B. Exclusions

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

a. Ordinance Or Law

The enforcement of any ordinance or law:

(1) Regulating the construction, use or repair of any property; or

(2) Requiring the tearing down of any property, including the cost of removing its debris.

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

(a) An ordinance or law that is enforced even if the property has not been damaged; or

(b) The increased costs incurred to comply with an ordinance or law in the course of construction, repair, renovation, remodeling or demolition of property, or removal of its debris, following a physical loss to that property.

b. Earth Movement

(1) Earthquake, including any earth sinking, rising or shifting related to such event;

(2) Landslide, including any earth sinking, rising or shifting related to such event;

(3) Mine subsidence, meaning subsidence of a man-made mine, whether or not mining activity has ceased;

(4) Earth sinking (other than sinkhole collapse), rising or shifting including soil conditions which cause settling, cracking or other disarrangement of foundations or other parts of realty. Soil conditions include contraction, expansion, freezing, thawing, erosion, improperly compacted soil and the action of water under the ground surface.

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

(5) Volcanic eruption, explosion or effusion. But if volcanic eruption, explosion or effusion results in fire, building glass breakage or Volcanic Action, we will pay for the loss or damage caused by that fire, building glass breakage or Volcanic Action.

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

(a) Airborne volcanic blast or airborne shock waves;

(b) Ash, dust or particulate matter; or

(c) Lava flow.

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

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

(6) This Exclusion does not apply to the following coverages from the Building And Personal Property Coverage Form:

(a) Coverage Extension **A.5.a. Accounts Receivable**

(b) Coverage Extension **A.5.e. Electronic Data Processing**

(c) Coverage Extension **A.5.f. Exhibitions**

(d) Coverage Extension **A.5.g. Fine Arts**

(e) Coverage Extension **A.5.n. Property In Transit**

(f) Coverage Extension **A.5.p. Sales Representatives Samples**

(g) Coverage Extension **A.5.u. Valuable Papers And Records**

c. Governmental Action

Seizure or destruction of property by order of governmental authority.

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

d. Nuclear Hazard

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

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

e. Utility Services

The failure of power, communication, water or other utility service supplied to the described premises, however caused, if the failure:

(1) Originates away from the described premises; or

(2) Originates at the described premises, but only if such failure involves equipment used to supply the utility service to the described premises from a source away from the described premises.

Failure of any utility service includes lack of sufficient capacity and reduction in supply.

Loss or damage caused by a surge of power is also excluded, if the surge would not have occurred but for an event causing a failure of power.

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

Communication services include but are not limited to service relating to Internet access or access to any electronic, cellular or satellite network.

f. War And Military Action

(1) War, including undeclared or civil war;

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

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

g. Water

(1) (a) Flood, whether or not arising from natural forces;

(b) Surface water;

(c) Waves;

(d) Tides;

(e) Tidal waves; or

(f) Overflow of any body of water

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

(2) Release of water held by a dam, levee or dike, or by a water or flood control device;

(3) Mudslide or mudflow;

(4) Water that backs up or overflows from a sewer, drain or sump, except as provided below in the Additional Coverage for Back Up of Sewer, Drain or Sump; or

(5) Water under the ground surface pressing on, or flowing or seeping through:

(a) Foundations, walls, floors or paved surfaces;

(b) Basements, whether paved or not; or

(c) Doors, windows or other openings.

But if Water, as described in **g.(1)** through **g.(5)** above, results in fire, explosion or sprinkler leakage, we will pay for the loss or damage caused by that fire, explosion or sprinkler leakage.

(6) This Exclusion does not apply to the following coverages from the Building And Personal Property Coverage Form:

(a) Coverage Extension **A.5.a. Accounts Receivable**

(b) Coverage Extension **A.5.e. Electronic Data Processing**

(c) Coverage Extension **A.5.f. Exhibitions**

(d) Coverage Extension **A.5.g. Fine Arts**

(e) Coverage Extension **A.5.n. Property In Transit**

(f) Coverage Extension **A.5.p. Sales Representatives Samples**

(g) Coverage Extension **A.5.u. Valuable Papers And Records**

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

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

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

This exclusion does not apply:

1. When "fungus", wet or dry rot or bacteria results from fire or lightning; or

2. To the extent that coverage is provided in the Additional Coverage — Limited Coverage for "Fungus", Wet Rot, Dry Rot And Bacteria with respect to loss or damage by a cause of loss other than fire or lightning.

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

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

a. Electrical, Magnetic Or Electromagnetic Energy: Artificially generated electrical, magnetic or electromagnetic energy that damages, disturbs, disrupts or otherwise interferes with any:

(1) Electrical or electronic wire, device, appliance, system or network; or

(2) Device, appliance, system or network utilizing cellular or satellite technology.

For the purpose of this exclusion, electrical, magnetic or electromagnetic energy includes but is not limited to:

(1) Electrical current, including arcing;

(2) Electrical charge produced or conducted by a magnetic or electromagnetic field;

(3) Pulse of electromagnetic energy; or

(4) Electromagnetic waves or microwaves.

But if fire results, we will pay for the loss or damage caused by that fire.

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

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

d. Other Types Of Loss:

(1) Wear and tear;

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

(3) Smog;

(4) Settling, cracking, shrinking or expansion;

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

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

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

(a) Dampness or dryness of atmosphere;

(b) Changes in or extremes of temperature; or

(c) Marring or scratching.

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

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

f. Continuous Seepage Or Leakage: Continuous or repeated seepage or leakage of water, or the presence or condensation of humidity, moisture or vapor, that occurs over a period of 14 days or more.

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

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

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

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

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

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

j. Collapse: Collapse, including any of the following conditions of property or any part of the property:

(1) An abrupt falling down or caving in;

(2) Loss of structural integrity, including separation of parts of the property or property in danger of falling down or caving in; or

(3) Any cracking, bulging, sagging, bending, leaning, settling, shrinkage or expansion as such condition relates to **(1)** or **(2)** above.

But if collapse results in a Covered Cause of Loss at the described premises, we will pay for the loss or damage caused by that Covered Cause of Loss.

This exclusion, **j.,** does not apply:

(a) To the extent that coverage is provided under the Additional Coverage — Collapse; or

(b) To collapse caused by one or more of the following:

(i) The "specified causes of loss";

(ii) Breakage of building glass;

(iii) Weight of rain that collects on a roof; or

(iv) Weight of people or personal property.

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

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

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

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

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

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

c. Negligent Work: Faulty, inadequate or defective:

(1) Planning, zoning, development, surveying, siting;

(2) Design, specifications, workmanship, repair, construction, renovation, remodeling, grading, compaction;

(3) Materials used in repair, construction, renovation or remodeling; or

(4) Maintenance;

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

4. Special Exclusions

The following provisions apply only to the specified Coverage Forms.

a. Business Income (And Extra Expense) Coverage Form, Business Income (Without Extra Expense) Coverage Form, Business Income (And Extra Expense) Actual Loss Sustained Coverage Form, Or Extra Expense Coverage Form

We will not pay for:

(1) Any loss caused by or resulting from:

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

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

This exclusion does not apply to Extra Expense.

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

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

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

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

(4) Any other consequential loss.

b. Leasehold Interest Coverage Form

(1) Paragraph **B.1.a.** Ordinance Or Law, does not apply to insurance under this Coverage Form.

(2) We will not pay for any loss caused by:

(a) Your canceling the lease;

(b) The suspension, lapse or cancellation of any license; or

(c) Any other consequential loss.

c. Legal Liability Coverage Form

(1) The following exclusions do not apply to insurance under this Coverage Form:

(a) Paragraph **B.1.a.,** Ordinance Or Law;

(b) Paragraph **B.1.c.,** Governmental Action;

(c) Paragraph **B.1.d.,** Nuclear Hazard;

(d) Paragraph **B.1.e.,** Utility Services; and

(e) Paragraph **B.1.f.,** War And Military Action.

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

(a) Contractual Liability

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

(i) Your assumption of liability was executed prior to the accident; and

(ii) The building is Covered Property under this Coverage Form.

(b) Nuclear Hazard

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

5. Additional Exclusion

The following provisions apply only to the specified property.

LOSS OR DAMAGE TO PRODUCTS

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

C. Limitations

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

1. We will not pay for loss of or damage to property, as described and limited in this section. In addition, we will not pay for any loss that is a consequence of loss or damage as described and limited in this section.

a. Steam boilers, steam pipes, steam engines or steam turbines caused by or resulting from any condition or event inside such equipment. But we will pay for loss of or damage to such equipment caused by or resulting from an explosion of gases or fuel within the furnace of any fired vessel or within the flues or passages through which the gases of combustion pass.

b. Hot water boilers or other water heating equipment caused by or resulting from any condition or event inside such boilers or equipment, other than an explosion.

c. The interior of any building or structure, or to personal property in the building or structure, caused by or resulting from

rain, snow, sleet, ice, sand or dust, whether driven by wind or not, unless:

(1) The building or structure first sustains damage by a Covered Cause of Loss to its roof or walls through which the rain, snow, sleet, ice, sand or dust enters; or

(2) The loss or damage is caused by or results from thawing of snow, sleet or ice on the building or structure.

d. Property that is missing, where the only evidence of the loss or damage is a shortage disclosed on taking inventory, or other instances where there is no physical evidence to show what happened to the property.

e. Property that has been transferred to a person or to a place outside the described premises on the basis of unauthorized instructions.

2. We will not pay for loss of or damage to the following types of property unless caused by the "specified causes of loss" or building glass breakage:

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

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

(1) Glass; or

(2) Containers of property held for sale.

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

a. $5,000 for furs, fur garments and garments trimmed with fur.

b. $5,000 for jewelry, watches, watch movements, jewels, pearls, precious and semi-precious stones, bullion, gold, silver, platinum and other precious alloys or metals, but:

(1) This limit is increased to $25,000 for gold, silver, platinum, and other precious alloys or metals used as a raw material in your manufacturing process; and

(2) This limit does not apply to jewelry and watches worth $100 or less per item.

c. $250 for stamps, tickets, including lottery tickets held for sale, and letters of credit.

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

This limitation, **C.3.,** does not apply to Business Income coverage or to Extra Expense coverage.

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

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

b. Is directly caused by freezing.

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

D. Additional Coverage — Collapse

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

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

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

a. Building decay that is hidden from view, unless the presence of such decay is known to an insured prior to collapse;

b. Insect or vermin damage that is hidden from view, unless the presence of such damage is known to an insured prior to collapse;

c. Use of defective material or methods in construction, remodeling or renovation if the abrupt collapse occurs during the course of the construction, remodeling or renovation.

d. Use of defective material or methods in construction, remodeling or renovation if the abrupt collapse occurs after the construction, remodeling or renovation is complete, but only if the collapse is caused in part by:

(1) A cause of loss listed in **2.a.** or **2.b.**;

(2) One or more of the "specified causes of loss";

(3) Breakage of building glass;

(4) Weight of people or personal property; or

(5) Weight of rain that collects on a roof.

3. This **Additional Coverage — Collapse** does **not** apply to:

a. A building or any part of a building that is in danger of falling down or caving in;

b. A part of a building that is standing, even if it has separated from another part of the building; or

c. A building that is standing or any part of a building that is standing, even if it shows evidence of cracking, bulging, sagging, bending, leaning, settling, shrinkage or expansion.

4. With respect to the following property:

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

b. Awnings, gutters and downspouts;

c. Yard fixtures;

d. Outdoor swimming pools;

e. Fences;

f. Piers, wharves and docks;

g. Beach or diving platforms or appurtenances;

h. Retaining walls; and

i. Walks, roadways and other paved surfaces;

if an abrupt collapse is caused by a cause of loss listed in **2.a.** through **2.d.,** we will pay for loss or damage to that property only if:

(1) Such loss or damage is a direct result of the abrupt collapse of a building insured under this Coverage Form; and

(2) The property is Covered Property under this Coverage Form.

5. If personal property abruptly falls down or caves in and such collapse is not the result of abrupt collapse of a building, we will pay for loss or damage to Covered Property caused by such collapse of personal property only if:

a. The collapse of personal property was caused by a cause of loss listed in **2.a.** through **2.d.;**

b. The personal property which collapses is inside a building; and

c. The property which collapses is not of a kind listed in **4.,** regardless of whether that kind of property is considered to be personal property or real property.

The coverage stated in this Paragraph **5.** does not apply to personal property if marring and/or scratching is the only damage to that personal property caused by the collapse.

6. This Additional Coverage — Collapse does not apply to personal property that has not abruptly fallen down or caved in, even if the personal property shows evidence of cracking, bulging, sagging, bending, leaning, settling, shrinkage or expansion.

7. This Additional Coverage — Collapse will not increase the Limits of Insurance provided in this Coverage Part.

8. The term Covered Cause of Loss includes the Additional Coverage — Collapse as described and limited in **D.1.** through **D.7.**

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

1. The coverage described in **E.2.** and **E.6.** only applies when the "fungus", wet or dry rot or bacteria is the result of one or more of the following causes that occurs during the policy period and only if all reasonable means were used to save and preserve the property from further damage at the time of and after that occurrence.

a. A "specified cause of loss" other than fire or lightning; or

b. Flood, if the Flood Coverage Endorsement applies to the affected premises.

2. We will pay for loss or damage by "fungus", wet or dry rot or bacteria. As used in this Limited Coverage, the term loss or damage means:

a. Direct physical loss or damage to Covered Property caused by "fungus", wet or dry rot or bacteria, including the cost of removal of the "fungus", wet or dry rot or bacteria;

b. The cost to tear out and replace any part of the building or other property as needed to gain access to the "fungus", wet or dry rot or bacteria; and

c. The cost of testing performed after removal, repair, replacement or restoration of the damaged property is completed, provided there is a reason to believe that "fungus", wet or dry rot or bacteria are present.

3. The coverage described under **E.2.** of this Limited Coverage is limited to $15,000. Regardless of the number of claims, this limit is the most we will pay for the total of all loss or damage arising out of all occurrences of "specified causes of loss" (other than fire or lightning) and Flood which take place in a 12-month period (starting with the beginning of the present annual policy period). With respect to a particular occurrence of loss which results in "fungus", wet or dry rot or bacteria, we will not pay more than a total of $15,000 even if the "fungus", wet or dry rot or bacteria continues to be present or active, or recurs, in a later policy period.

4. The coverage provided under this Limited Coverage does not increase the applicable Limit of Insurance on any Covered Property. If a particular occurrence results in loss or damage by "fungus", wet or dry rot or bacteria, and other loss or damage, we will not pay more, for the total of all loss or damage, than the applicable Limit of Insurance on the affected Covered Property.

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

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

6. The following, **6.a.** or **6.b.,** applies only if Business Income and/or Extra Expense Coverage applies to the described premises and only if the "suspension" of "operations" satisfies all terms and conditions of the applicable Business Income and/or Extra Expense Coverage Form.

a. If the loss which resulted in "fungus", wet or dry rot or bacteria does not in itself necessitate a "suspension" of "operations", but such "suspension" is necessary due to loss or damage to property caused by "fungus", wet or dry rot or bacteria, then our payment under Business Income and/or Extra Expense is limited to the amount of loss and/or expense sustained in a period of not more than 30 days. The days need not be consecutive.

b. If a covered "suspension" of "operations" was caused by loss or damage other than "fungus", wet or dry rot or bacteria but remediation of "fungus", wet or dry rot or bacteria prolongs the "period of restoration", we will pay for loss and/or expense sustained during the delay (regardless of when such a delay occurs during the "period of restoration"), but such coverage is limited to 30 days. The days need not be consecutive.

F. Additional Coverage — Back Up Of Sewer, Drain Or Sump

1. We will pay for

a. direct physical loss of or damage to Covered Property at the premises described in the Declarations; or

b. if Business Income and/or Extra Expense Coverage applies to the described premises, the loss of Business Income you sustain and/or necessary Extra Expense you incur at premises which are described in the Declarations

solely caused by water that backs up from a sewer, drain or sump.

2. We will not pay for water or other materials that back up from any sewer, drain or sump when it is caused by any flood.

3. Coverage under **F.1.b.** above applies only if the "suspension" of "operations" satisfies all terms and conditions of the applicable Business Income and/or Extra Expense Coverage Form.

4. The most we will pay in any one occurrence for this Additional Coverage under **F.1.a.** and **F.1.b.** combined is $50,000 per premises. This coverage is included within the Limits of Insurance.

G. Additional Coverage Extensions

1. **Water Damage, Other Liquids, Powder Or Molten Material Damage**

   If loss or damage caused by or resulting from covered water or other liquid, powder or molten material occurs, we will also pay the cost to tear out and replace any part of the building or structure to repair damage to the system or appliance from which the water or other substance escapes. This Coverage Extension does not increase the Limit of Insurance.

2. **Glass**

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

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

   This Coverage Extension, **G.2.,** does not increase the Limit of Insurance.

H. Definitions

1. "Fungus" means any type or form of fungus, including mold or mildew, and any mycotoxins, spores, scents or by-products produced or released by fungi.

2. "Operations" means:

   a. Your business activities occurring at the described premises; and

   b. The tenantability of the described premises.

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

   a. Sinkhole collapse means the sudden sinking or collapse of land into underground empty spaces created by the action of water on limestone or dolomite. This cause of loss does not include:

      (1) The cost of filling sinkholes; or

      (2) Sinking or collapse of land into man-made underground cavities.

   b. Falling objects does not include loss or damage to:

      (1) Personal property in the open; or

      (2) The interior of a building or structure, or property inside a building or structure, unless the roof or an outside wall of the building or structure is first damaged by a falling object.

   c. Water damage means accidental discharge or leakage of water or steam as the direct result of the breaking apart or cracking of a plumbing, heating, air conditioning or other system or appliance (other than a sump system including its related equipment and parts), that is located on the described premises and contains water or steam.

4. "Suspension" means:

   a. The slowdown or cessation of your business activities; or

   b. That a part or all of the described premises is rendered untenantable.

Safeco Optimum Property ™ for Manufacturers
BUSINESS INCOME (AND EXTRA EXPENSE) COVERAGE FORM

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

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

Other words and phrases that appear in quotation marks have special meaning. Refer to Section **F.** Definitions.

A. Coverage

1. Business Income

Business Income means the:

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

b. Continuing normal operating expenses incurred, including payroll.

For manufacturing risks, Net Income includes the net sales value of production.

Coverage is provided as described and limited below for one or more of the following options for which a Limit of Insurance is shown in the Declarations:

(1) Business Income Including "Rental Value".

(2) Business Income Other Than "Rental Value".

(3) "Rental Value".

If option **(1)** above is selected, the term Business Income will include "Rental Value". If option **(3)** above is selected, the term Business Income will mean "Rental Value" only.

If Limits of Insurance are shown under more than one of the above options, the provisions of this Coverage Part apply separately to each.

We will pay for the actual loss of Business Income you sustain due to the necessary "suspension" of your "operations" during the "period of restoration". The "suspension" must be caused by direct physical loss of or damage to property at premises which are described in the Declarations and for which a Business Income Limit of Insurance is shown in the Declarations. The loss or damage must be caused by or result from a Covered Cause of Loss. With respect to loss of or damage to personal property in the open or personal property in a vehicle, the described premises include the area within 1,000 feet of the site at which the described premises are located.

With respect to the requirements set forth in the preceding paragraph, if you occupy only part of the site at which the described premises are located, your premises means:

a. The portion of the building which you rent, lease or occupy; and

b. Any area within the building or on the site at which the described premises are located, if that area services, or is used to gain access to, the described premises.

2. Extra Expense

a. Extra Expense coverage is provided at the premises described in the Declarations only if the Declarations show that Business Income coverage applies at that premises.

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b. Extra Expense means necessary expenses you incur during the "period of restoration" that you would not have incurred if there had been no direct physical loss or damage to property caused by or resulting from a Covered Cause of Loss.

We will pay Extra Expense (other than the expense to repair or replace property) to:

(1) Avoid or minimize the "suspension" of business and to continue operations at the described premises or at replacement premises or temporary locations, including relocation expenses and costs to equip and operate the replacement location or temporary location.

(2) Minimize the "suspension" of business if you cannot continue "operations".

We will also pay Extra Expense to repair or replace property, but only to the extent it reduces the amount of loss that otherwise would have been payable under this Coverage Form.

3. Covered Causes Of Loss, Exclusions And Limitations

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

4. Additional Limitation — Interruption Of Computer Operations

a. Coverage for Business Income does not apply when a "suspension" of "operations" is caused by destruction or corruption of "electronic data", or any loss or damage to "electronic data", except as provided under the Coverage Extension for Electronic Data Processing found in the Building And Personal Property Coverage Form.

b. Coverage for Extra Expense does not apply when action is taken to avoid or minimize a "suspension" of "operations" caused by destruction or corruption of "electronic data", or any loss or damage to "electronic data", except as provided under the Coverage Extension for Electronic Data Processing found in the Building And Personal Property Coverage Form.

5. Additional Coverages

a. Civil Authority

In this Additional Coverage — Civil Authority, the described premises are premises to which this Coverage Form applies, as shown in the Declarations.

When a Covered Cause of Loss causes damage to property other than property at the described premises, we will pay for the actual loss of Business Income you sustain and necessary Extra Expense caused by action of civil authority that prohibits access to the described premises, provided that both of the following apply:

(1) Access to the area immediately surrounding the damaged property is prohibited by civil authority as a result of the damage, and the described premises are within that area but are not more than one mile from the damaged property; and

(2) The action of civil authority is taken in response to dangerous physical conditions resulting from the damage or continuation of the Covered Cause of Loss that caused the damage, or the action is taken to enable a civil authority to have unimpeded access to the damaged property.

Civil Authority coverage for Business Income will begin 72 hours after the time of the first action of civil authority that prohibits access to the described premises and will apply for a period of up to thirty consecutive days from the date on which such coverage began.

Civil Authority coverage for Extra Expense will begin immediately after the time of the first action of civil authority that prohibits access to the described premises and will end:

(1) 30 consecutive days after the date of that action; or

(2) When your Civil Authority coverage for Business Income ends;

whichever is later.

b. Alterations And New Buildings

We will pay for the actual loss of Business Income you sustain and necessary Extra Expense you incur due to direct physical loss or damage at the described premises caused by or resulting from any Covered Cause of Loss to:

(1) New buildings or structures, whether complete or under construction;

(2) Alterations or additions to existing buildings or structures; and

(3) Machinery, equipment, supplies or building materials located on or within 1,000 feet of the described premises and:

(a) Used in the construction, alterations or additions; or

(b) Incidental to the occupancy of new buildings.

If such direct physical loss or damage delays the start of "operations", the "period of restoration" for Business Income Coverage will begin on the date "operations" would have begun if the direct physical loss or damage had not occurred.

c. Extended Business Income

(1) Business Income Other Than "Rental Value"

If the necessary "suspension" of your "operations" produces a Business Income loss payable under this policy, we will pay for the actual loss of Business Income you incur during the period that:

(a) Begins on the date property (except "finished stock") is actually repaired, rebuilt or replaced and "operations" are resumed; and

(b) Ends on the earlier of:

(i) The date you could restore your "operations", with reasonable speed, to the level which would generate the business income amount that would have existed if no direct physical loss or damage had occurred; or

(ii) 180 consecutive days after the date determined in **(1)(a)** above, unless "180" is replaced in the Declarations by a different number of days.

However, Extended Business Income does not apply to loss of Business Income incurred as a result of unfavorable business conditions caused by the impact of the Covered Cause of Loss in the area where the described premises are located.

Loss of Business Income must be caused by direct physical loss or damage at the described premises caused by or resulting from any Covered Cause of Loss.

(2) "Rental Value"

If the necessary "suspension" of your "operations" produces a "Rental Value" loss payable under this policy, we will pay for the actual loss of "Rental Value" you incur during the period that:

(a) Begins on the date property is actually repaired, rebuilt or replaced and tenantability is restored; and

(b) Ends on the earlier of:

(i) The date you could restore tenant occupancy, with reasonable speed, to the level which would generate the "Rental Value" that would have existed if no direct physical loss or damage had occurred; or

(ii) 180 consecutive days after the date determined in **(2)(a)** above, unless "180" is replaced in the Declarations by a different number of days.

However, Extended Business Income does not apply to loss of "Rental Value" incurred as a result of unfavorable business conditions caused by the impact of the Covered Cause of Loss in the area where the described premises are located.

Loss of "Rental Value" must be caused by direct physical loss or damage at the described premises caused by or resulting from any Covered Cause of Loss.

d. Dependent Properties — Time Element

(1) Your coverage for Business Income and Extra Expense, as provided and limited in this form, is extended to apply to the actual loss of Business Income you sustain, and the actual and necessary Extra Expense you incur, due to direct physical loss of or damage to "dependent property" caused by or resulting from a Covered Cause of Loss.

However this Additional Coverage does not apply when the only loss to dependent property is loss or damage to "electronic data", including destruction or corruption of "electronic data". If the dependent property sustains loss or damage to "electronic data" and other property, coverage under this Additional Coverage will not continue once the other property is repaired, rebuilt or replaced.

(2) Under the Loss Determination Condition below, the following is added to the Resumption Of Operations provision:

We will reduce the amount of your Business Income loss, other than Extra Expense, to the extent you can resume "operations", in whole or in part, by using any other available source of materials or outlet for your products.

(3) The most we will pay under this Additional Coverage is $50,000 in any one occurrence regardless of the number of dependent properties.

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

(4) The provisions of this Additional Coverage are superseded by **CP 15 08** Business Income From Dependent Properties — Broad Form, or **CP 15 09** Business Income From Dependent Properties — Limited Form, if attached to and made a part of this policy.

e. Ordinance Or Law — Increased Period Of Restoration

(1) If a Covered Cause of Loss occurs to property at the premises described in the Declarations, coverage is extended to include the amount of actual and necessary loss you sustain during the increased period of "suspension" of "operations" caused by or resulting from the enforcement of any ordinance or law that:

(a) Regulates the construction or repair of any property;

(b) Requires the tearing down of parts of any property not damaged by a Covered Cause of Loss; and

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

However, coverage is not extended under this Additional Coverage to include loss caused by or resulting from the enforcement of any ordinance or law which requires any insured or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of "pollutants".

f. Transit — Business Income

(1) This insurance is extended to apply to the actual loss of Business Income you sustain caused by direct physical loss or damage by a Covered Cause of Loss to Covered Property while in or on a vehicle or in transit more than 1,000 feet from a covered premises while:

(a) In or on a vehicle you own, rent or lease;

(b) In the custody of a public or contract trucker;

(c) In the custody of an air or rail carrier; or

(d) While waterborne on inland waterways. However, there is no coverage under this Additional Coverage for any imported or exported property that is covered under any ocean marine

cargo policy that anyone has obtained.

(2) There is no coverage under this Additional Coverage resulting from loss or damage to:

(a) "Fine arts", "antiques", fur garments, jewelry, precious or semiprecious stones, gold, silver, platinum, or other precious metals or alloys; or

(b) Mail shipments in the custody of the U.S. Postal Service.

(3) This Additional Coverage will continue to apply to such property in the due course of transit, after the expiration or cancellation of this policy, until arrival at and accepted by an authorized representative at the invoiced destination, but for no longer than 30 days after the date of the shipment origination, but this will not cut short the "period of restoration".

(4) You must retain accurate records of all shipments of Covered Property for one year.

(5) The most we will pay under this Additional Coverage is $50,000 in any one occurrence.

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

6. Coverage Extensions

a. Newly Acquired Locations

(1) You may extend your Business Income and Extra Expense Coverages to apply to property at any premises you acquire other than fairs or exhibitions.

(2) The most we will pay under this Extension, for the sum of Business Income loss and Extra Expense incurred, is $250,000 at each premises.

Payments under this Coverage Extension are separate from the Limit(s) of Insurance shown in the Declarations for any other coverage.

(3) Insurance under this Extension for each newly acquired premises will end when any of the following first occurs:

(a) This policy expires;

(b) 180 days expire after you acquire or begin to construct the property; or

(c) You report values to us.

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

b. Spoilage Due To Power Outage, Mechanical Breakdown, Or Contamination — Time Element

(1) You may extend your Business Income and Extra Expense Coverages to apply to loss caused by spoilage of "perishable stock" caused by:

(a) Breakdown or Contamination, meaning:

(i) Change in temperature or humidity caused by mechanical breakdown or mechanical failure of refrigerating, cooling, or humidity control equipment; and

(ii) Contamination by the refrigerant.

(b) Power Outage, meaning change in temperature or humidity caused by complete or partial interruption of electrical power due to conditions beyond your control.

(2) This coverage does not apply to loss to stock which is outside of a building or in or on a vehicle unless the stock is being moved to prevent or reduce loss covered by this policy.

(3) Only the following Exclusions contained in Paragraph **B.1.** of the Causes Of Loss — Special Form apply to this Coverage Extension:

(a) **B.1.b.** Earth Movement;

(b) **B.1.c.** Governmental Action;

(c) **B.1.d.** Nuclear Hazard;

(d) **B.1.f.** War And Military Action; and

(e) **B.1.g.** Water.

(4) The following Exclusions are added:

We will not pay for loss or damage caused by:

(a) The disconnecting of any refrigerating, cooling or humidity control system from the source of power.

(b) Shutting off electrical power by turning off the switch that controls the flow of electricity.

(c) The inability of an Electrical Utility Company or other power source to provide sufficient power due to:

(i) Lack of fuel; or

(ii) Governmental order.

(d) A power source at the described premises not having enough power to meet demand due to lack of generating capacity.

(5) For the purposes of this Coverage Extension, the "period of restoration" begins 24 hours after the time of direct physical loss for Business Income coverage, or immediately after the time of direct physical loss or damage for Extra Expense coverage.

(6) The most we will pay under this Coverage Extension is $50,000 per occurrence.

c. Utility Service —Time Element

(1) You may extend your Business Income and Extra Expense Coverages to apply to loss caused by the interruption of service to the described premises or Newly Acquired Locations. The interruption must result from direct physical loss or damage by a Covered Cause of Loss to the property described in paragraph **(2).**

(2) Utility Services

(a) Water Supply Services, meaning pumping stations and water mains supplying water to your premises.

(b) Communication Supply Services, meaning property supplying communication services, including telephone, radio, microwave or television services, to your premises, such as:

(i) Communication transmission lines, including optic fiber transmission lines;

(ii) Coaxial cables; and

(iii) Microwave radio relays except satellites.

(c) Power Supply Services, meaning the following types of property supplying electricity, steam or gas to your premises:

(i) Utility generating plants;

(ii) Switching stations;

(iii) Substations;

(iv) Transformers; and

(v) Transmission lines.

(3) For the purposes of this Coverage Extension, the "period of restoration" begins 24 hours after the time of direct physical loss for Business Income coverage, or immediately after the time of direct physical loss or damage for Extra Expense coverage.

(4) This Coverage Extension does not apply to loss caused by spoilage of "perishable stock" caused by interruption of Utility Services.

(5) The most we will pay under this Coverage Extension is $50,000 per occurrence.

Payments under this Coverage Extension will not increase the applicable Limit of Insurance.

(6) The provisions of this Coverage Extension are superseded by **CP 15 45** Utility Services — Time Element, if attached to and made a part of this policy.

B. Limits Of Insurance

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

2. The amount of insurance stated in the Coverage Extension **A.6.a. Newly Acquired Locations** applies in accordance with the terms of that coverage and is separate from

the Limit(s) of Insurance shown in the Declarations for any other coverage.

3. Payments under the following Additional Coverages and Coverage Extensions will not increase the applicable Limit of Insurance:

   a. Additional Coverage **A.5.a. Civil Authority**

   b. Additional Coverage **A.5.b. Alterations And New Buildings**

   c. Additional Coverage **A.5.c. Extended Business Income**

   d. Additional Coverage **A.5.d. Dependent Properties — Time Element**

   e. Additional Coverage **A.5.e. Ordinance Or Law — Increased Period Of Restoration**

   f. Additional Coverage **A.5.f. Transit — Business Income**

   g. Coverage Extension **A.6.b. Spoilage Due To Power Outage, Mechanical Breakdown, Or Contamination — Time Element**

   h. Coverage Extension **A.6.c. Utility Service — Time Element**

C. Deductible

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

2. When the same occurrence involves loss to insurance under this coverage form and loss under the Building And Personal Property Coverage Form, only one deductible will be applied to the occurrence.

3. Windstorm, Hail or Hurricane percentage deductibles do not apply to Business Income coverage or Extra Expense coverage.

D. Loss Conditions

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

1. **Appraisal**

   If we and you disagree on the amount of Net Income and operating expense or the amount of loss, either may make written demand for an appraisal of the loss. In this event, each party will select a competent and impartial appraiser.

   The two appraisers will select an umpire. If they cannot agree, either may request that selection be made by a judge of a court having jurisdiction. The appraisers will state separately the amount of Net Income and operating expense or amount of loss. If they fail to agree, they will submit their differences to the umpire. A decision agreed to by any two will be binding. Each party will:

   a. Pay its chosen appraiser; and

   b. Bear the other expenses of the appraisal and umpire equally.

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

2. **Duties In The Event Of Loss**

   a. You must see that the following are done in the event of loss:

      (1) Notify the police if a law may have been broken.

      (2) Give us prompt notice of the direct physical loss or damage. Include a description of the property involved.

      (3) As soon as possible, give us a description of how, when, and where the direct physical loss or damage occurred.

      (4) Take all reasonable steps to protect the Covered Property from further damage, and keep a record of your expenses necessary to protect the Covered Property, for consideration in the settlement of the claim. This will not increase the Limit of Insurance. However, we will not pay for any subsequent loss or damage resulting from a cause of loss that is not a Covered Cause of Loss. Also, if feasible, set the damaged property aside and in the best possible order for examination.

      (5) As often as may be reasonably required, permit us to inspect the property proving the loss or damage and examine your books and records.

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

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

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

(8) If you intend to continue your business, you must resume all or part of your "operations" as quickly as possible.

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

3. Loss Determination

a. The amount of Business Income loss will be determined based on:

(1) The Net Income of the business before the direct physical loss or damage occurred;

(2) The likely Net Income of the business if no physical loss or damage had occurred, but not including any Net Income that would likely have been earned as a result of an increase in the volume of business due to favorable business conditions caused by the impact of the Covered Cause of Loss on customers or on other businesses;

(3) The operating expenses, including payroll expenses, necessary to resume "operations" with the same quality of service that existed just before the direct physical loss or damage; and

(4) Other relevant sources of information, including:

(a) Your financial records and accounting procedures;

(b) Bills, invoices and other vouchers; and

(c) Deeds, liens or contracts.

b. The amount of Extra Expense will be determined based on:

(1) All expenses that exceed the normal operating expenses that would have been incurred by "operations" during the "period of restoration" if no direct physical loss or damage had occurred. We will deduct from the total of such expenses:

(a) The salvage value that remains of any property bought for temporary use during the "period of restoration", once "operations" are resumed; and

(b) Any Extra Expense that is paid for by other insurance, except for insurance that is written subject to the same plan, terms, conditions and provisions as this insurance; and

(2) Necessary expenses that reduce the Business Income loss that otherwise would have been incurred.

c. Resumption Of Operations

We will reduce the amount of your:

(1) Business Income loss, other than Extra Expense, to the extent you can resume your "operations", in whole or in part, by using damaged or undamaged property (including merchandise or stock) at the described premises or elsewhere.

(2) Extra Expense loss to the extent you can return "operations" to normal and discontinue such Extra Expense.

d. If you do not resume "operations", or do not resume "operations" as quickly as possible, we will pay based on the length of time it would have taken to resume "operations" as quickly as possible.

4. Loss Payment

We will pay for covered loss within 30 days after we receive the sworn proof of loss, if you have complied with all of the terms of this Coverage Part and:

a. We have reached agreement with you on the amount of loss; or

b. An appraisal award has been made.

E. Optional Coverages

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

1. Maximum Period Of Indemnity

The most we will pay for the total of Business Income loss and Extra Expense is the lesser of:

a. The amount of loss sustained and expenses incurred during the 120 days immediately following the beginning of the "period of restoration"; or

b. The Limit of Insurance shown in the Declarations.

2. Monthly Limit Of Indemnity

The most we will pay for loss of Business Income in each period of 30 consecutive days after the beginning of the "period of restoration" is:

a. The Limit of Insurance, multiplied by

b. The fraction shown in the Declarations for this Optional Coverage.

EXAMPLE

When:	The Limit of Insurance is	$ 120,000
	The fraction shown in the Declarations for this Optional Coverage is	1/4
	The most we will pay for loss in each period of 30 consecutive days is: ($120,000 x 1/4 = $30,000)	$ 30,000
	If, in this example, the actual amount of loss is:	
	Days 1-30	$ 40,000
	Days 31-60	$ 20,000
	Days 61-90	$ 30,000
		$ 90,000
	We will pay:	
	Days 1-30	$ 30,000
	Days 31-60	$ 20,000
	Days 61-90	$ 30,000
		$ 80,000

The remaining $10,000 is not covered.

F. Definitions

1. "Antique" means an object having value because its:

a. craftsmanship is in the style or fashion of former times; and

b. age is 100 years old or older.

2. "Dependent property" means property operated by others whom you depend on to:

a. Deliver materials or services to you, or to others for your account. With respect to Contributing Locations, services does not mean water, communication or power supply services;

b. Accept your products or services;

c. Manufacture products for delivery to your customers under contract of sale; or

d. Attract customers to your business.

"Dependent property" does not include roads, bridges, tunnels, waterways, airfields, pipelines or any other similar areas or structures.

3. "Electronic data" means information, facts or computer programs stored as or on, created or used on, or transmitted to or from computer software (including systems and applications software), on hard or floppy disks, CD-ROMs, tapes, drives, cells, data processing devices or any other repositories of computer software which are used with electronically controlled equipment. The term computer programs, referred to in the foregoing description of "electronic data", means a set of related electronic instructions which direct the operations and functions of a computer or device connected to it, which enable the computer or device to receive, process, store, retrieve or send data.

4. "Fine arts" means paintings, etchings, pictures; tapestries; rare or art glass; art glass windows; valuable rugs; statuary; sculptures; "antique" furniture; bric-a-brac; porcelains; and similar property of rarity, historical value or artistic merit.

5. "Finished stock" means stock you have manufactured.

"Finished stock" also includes whiskey and alcoholic products being aged.

"Finished stock" does not include stock you have manufactured that is held for sale on the premises of any retail outlet insured under this Coverage Part.

6. "Operations" means:

   a. Your business activities occurring at the described premises; and

   b. The tenantability of the described premises, if coverage for Business Income Including "Rental Value" or "Rental Value" applies.

7. "Period of restoration" means the period of time that:

   a. Begins:

      (1) 72 hours after the time of direct physical loss or damage for Business Income coverage; or

      (2) Immediately after the time of direct physical loss or damage for Extra Expense coverage;

      caused by or resulting from any Covered Cause of Loss at the described premises; and

   b. Ends on the earlier of:

      (1) The date when the property at the described premises should be repaired, rebuilt or replaced with reasonable speed and similar quality; or

      (2) The date when business is resumed at a new permanent location.

   "Period of restoration" does not include any increased period required due to the enforcement of any ordinance or law that:

      (1) Regulates the construction, use or repair, or requires the tearing down of any property; or

      (2) Requires any insured or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of "pollutants"

   The expiration date of this policy will not cut short the "period of restoration".

8. "Perishable stock" means personal property which is maintained under controlled conditions for its preservation and which is susceptible to loss or damage if the controlled conditions change.

9. "Pollutants" means any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste. Waste includes materials to be recycled, reconditioned or reclaimed.

10. "Rental Value" means Business Income that consists of:

    a. Net Income (Net Profit or Loss before income taxes) that would have been earned or incurred as rental income from tenant occupancy of the premises described in the Declarations as furnished and equipped by you, including fair rental value of any portion of the described premises which is occupied by you; and

    b. Continuing normal operating expenses incurred in connection with that premises, including:

       (1) Payroll; and

       (2) The amount of charges which are the legal obligation of the tenant(s) but would otherwise be your obligations.

11. "Suspension" means:

    a. The slowdown or cessation of your business activities; or

    b. That a part or all of the described premises is rendered untenantable, if coverage for Business Income Including "Rental Value" or "Rental Value" applies.

Safeco Optimum Property ™ for Manufacturers
BUSINESS INCOME (WITHOUT EXTRA EXPENSE) COVERAGE FORM

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

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

Other words and phrases that appear in quotation marks have special meaning. Refer to Section **F.** Definitions.

A. Coverage

1. Business Income

Business Income means the:

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

b. Continuing normal operating expenses incurred, including payroll.

For manufacturing risks, Net Income includes the net sales value of production.

Coverage is provided as described and limited below for one or more of the following options for which a Limit of Insurance is shown in the Declarations:

(1) Business Income Including "Rental Value".

(2) Business Income Other Than "Rental Value".

(3) "Rental Value".

If option **(1)** above is selected, the term Business Income will include "Rental Value". If option **(3)** above is selected, the term Business Income will mean "Rental Value" only.

If Limits of Insurance are shown under more than one of the above options, the provisions of this Coverage Part apply separately to each.

We will pay for the actual loss of Business Income you sustain due to the necessary "suspension" of your "operations" during the "period of restoration". The "suspension" must be caused by direct physical loss of or damage to property at premises which are described in the Declarations and for which a Business Income Limit of Insurance is shown in the Declarations. The loss or damage must be caused by or result from a Covered Cause of Loss. With respect to loss of or damage to personal property in the open or personal property in a vehicle, the described premises include the area within 1,000 feet of the site at which the described premises are located.

With respect to the requirements set forth in the preceding paragraph, if you occupy only part of the site at which the described premises are located, your premises means:

a. The portion of the building which you rent, lease or occupy; and

b. Any area within the building or on the site at which the described premises are located, if that area services, or is used to gain access to, the described premises.

2. Covered Causes Of Loss, Exclusions And Limitations

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

3. Additional Limitation — Interruption Of Computer Operations

Coverage for Business Income does not apply when a "suspension" of "operations" is caused by destruction or corruption of "electronic data", or any loss or damage to "electronic data", except as provided under the Coverage Extension for Electronic Data

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Processing found in the Building And Personal Property Coverage Form.

4. Additional Coverages

a. Expenses To Reduce Loss

In the event of a covered loss of Business Income, we will pay necessary expenses you incur, except the cost of extinguishing a fire, to avoid further loss of Business Income. The total of our payment for Business Income loss and Expenses to Reduce Loss will not be more than the Business Income loss that would have been payable under this Coverage Form if the Expenses to Reduce Loss had not been incurred. This coverage does not increase the Limit of Insurance.

b. Civil Authority

In this Additional Coverage — Civil Authority, the described premises are premises to which this Coverage Form applies, as shown in the Declarations.

When a Covered Cause of Loss causes damage to property other than property at the described premises, we will pay for the actual loss of Business Income you sustain caused by action of civil authority that prohibits access to the described premises, provided that both of the following apply:

(1) Access to the area immediately surrounding the damaged property is prohibited by civil authority as a result of the damage, and the described premises are within that area but are not more than one mile from the damaged property; and

(2) The action of civil authority is taken in response to dangerous physical conditions resulting from the damage or continuation of the Covered Cause of Loss that caused the damage, or the action is taken to enable a civil authority to have unimpeded access to the damaged property.

Civil Authority coverage will begin 72 hours after the time of the first action of civil authority that prohibits access to the described premises and will apply for a period of up to thirty consecutive days from the date on which such coverage began.

c. Alterations And New Buildings

We will pay for the actual loss of Business Income you sustain due to direct physical loss or damage at the described premises caused by or resulting from any Covered Cause of Loss to:

(1) New buildings or structures, whether complete or under construction;

(2) Alterations or additions to existing buildings or structures; and

(3) Machinery, equipment, supplies or building materials located on or within 1,000 feet of the described premises and:

(a) Used in the construction, alterations or additions; or

(b) Incidental to the occupancy of new buildings.

If such direct physical loss or damage delays the start of "operations", the "period of restoration" will begin on the date "operations" would have begun if the direct physical loss or damage had not occurred.

d. Extended Business Income

(1) Business Income Other Than "Rental Value"

If the necessary "suspension" of your "operations" produces a Business Income loss payable under this policy, we will pay for the actual loss of Business Income you incur during the period that:

(a) Begins on the date property (except "finished stock") is actually repaired, rebuilt or replaced and "operations" are resumed; and

(b) Ends on the earlier of:

(i) The date you could restore your "operations", with reasonable speed, to the level which would generate the business income amount that would have existed if no direct physical loss or damage had occurred; or

(ii) 180 consecutive days after the date determined in

(1)(a) above, unless "180" is replaced in the Declarations by a different number of days.

However, Extended Business Income does not apply to loss of Business Income incurred as a result of unfavorable business conditions caused by the impact of the Covered Cause of Loss in the area where the described premises are located.

Loss of Business Income must be caused by direct physical loss or damage at the described premises caused by or resulting from any Covered Cause of Loss.

(2) "Rental Value"

If the necessary "suspension" of your "operations" produces a "Rental Value" loss payable under this policy, we will pay for the actual loss of "Rental Value" you incur during the period that:

(a) Begins on the date property is actually repaired, rebuilt or replaced and tenantability is restored; and

(b) Ends on the earlier of:

(i) The date you could restore tenant occupancy, with reasonable speed, to the level which would generate the "Rental Value" that would have existed if no direct physical loss or damage had occurred; or

(ii) 180 consecutive days after the date determined in **(2)(a)** above, unless "180" is replaced in the Declarations by a different number of days.

However, Extended Business Income does not apply to loss of "Rental Value" incurred as a result of unfavorable business conditions caused by the impact of the Covered Cause of Loss in the area where the described premises are located.

Loss of "Rental Value" must be caused by direct physical loss or damage at the described premises caused by or resulting from any Covered Cause of Loss.

e. Dependent Properties — Business Income

(1) Your coverage for Business Income, as provided and limited in this form, is extended to apply to the actual loss of Business Income you sustain due to direct physical loss of or damage to "dependent property" caused by or resulting from a Covered Cause of Loss.

However this Additional Coverage does not apply when the only loss to dependent property is loss or damage to "electronic data", including destruction or corruption of "electronic data". If the dependent property sustains loss or damage to "electronic data" and other property, coverage under this Additional Coverage will not continue once the other property is repaired, rebuilt or replaced.

(2) Under the Loss Determination Condition below, the following is added to the Resumption Of Operations provision:

We will reduce the amount of your Business Income loss to the extent you can resume "operations", in whole or in part, by using any other available source of materials or outlet for your products.

(3) The most we will pay under this Additional Coverage is $50,000 in any one occurrence regardless of the number of dependent properties.

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

(4) The provisions of this Additional Coverage are superseded by **CP 15 08** Business Income From Dependent Properties — Broad Form, or **CP 15 09** Business Income From Dependent Properties — Limited Form, if attached to and made a part of this policy.

f. Ordinance Or Law — Increased Period Of Restoration

(1) If a Covered Cause of Loss occurs to property at the premises described in the Declarations, coverage is extended to include the amount of actual and necessary loss you sustain during the increased period of "suspension" of "operations" caused by or resulting from the enforcement of any ordinance or law that:

(a) Regulates the construction or repair of any property;

(b) Requires the tearing down of parts of any property not damaged by a Covered Cause of Loss; and

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

However, coverage is not extended under this Additional Coverage to include loss caused by or resulting from the enforcement of any ordinance or law which requires any insured or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of "pollutants".

g. Transit — Business Income

(1) This insurance is extended to apply to the actual loss of Business Income you sustain caused by direct physical loss or damage by a Covered Cause of Loss to Covered Property while in or on a vehicle or in transit more than 1,000 feet from a covered premises while:

(a) In or on a vehicle you own, rent or lease;

(b) In the custody of a public or contract trucker;

(c) In the custody of an air or rail carrier; or

(d) While waterborne on inland waterways. However, there is no coverage under this Additional Coverage for any imported or exported property that is covered under any ocean marine cargo policy that anyone has obtained.

(2) There is no coverage under this Additional Coverage resulting from loss or damage to:

(a) "Fine arts", "antiques", fur garments, jewelry, precious or semiprecious stones, gold, silver, platinum, or other precious metals or alloys; or

(b) Mail shipments in the custody of the U.S. Postal Service.

(3) This Additional Coverage will continue to apply to such property in the due course of transit, after the expiration or cancellation of this policy, until arrival at and accepted by an authorized representative at the invoiced destination, but for no longer than 30 days after the date of the shipment origination, but this will not cut short the "period of restoration".

(4) You must retain accurate records of all shipments of Covered Property for one year.

(5) The most we will pay under this Additional Coverage is $50,000 in any one occurrence.

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

5. Coverage Extensions

a. Newly Acquired Locations

(1) You may extend your Business Income Coverage to apply to property at any premises you acquire other than fairs or exhibitions.

(2) The most we will pay under this Extension is $250,000 at each premises.

Payments under this Coverage Extension are separate from the Limit(s) of Insurance shown in the Declarations for any other coverage.

(3) Insurance under this Extension for each newly acquired premises will end when any of the following first occurs:

(a) This policy expires;

(b) 180 days expire after you acquire or begin to construct the property; or

(c) You report values to us.

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

b. Spoilage Due To Power Outage, Mechanical Breakdown, Or Contamination — Business Income

(1) You may extend your Business Income Coverage to apply to loss caused by spoilage of "perishable stock" caused by:

(a) Breakdown or Contamination, meaning:

(i) Change in temperature or humidity caused by mechanical breakdown or mechanical failure of refrigerating, cooling, or humidity control equipment; and

(ii) Contamination by the refrigerant.

(b) Power Outage, meaning change in temperature or humidity caused by complete or partial interruption of electrical power due to conditions beyond your control.

(2) This coverage does not apply to loss to stock which is outside of a building or in or on a vehicle unless the stock is being moved to prevent or reduce loss covered by this policy.

(3) Only the following Exclusions contained in Paragraph **B.1.** of the Causes Of Loss — Special Form apply to this Coverage Extension:

(a) **B.1.b.** Earth Movement;

(b) **B.1.c.** Governmental Action;

(c) **B.1.d.** Nuclear Hazard;

(d) **B.1.f.** War And Military Action; and

(e) **B.1.g.** Water.

(4) The following Exclusions are added:

We will not pay for loss or damage caused by:

(a) The disconnecting of any refrigerating, cooling or humidity control system from the source of power.

(b) Shutting off electrical power by turning off the switch that controls the flow of electricity.

(c) The inability of an Electrical Utility Company or other power source to provide sufficient power due to:

(i) Lack of fuel; or

(ii) Governmental order.

(d) A power source at the described premises not having enough power to meet demand due to lack of generating capacity.

(5) For the purposes of this Coverage Extension, the "period of restoration" begins 24 hours after the time of direct physical loss.

(6) The most we will pay under this Coverage Extension is $50,000 per occurrence.

c. Utility Service — Business Income

(1) You may extend your Business Income Coverage to apply to loss caused by the interruption of service to the described premises or Newly Acquired Locations. The interruption must result from direct physical loss or damage by a Covered Cause of Loss to the property described in paragraph **(2).**

(2) Utility Services

(a) Water Supply Services, meaning pumping stations and water mains supplying water to your premises.

(b) Communication Supply Services, meaning property supplying communication services, including telephone, radio, microwave or television services, to your premises, such as:

(i) Communication transmission lines, including optic fiber transmission lines;

(ii) Coaxial cables; and

(iii) Microwave radio relays except satellites.

(c) Power Supply Services, meaning the following types of property supplying electricity, steam or gas to your premises:

(i) Utility generating plants;

(ii) Switching stations;

(iii) Substations;

(iv) Transformers; and

(v) Transmission lines.

(3) For the purposes of this Coverage Extension, the "period of restoration" begins 24 hours after the time of direct physical loss.

(4) This Coverage Extension does not apply to loss caused by spoilage of "perishable stock" caused by interruption of Utility Services.

(5) The most we will pay under this Coverage Extension is $50,000 per occurrence.

Payments under this Coverage Extension will not increase the applicable Limit of Insurance.

(6) The provisions of this Coverage Extension are superseded by **CP 15 45** Utility Services — Time Element, if attached to and made a part of this policy.

B. Limits Of Insurance

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

2. The amount of insurance stated in the Coverage Extension **A.5.a. Newly Acquired Locations** applies in accordance with the terms of that coverage and is separate from the Limit(s) of Insurance shown in the Declarations for any other coverage.

3. Payments under the following Additional Coverages and Coverage Extensions will not increase the applicable Limit of Insurance:

a. Additional Coverage **A.4.a. Expenses To Reduce Loss**

b. Additional Coverage **A.4.b. Civil Authority**

c. Additional Coverage **A.4.c. Alterations And New Buildings**

d. Additional Coverage **A.4.d. Extended Business Income**

e. Additional Coverage **A.4.e. Dependent Properties — Business Income**

f. Additional Coverage **A.4.f. Ordinance Or Law — Increased Period Of Restoration**

g. Additional Coverage **A.4.g. Transit — Business Income**

h. Coverage Extension **A.5.b. Spoilage Due To Power Outage, Mechanical Breakdown, Or Contamination — Business Income**

i. Coverage Extension **A.5.c. Utility Service — Business Income**

C. Deductible

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

2. When the same occurrence involves loss to insurance under this coverage form and loss under the Building And Personal Property Coverage Form, only one deductible will be applied to the occurrence.

3. Windstorm, Hail or Hurricane percentage deductibles do not apply to Business Income coverage.

D. Loss Conditions

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

1. Appraisal

If we and you disagree on the amount of Net Income and operating expense or the amount of loss, either may make written demand for an appraisal of the loss. In this event, each party will select a competent and impartial appraiser.

The two appraisers will select an umpire. If they cannot agree, either may request that selection be made by a judge of a court having jurisdiction. The appraisers will state separately the amount of Net Income and operating expense or amount of loss. If they fail to agree, they will submit their differences to the umpire. A decision agreed to by any two will be binding. Each party will:

a. Pay its chosen appraiser; and

b. Bear the other expenses of the appraisal and umpire equally.

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

2. Duties In The Event Of Loss

a. You must see that the following are done in the event of loss:

(1) Notify the police if a law may have been broken.

(2) Give us prompt notice of the direct physical loss or damage. Include a description of the property involved.

(3) As soon as possible, give us a description of how, when, and where the direct physical loss or damage occurred.

(4) Take all reasonable steps to protect the Covered Property from further damage, and keep a record of your expenses necessary to protect the Covered Property, for consideration in the settlement of the claim. This will not increase the Limit of Insurance. However, we will not pay for any subsequent loss or damage resulting from a cause of loss that is not a Covered Cause of Loss. Also, if feasible, set the damaged property aside and in the best possible order for examination.

(5) As often as may be reasonably required, permit us to inspect the property proving the loss or damage and examine your books and records.

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

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

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

(8) If you intend to continue your business, you must resume all or part of your "operations" as quickly as possible.

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

3. Loss Determination

a. The amount of Business Income loss will be determined based on:

(1) The Net Income of the business before the direct physical loss or damage occurred;

(2) The likely Net Income of the business if no physical loss or damage had occurred, but not including any Net Income that would likely have been earned as a result of an increase in the volume of business due to favorable business conditions caused by the impact of the Covered Cause of Loss on customers or on other businesses;

(3) The operating expenses, including payroll expenses, necessary to resume "operations" with the same quality of service that existed just before the direct physical loss or damage; and

(4) Other relevant sources of information, including:

(a) Your financial records and accounting procedures;

(b) Bills, invoices and other vouchers; and

(c) Deeds, liens or contracts.

b. Resumption Of Operations

We will reduce the amount of your Business Income loss to the extent you can resume your "operations", in whole or in part, by using damaged or undamaged property (including merchandise or stock) at the described premises or elsewhere.

c. If you do not resume "operations", or do not resume "operations" as quickly as possible, we will pay based on the length of time it would have taken to resume "operations" as quickly as possible.

4. Loss Payment

We will pay for covered loss within 30 days after we receive the sworn proof of loss, if you have complied with all of the terms of this Coverage Part and:

a. We have reached agreement with you on the amount of loss; or

b. An appraisal award has been made.

E. Optional Coverages

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

1. Maximum Period Of Indemnity

The most we will pay for the total of Business Income loss and Extra Expense is the lesser of:

a. The amount of loss sustained and expenses incurred during the 120 days immediately following the beginning of the "period of restoration"; or

b. The Limit of Insurance shown in the Declarations.

2. Monthly Limit Of Indemnity

The most we will pay for loss of Business Income in each period of 30 consecutive days after the beginning of the "period of restoration" is:

a. The Limit of Insurance, multiplied by

b. The fraction shown in the Declarations for this Optional Coverage.

EXAMPLE

When:	The Limit of Insurance is	$ 120,000
	The fraction shown in the Declarations for this Optional Coverage is	1/4
	The most we will pay for loss in each period of 30 consecutive days is: ($120,000 x 1/4 = $30,000)	$ 30,000
	If, in this example, the actual amount of loss is:	
	Days 1-30	$ 40,000
	Days 31-60	$ 20,000
	Days 61-90	$ 30,000
		$ 90,000

We will pay:

Days 1-30	$ 30,000
Days 31-60	$ 20,000
Days 61-90	$ 30,000
	$ 80,000

The remaining $10,000 is not covered.

F. Definitions

1. "Antique" means an object having value because its:

a. craftsmanship is in the style or fashion of former times; and

b. age is 100 years old or older.

2. "Dependent property" means property operated by others whom you depend on to:

a. Deliver materials or services to you, or to others for your account. With respect to Contributing Locations, services does not mean water, communication or power supply services;

b. Accept your products or services;

c. Manufacture products for delivery to your customers under contract of sale; or

d. Attract customers to your business.

"Dependent property" does not include roads, bridges, tunnels, waterways, airfields, pipelines or any other similar areas or structures.

3. "Electronic data" means information, facts or computer programs stored as or on, created or used on, or transmitted to or from computer software (including systems and applications software), on hard or floppy disks, CD-ROMs, tapes, drives, cells, data processing devices or any other repositories of computer software which are used with electronically controlled equipment. The term computer programs, referred to in the foregoing description of "electronic data", means a set of related electronic instructions which direct the operations and functions of a computer or device connected to it, which enable the computer or device to receive, process, store, retrieve or send data.

4. "Fine arts" means paintings, etchings, pictures; tapestries; rare or art glass; art glass windows; valuable rugs; statuary; sculptures; "antique" furniture; bric-a-brac; porcelains; and similar property of rarity, historical value or artistic merit.

5. "Finished stock" means stock you have manufactured.

"Finished stock" also includes whiskey and alcoholic products being aged.

"Finished stock" does not include stock you have manufactured that is held for sale on the premises of any retail outlet insured under this Coverage Part.

6. "Operations" means:

   a. Your business activities occurring at the described premises; and

   b. The tenantability of the described premises, if coverage for Business Income Including "Rental Value" or "Rental Value" applies.

7. "Period of restoration" means the period of time that:

   a. Begins 72 hours after the time of direct physical loss or damage caused by or resulting from any Covered Cause of Loss at the described premises; and

   b. Ends on the earlier of:

      (1) The date when the property at the described premises should be repaired, rebuilt or replaced with reasonable speed and similar quality; or

      (2) The date when business is resumed at a new permanent location.

   "Period of restoration" does not include any increased period required due to the enforcement of any ordinance or law that:

      (1) Regulates the construction, use or repair, or required the tearing down of any property; or

      (2) Requires any insured or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of "pollutants".

   The expiration date of this policy will not cut short the "period of restoration".

8. "Perishable stock" means personal property which is maintained under controlled conditions for its preservation and which is susceptible to loss or damage if the controlled conditions change.

9. "Pollutants" means any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste. Waste includes materials to be recycled, reconditioned or reclaimed.

10. "Rental Value" means Business Income that consists of:

    a. Net Income (Net Profit or Loss before income taxes) that would have been earned or incurred as rental income from tenant occupancy of the premises described in the Declarations as furnished and equipped by you, including fair rental value of any portion of the described premises which is occupied by you; and

    b. Continuing normal operating expenses incurred in connection with that premises, including:

       (1) Payroll; and

       (2) The amount of charges which are the legal obligation of the tenant(s) but would otherwise be your obligations.

11. "Suspension" means:

    a. The slowdown or cessation of your business activities; or

    b. That a part or all of the described premises is rendered untenantable, if coverage for Business Income Including "Rental Value" or "Rental Value" applies.

Safeco Optimum Property ™ for Manufacturers
EXTRA EXPENSE COVERAGE FORM

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

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

Other words and phrases that appear in quotation marks have special meaning. Refer to Section **E.** Definitions.

A. Coverage

We will pay the actual and necessary Extra Expense you sustain due to direct physical loss of or damage to property at premises which are described in the Declarations and for which an Extra Expense Limit of Insurance is shown in the Declarations. The loss or damage must be caused by or result from a Covered Cause of Loss. With respect to loss of or damage to personal property in the open or personal property in a vehicle, the described premises include the area within 1,000 feet of the site at which the described premises are located.

With respect to the requirements set forth in the preceding paragraph, if you occupy only part of the site at which the described premises are located, your premises means:

a. The portion of the building which you rent, lease or occupy; and

b. Any area within the building or on the site at which the described premises are located, if that area services, or is used to gain access to, the described premises.

1. Extra Expense

Extra Expense means necessary expenses you incur during the "period of restoration" that you would not have incurred if there had been no direct physical loss or damage to property. Coverage pertains to expenses (other than the expense to repair or replace property) which are incurred to:

a. Avoid or minimize the "suspension" of business and to continue "operations" at the described premises or at replacement premises or temporary locations, including relocation expenses and costs to equip and operate the replacement location or temporary location.

b. Minimize the "suspension" of business if you cannot continue "operations".

We will also pay Extra Expense to repair or replace property, but only to the extent it reduces the amount of loss that otherwise would have been payable under this Coverage Form.

2. Covered Causes Of Loss, Exclusions And Limitations

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

3. Additional Limitation — Interruption Of Computer Operations

Coverage for Extra Expense does not apply when action is taken to avoid or minimize a "suspension" of "operations" caused by destruction or corruption of "electronic data", or any loss or damage to "electronic data", except as provided under the Coverage Extension for Electronic Data Processing found in the Building And Personal Property Coverage Form.

4. Additional Coverages

a. Alterations And New Buildings

We will pay for the actual and necessary Extra Expense you incur due to direct physical loss or damage at the described premises caused by or resulting from any Covered Cause of Loss to:

(1) New buildings or structures, whether complete or under construction;

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(2) Alterations or additions to existing buildings or structures; and

(3) Machinery, equipment, supplies or building materials located on or within 1,000 feet of the described premises and:

(a) Used in the construction, alterations or additions; or

(b) Incidental to the occupancy of new buildings.

b. Civil Authority

In this Additional Coverage — Civil Authority, the described premises are premises to which this Coverage Form applies, as shown in the Declarations.

When a Covered Cause of Loss causes damage to property other than property at the described premises, we will pay for the actual and necessary Extra Expense you incur caused by action of civil authority that prohibits access to the described premises, provided that both of the following apply:

(1) Access to the area immediately surrounding the damaged property is prohibited by civil authority as a result of the damage, and the described premises are within that area but are not more than one mile from the damaged property; and

(2) The action of civil authority is taken in response to dangerous physical conditions resulting from the damage or continuation of the Covered Cause of Loss that caused the damage, or the action is taken to enable a civil authority to have unimpeded access to the damaged property.

Civil Authority coverage will begin immediately after the time of the first action of civil authority that prohibits access to the described premises and will end 30 consecutive days after the date of that action.

c. Dependent Properties — Extra Expense

(1) Your coverage for Extra Expense, as provided and limited in this form, is extended to apply to the actual and necessary Extra Expense you incur due to direct physical loss of or damage to "dependent property" caused by or resulting from a Covered Cause of Loss.

However this Additional Coverage does not apply when the only loss to "dependent property" is loss or damage to "electronic data", including destruction or corruption of "electronic data". If the "dependent property" sustains loss or damage to "electronic data" and other property, coverage under this Additional Coverage will not continue once the other property is repaired, rebuilt or replaced.

(2) The most we will pay under this Additional Coverage is $50,000 in any one occurrence regardless of the number of dependent properties.

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

d. Ordinance Or Law — Increased Period Of Restoration

(1) If a Covered Cause of Loss occurs to property at the premises described in the Declarations, coverage is extended to include the amount of actual and necessary loss you sustain during the increased period of "suspension" of "operations" caused by or resulting from the enforcement of any ordinance or law that:

(a) Regulates the construction or repair of any property;

(b) Requires the tearing down of parts of any property not damaged by a Covered Cause of Loss; and

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

However, coverage is not extended under this Additional Coverage to include loss caused by or resulting from the enforcement of any ordinance or law which requires any insured or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of "pollutants".

5. Coverage Extensions

a. Newly Acquired Locations

(1) You may extend your Extra Expense Coverage to apply to property at any premises you acquire other than fairs or exhibitions.

(2) The most we will pay under this Extension is $250,000 at each premises.

Payments under this Coverage Extension are separate from the Limit(s) of Insurance shown in the Declarations for any other coverage.

(3) Insurance under this Extension for each newly acquired premises will end when any of the following first occurs:

(a) This policy expires;

(b) 180 days expire after you acquire or begin to construct the property; or

(c) You report values to us.

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

b. Spoilage Due To Power Outage, Mechanical Breakdown, Or Contamination — Extra Expense

(1) You may extend your Extra Expense Coverage to apply to loss caused by spoilage of "perishable stock" caused by:

(a) Breakdown or Contamination, meaning:

(i) Change in temperature or humidity caused by mechanical breakdown or mechanical failure of refrigerating, cooling, or humidity control equipment; and

(ii) Contamination by the refrigerant.

(b) Power Outage, meaning change in temperature or humidity caused by complete or partial interruption of electrical power due to conditions beyond your control.

(2) This coverage does not apply to loss to stock which is outside of a building or in or on a vehicle unless the stock is being moved to prevent or reduce loss covered by this policy.

(3) Only the following Exclusions contained in Paragraph **B.1.** of the Causes Of Loss — Special Form apply to this Coverage Extension:

(a) **B.1.b.** Earth Movement;

(b) **B.1.c.** Governmental Action;

(c) **B.1.d.** Nuclear Hazard;

(d) **B.1.f.** War And Military Action; and

(e) **B.1.g.** Water.

(4) The following Exclusions are added:

We will not pay for loss or damage caused by:

(a) The disconnecting of any refrigerating, cooling or humidity control system from the source of power.

(b) Shutting off electrical power by turning off the switch that controls the flow of electricity.

(c) The inability of an Electrical Utility Company or other power source to provide sufficient power due to:

(i) Lack of fuel; or

(ii) Governmental order.

(d) A power source at the described premises not having enough power to meet demand due to lack of generating capacity.

(5) The most we will pay under this Coverage Extension is $50,000 per occurrence.

c. Utility Service — Extra Expense

(1) You may extend your Extra Expense Coverage to apply to loss at the described premises or Newly Acquired Locations caused by the interruption of service to the described premises or Newly Acquired Locations. The interruption must result from direct physical loss or damage by a Covered Cause of Loss to the property described in Paragraph **(2),**

(2) Utility Services

(a) Water Supply Services, meaning pumping stations and water mains supplying water to your premises.

(b) Communication Supply Services, meaning property supplying communication services, including telephone, radio, microwave or television

services, to your premises, such as:

(i) Communication transmission lines, including optic fiber transmission lines;

(ii) Coaxial cables; and

(iii) Microwave radio relays except satellites.

(c) Power Supply Services, meaning the following types of property supplying electricity, steam or gas to your premises:

(i) Utility generating plants;

(ii) Switching stations;

(iii) Substations;

(iv) Transformers; and

(v) Transmission lines.

(3) This Coverage Extension does not apply to loss caused by spoilage of "perishable stock" caused by interruption of Utility Services.

(4) The most we will pay under this Coverage Extension is $50,000 per occurrence.

Payments under this Coverage Extension will not increase the applicable Limit of Insurance.

(5) The provisions of this Coverage Extension are superseded by CP 15 45 Utility Services — Time Element, if attached to and made a part of this policy.

B. Limits Of Insurance

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

2. The amount of insurance stated in the Coverage Extension **A.5.a. Newly Acquired Locations** applies in accordance with the terms of that coverage and is separate from the Limit(s) of Insurance shown in the Declarations for any other coverage.

3. Payments under the following Additional Coverages and Coverage Extensions will not increase the applicable Limit of Insurance:

a. Additional Coverage **A.4.a. Alterations And New Buildings**

b. Additional Coverage **A.4.b. Civil Authority**

c. Additional Coverage **A.4.c. Dependent Properties — Extra Expense**

d. Additional Coverage **A.4.d. Ordinance Or Law — Increased Period Of Restoration**

e. Coverage Extension **A.5.b. Spoilage Due To Power Outage, Mechanical Breakdown, Or Contamination — Extra Expense**

f. Coverage Extension **A.5.c. Utility Service — Extra Expense**

C. Deductible

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

2. When the same occurrence involves loss to insurance under this coverage form and loss under the Building And Personal Property Coverage Form, only one deductible will be applied to the occurrence.

3. Windstorm, Hail or Hurricane percentage deductibles do not apply to Extra Expense coverage.

D. Loss Conditions

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

1. Appraisal

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

a. Pay its chosen appraiser; and

b. Bear the other expenses of the appraisal and umpire equally.

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

2. Duties If You Incur Extra Expense

a. You must see that the following are done if you incur Extra Expense:

(1) Notify the police if a law may have been broken.

(2) Give us prompt notice of the direct physical loss or damage. Include a description of the property involved.

(3) As soon as possible, give us a description of how, when, and where the direct physical loss or damage occurred.

(4) Take all reasonable steps to protect the Covered Property from further damage, and keep a record of your expenses necessary to protect the Covered Property, for consideration in the settlement of the claim. This will not increase the Limit of Insurance. However, we will not pay for any subsequent loss or damage resulting from a cause of loss that is not a Covered Cause of Loss. Also, if feasible, set the damaged property aside and in the best possible order for examination.

(5) As often as may be reasonably required, permit us to inspect the property proving the loss or damage and examine your books and records.

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

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

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

(8) If you intend to continue your business, you must resume all or part of your "operations" as quickly as possible.

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

3. Limits On Loss Payment

We will not pay more for Extra Expense than the percentages shown in the Declarations times the Limit of Insurance.

When the "period of restoration" is:

a. 30 days or less, the first percentage applies.

b. 60 days or less, but more than 30 days, the second percentage applies.

c. More than 60 days, the third percentage applies.

EXAMPLE:

The Limit of Insurance is	$ 100,000
The percentages shown in the Declarations are	40%-80%-100%
The "period of restoration" is	45 days
The amount of Extra Expenses incurred is	$ 90,000

We will not pay more than $100,000 times 80% (the percentage applicable for a "period of restoration" of 31-60 days), or $80,000. The remaining $10,000 is not covered.

4. Loss Determination

a. The amount of Extra Expense will be determined based on:

(1) All expenses that exceed the normal operating expenses that would have been incurred by "operations" during the "period of restoration" if no direct physical loss or damage had occurred. We will deduct from the total of such expenses:

(a) The salvage value that remains of any property bought for temporary use during the "period of restoration", once "operations" are resumed; and

(b) Any Extra Expense that is paid for by other insurance, except for insurance that is written subject to the same plan, terms, conditions and provisions as this insurance; and

(2) Necessary expenses that reduce the Extra Expense otherwise incurred.

b. We will reduce the amount of your Extra Expense loss to the extent you can return "operations" to normal and discontinue such Extra Expense.

c. If you do not resume "operations", or do not resume "operations" as quickly as possible, we will pay based on the length of time it would have taken to resume "operations" as quickly as possible.

5. **Loss Payment**

We will pay for any loss within 30 days after we receive the proof of loss, if you have complied with all of the terms of this Coverage Part and:

a. We reach agreement with you on the amount of loss; or

b. An appraisal award has been made.

E. Definitions

1. "Dependent property" means property operated by others whom you depend on to:

a. Deliver materials or services to you, or to others for your account. With respect to Contributing Locations, services does not mean water, communication or power supply services;

b. Accept your products or services;

c. Manufacture products for delivery to your customers under contract of sale; or

d. Attract customers to your business.

"Dependent property" does not include roads, bridges, tunnels, waterways, airfields, pipelines or any other similar areas or structures.

2. "Electronic data" means information, facts or computer programs stored as or on, created or used on, or transmitted to or from computer software (including systems and applications software), on hard or floppy disks, CD-ROMs, tapes, drives, cells, data processing devices or any other repositories of computer software which are used with electronically controlled equipment. The term computer programs, referred to in the foregoing description of "electronic data", means a set of related electronic instructions which direct the operations and functions of a computer or device connected to it, which enable the computer or device to receive, process, store, retrieve or send data.

3. "Operations" means your business activities occurring at the described premises.

4. "Period of restoration" means the period of time that:

a. Begins with the date of direct physical loss or damage caused by or resulting from any Covered Cause of Loss at the described premises; and

b. Ends on the earlier of:

(1) The date when the property at the described premises should be repaired, rebuilt or replaced with reasonable speed and similar quality; or

(2) The date when business is resumed at a new permanent location.

"Period of restoration" does not include any increased period required due to the enforcement of any ordinance or law that:

(1) Regulates the construction, use or repair, or requires the tearing down of any property; or

(2) Requires any insured or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of "pollutants".

The expiration date of this policy will not cut short the "period of restoration".

5. "Perishable stock" means personal property which is maintained under controlled conditions for its preservation and which is susceptible to loss or damage if the controlled conditions change.

6. "Pollutants" means any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste. Waste includes materials to be recycled, reconditioned or reclaimed.

7. "Suspension" means the slowdown or cessation of your business activities.

Safeco Optimum Property ™ for Manufacturers
BUSINESS INCOME (AND EXTRA EXPENSE) ACTUAL LOSS SUSTAINED COVERAGE FORM

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

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

Other words and phrases that appear in quotation marks have special meaning. Refer to Section **D.** Definitions.

A. Coverage

1. Business Income

Business Income means the:

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

b. Continuing normal operating expenses incurred, including payroll.

For manufacturing risks, Net Income includes the net sales value of production.

Coverage is provided as described and limited below for one or more of the following options for which a Limit of Insurance is shown in the Declarations:

(1) Business Income Including "Rental Value".

(2) Business Income Other Than "Rental Value".

(3) "Rental Value".

If option **(1)** above is selected, the term Business Income will include "Rental Value". If option **(3)** above is selected, the term Business Income will mean "Rental Value" only.

If Limits of Insurance are shown under more than one of the above options, the provisions of this Coverage Part apply separately to each.

We will only pay for loss of Business Income that you sustain during the "period of restoration" and that occurs within 12 consecutive months after the date of direct physical loss or damage. With respect to loss of or damage to personal property in the open or personal property in a vehicle, the described premises include the area within 1,000 feet of the site at which the described premises are located.

With respect to the requirements set forth in the preceding paragraph, if you occupy only part of the site at which the described premises are located, your premises means:

a. The portion of the building which you rent, lease or occupy; and

b. Any area within the building or on the site at which the described premises are located, if that area services, or is used to gain access to, the described premises.

If you are operating at a Net Loss, continuing normal operating expenses will be offset by the net loss.

2. Extra Expense

a. Extra Expense coverage is provided at the premises described in the Declarations.

b. Extra Expense means necessary expenses you incur during the "period of restoration" that you would not have incurred if there had been no direct physical loss or damage to property caused by or resulting from a Covered Cause of Loss.

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We will pay Extra Expense (other than the expense to repair or replace property) to:

(1) Avoid or minimize the "suspension" of business and to continue "operations" at the described premises or at replacement premises or temporary locations, including relocation expenses and costs to equip and operate the replacement location or temporary location.

(2) Minimize the "suspension" of business if you cannot continue "operations".

We will also pay Extra Expense to repair or replace property, but only to the extent it reduces the amount of loss that otherwise would have been payable under this Coverage Form.

We will only pay Extra Expense you incur during the "period of restoration" and that occurs within 12 consecutive months after the date of direct physical loss or damage.

3. Covered Causes Of Loss, Exclusions And Limitations

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

4. Additional Limitation — Interruption Of Computer Operations

a. Coverage for Business Income does not apply when a "suspension" of "operations" is caused by destruction or corruption of "electronic data", or any loss or damage to "electronic data", except as provided under the Coverage Extension for Electronic Data Processing found in the Building And Personal Property Coverage Form.

b. Coverage for Extra Expense does not apply when action is taken to avoid or minimize a "suspension" of "operations" caused by destruction or corruption of "electronic data", or any loss or damage to "electronic data", except as provided under the Coverage Extension for Electronic Data Processing found in the Building And Personal Property Coverage Form.

5. Additional Coverages

a. Civil Authority

In this Additional Coverage — Civil Authority, the described premises are premises to which this Coverage Form applies, as shown in the Declarations.

When a Covered Cause of Loss causes damage to property other than property at the described premises, we will pay for the actual loss of Business Income you sustain and necessary Extra Expense caused by action of civil authority that prohibits access to the described premises, provided that both of the following apply:

(1) Access to the area immediately surrounding the damaged property is prohibited by civil authority as a result of the damage, and the described premises are within that area but are not more than one mile from the damaged property; and

(2) The action of civil authority is taken in response to dangerous physical conditions resulting from the damage or continuation of the Covered Cause of Loss that caused the damage, or the action is taken to enable a civil authority to have unimpeded access to the damaged property.

Civil Authority coverage for Business Income will begin 72 hours after the time of the first action of civil authority that prohibits access to the described premises and will apply for a period of up to thirty consecutive days from the date on which such coverage began.

Civil Authority coverage for Extra Expense will begin immediately after the time of the first action of civil authority that prohibits access to the described premises and will end:

(1) 30 consecutive days after the date of that action; or

(2) When your Civil Authority coverage for Business Income ends;

whichever is later.

b. Alterations And New Buildings

We will pay for the actual loss of Business Income you sustain and necessary Extra Expense you incur due to direct physical loss or damage at the described premises caused by or resulting from any Covered Cause of Loss to:

(1) New buildings or structures, whether complete or under construction;

(2) Alterations or additions to existing buildings or structures; and

(3) Machinery, equipment, supplies or building materials located on or within 1,000 feet of the described premises and:

(a) Used in the construction, alterations or additions; or

(b) Incidental to the occupancy of new buildings.

If such direct physical loss or damage delays the start of "operations", the "period of restoration" for Business Income Coverage will begin on the date "operations" would have begun if the direct physical loss or damage had not occurred.

This Additional Coverage applies to losses that you incur during the "period of restoration" and that occur within 12 consecutive months after the date of direct physical loss or damage.

c. Extended Business Income

(1) Business Income Other Than "Rental Value"

If the necessary "suspension" of your "operations" produces a Business Income loss payable under this policy, we will pay for the actual loss of Business Income you incur during the period that:

(a) Begins on the date property (except "finished stock") is actually repaired, rebuilt or replaced and "operations" are resumed; and

(b) Ends on the earlier of:

(i) The date you could restore your "operations", with reasonable speed, to the level which would generate the business income amount that would have existed if no direct physical loss or damage had occurred; or

(ii) 180 consecutive days after the date determined in **(1)(a)** above, unless "180" is replaced in the Declarations by a different number of days.

However, Extended Business Income does not apply to loss of Business Income incurred as a result of unfavorable business conditions caused by the impact of the Covered Cause of Loss in the area where the described premises are located.

Loss of Business Income must be caused by direct physical loss or damage at the described premises caused by or resulting from any Covered Cause of Loss.

(2) "Rental Value"

If the necessary "suspension" of your "operations" produces a "Rental Value" loss payable under this policy, we will pay for the actual loss of "Rental Value" you incur during the period that:

(a) Begins on the date property is actually repaired, rebuilt or replaced and tenantability is restored; and

(b) Ends on the earlier of:

(i) The date you could restore tenant occupancy, with reasonable speed, to the level which would generate the "Rental Value" that would have existed if no direct physical loss or damage had occurred; or

(ii) 180 consecutive days after the date determined in **(2)(a)** above, unless "180" is replaced in the Declarations by a different number of days.

However, Extended Business Income does not apply to loss of "Rental Value" incurred as a result of unfavorable business conditions caused by the impact of the Covered Cause of Loss in the area where the described premises are located.

Loss of "Rental Value" must be caused by direct physical loss or damage at the described premises caused by or resulting from any Covered Cause of Loss.

d. Dependent Properties — Time Element

(1) Your coverage for Business Income and Extra Expense, as provided and limited in this form, is extended to apply to the actual loss of Business Income you sustain, and the actual and necessary Extra Expense you incur, due to direct physical loss of or damage to "dependent property" caused by or resulting from a Covered Cause of Loss.

However this Additional Coverage does not apply when the only loss to "dependent property" is loss or damage to "electronic data", including destruction or corruption of "electronic data". If the dependent property sustains loss or damage to "electronic data" and other property, coverage under this Additional Coverage will not continue once the other property is repaired, rebuilt or replaced.

(2) Under the Loss Determination Condition below, the following is added to the Resumption Of Operations provision:

We will reduce the amount of your Business Income loss, other than Extra Expense, to the extent you can resume "operations", in whole or in part, by using any other available source of materials or outlet for your products.

(3) The most we will pay under this Additional Coverage is $50,000 in any one occurrence regardless of the number of dependent properties.

(4) The provisions of this Additional Coverage are superseded by CP 15 08 Business Income From Dependent Properties — Broad Form, or CP 15 09 Business Income From Dependent Properties — Limited Form, if attached to and made a part of this policy.

e. Ordinance Or Law — Increased Period Of Restoration

(1) If a Covered Cause of Loss occurs to property at the premises described in the Declarations, coverage is extended to include the amount of actual and necessary loss you sustain during the increased period of "suspension" of "operations" caused by or resulting from the enforcement of any ordinance or law that:

(a) Regulates the construction or repair of any property;

(b) Requires the tearing down of parts of any property not damaged by a Covered Cause of Loss; and

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

However, coverage is not extended under this Additional Coverage to include loss caused by or resulting from the enforcement of any ordinance or law which requires any insured or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of "pollutants".

We will only pay for loss under this Additional Coverage that occurs within 12 consecutive months after the date of direct physical loss or damage.

f. Transit — Business Income

(1) This insurance is extended to apply to the actual loss of Business Income you sustain caused by direct physical loss or damage by a Covered Cause of Loss to Covered Property while in or on a vehicle or in transit more than 1,000 feet from a covered premises while:

(a) In or on a vehicle you own, rent or lease;

(b) In the custody of a public or contract trucker;

(c) In the custody of an air or rail carrier; or

(d) While waterborne on inland waterways. However, there is no coverage under this Additional Coverage for any imported or exported property that is covered under any ocean marine cargo policy that anyone has obtained.

(2) There is no coverage under this Additional Coverage resulting from loss or damage to:

(a) "Fine arts", "antiques", fur garments, jewelry, precious or semiprecious stones, gold, silver, platinum, or other precious metals or alloys; or

(b) Mail shipments in the custody of the U.S. Postal Service.

(3) This Additional Coverage will continue to apply to such property in the due course of transit, after the expiration or cancellation of this policy, until arrival at and accepted by an authorized representative at the invoiced destination, but for no longer than 30 days after the date of the shipment origination, but this will not cut short the "period of restoration".

(4) You must retain accurate records of all shipments of Covered Property for one year.

(5) The most we will pay under this Additional Coverage is $50,000 in any one occurrence.

6. Coverage Extensions

a. Newly Acquired Locations

(1) You may extend your Business Income and Extra Expense Coverages to apply to property at any premises you acquire other than fairs or exhibitions.

(2) The most we will pay under this Extension, for the sum of Business Income loss and Extra Expense incurred, is $250,000 at each premises.

(3) Insurance under this Extension for each newly acquired premises will end when any of the following first occurs:

(a) This policy expires;

(b) 180 days expire after you acquire or begin to construct the property; or

(c) You report values to us.

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

b. Spoilage Due To Power Outage, Mechanical Breakdown, Or Contamination — Time Element

(1) You may extend your Business Income and Extra Expense Coverages to apply to loss caused by spoilage of "perishable stock" caused by:

(a) Breakdown or Contamination, meaning:

(i) Change in temperature or humidity caused by mechanical breakdown or mechanical failure of refrigerating, cooling, or humidity control equipment; and

(ii) Contamination by the refrigerant.

(b) Power Outage, meaning change in temperature or humidity caused by complete or partial interruption of electrical power due to conditions beyond your control.

(2) This coverage does not apply to loss to stock which is outside of a building or in or on a vehicle unless the stock is being moved to prevent or reduce loss covered by this policy.

(3) Only the following Exclusions contained in Paragraph **B.1.** of the Causes Of Loss — Special Form apply to this Coverage Extension:

(a) **B.1.b.** Earth Movement;

(b) **B.1.c.** Governmental Action;

(c) **B.1.d.** Nuclear Hazard;

(d) **B.1.f.** War And Military Action; and

(e) **B.1.g.** Water.

(4) The following Exclusions are added:

We will not pay for loss or damage caused by:

(a) The disconnecting of any refrigerating, cooling or humidity control system from the source of power.

(b) Shutting off electrical power by turning off the switch that controls the flow of electricity.

(c) The inability of an Electrical Utility Company or other power source to provide sufficient power due to:

(i) Lack of fuel; or

(ii) Governmental order.

(d) A power source at the described premises not having enough power to meet demand due to lack of generating capacity.

(5) For the purposes of this Coverage Extension, the "period of restoration" begins 24 hours after the time of direct physical loss for Business Income coverage, or immediately after the time of direct physical loss or damage for Extra Expense coverage.

(6) The most we will pay under this Coverage Extension is $50,000 per occurrence.

c. Utility Service — Time Element

(1) You may extend your Business Income and Extra Expense Coverages to apply to loss caused by the interruption of service to the described premises or Newly Acquired Locations. The interruption must result from direct physical loss or damage by a Covered Cause of Loss to the property described in Paragraph **(2).**

(2) Utility Services

(a) Water Supply Services, meaning pumping stations and water mains supplying water to your premises.

(b) Communication Supply Services, meaning property supplying communication services, including telephone, radio, microwave or television services, to your premises, such as:

(i) Communication transmission lines, including optic fiber transmission lines;

(ii) Coaxial cables; and

(iii) Microwave radio relays except satellites.

(c) Power Supply Services, meaning the following types of property supplying electricity, steam or gas to your premises:

(i) Utility generating plants;

(ii) Switching stations;

(iii) Substations;

(iv) Transformers; and

(v) Transmission lines.

(3) For the purposes of this Coverage Extension, the "period of restoration" begins 24 hours after the time of direct physical loss for Business Income coverage, or immediately after the time of direct physical loss or damage for Extra Expense coverage.

(4) This Coverage Extension does not apply to loss caused by spoilage of "perishable stock" caused by interruption of Utility Services.

(5) The most we will pay under this Coverage Extension is $50,000 per occurrence.

(6) The provisions of this Coverage Extension are superseded by CP 15 45 Utility Services — Time Element, if attached to and made a part of this policy.

B. Deductible

1. We will not pay for loss in any one occurrence until the amount of loss exceeds the Deductible shown in the Declarations. We will then pay the amount of covered loss in excess of the Deductible.

2. When the same occurrence involves loss to insurance under this coverage form and loss under the Building And Personal Property Coverage Form, only one deductible will be applied to the occurrence.

3. Windstorm, Hail or Hurricane percentage deductibles do not apply to Business Income coverage or Extra Expense coverage.

C. Loss Conditions

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

1. Appraisal

If we and you disagree on the amount of Net Income and operating expense or the amount of loss, either may make written

demand for an appraisal of the loss. In this event, each party will select a competent and impartial appraiser.

The two appraisers will select an umpire. If they cannot agree, either may request that selection be made by a judge of a court having jurisdiction. The appraisers will state separately the amount of Net Income and operating expense or amount of loss. If they fail to agree, they will submit their differences to the umpire. A decision agreed to by any two will be binding. Each party will:

a. Pay its chosen appraiser; and

b. Bear the other expenses of the appraisal and umpire equally.

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

2. Duties In The Event Of Loss

a. You must see that the following are done in the event of loss:

(1) Notify the police if a law may have been broken.

(2) Give us prompt notice of the direct physical loss or damage. Include a description of the property involved.

(3) As soon as possible, give us a description of how, when, and where the direct physical loss or damage occurred.

(4) Take all reasonable steps to protect the Covered Property from further damage, and keep a record of your expenses necessary to protect the Covered Property, for consideration in the settlement of the claim. However, we will not pay for any subsequent loss or damage resulting from a cause of loss that is not a Covered Cause of Loss. Also, if feasible, set the damaged property aside and in the best possible order for examination.

(5) As often as may be reasonably required, permit us to inspect the property proving the loss or damage and examine your books and records.

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

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

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

(8) If you intend to continue your business, you must resume all or part of your "operations" as quickly as possible.

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

3. Loss Determination

a. The amount of Business Income loss will be determined based on:

(1) The Net Income of the business before the direct physical loss or damage occurred;

(2) The likely Net Income of the business if no physical loss or damage had occurred, but not including any Net Income that would likely have been earned as a result of an increase in the volume of business due to favorable business conditions caused by the impact of the Covered Cause of Loss on customers or on other businesses;

(3) The operating expenses, including payroll expenses, necessary to resume "operations" with the same quality of service that existed just before the direct physical loss or damage; and

(4) Other relevant sources of information, including:

(a) Your financial records and accounting procedures;

(b) Bills, invoices and other vouchers; and

(c) Deeds, liens or contracts.

b. The amount of Extra Expense will be determined based on:

(1) All expenses that exceed the normal operating expenses that would have been incurred by "operations" during the "period of restoration" if no direct physical loss or damage had

occurred. We will deduct from the total of such expenses:

(a) The salvage value that remains of any property bought for temporary use during the "period of restoration", once "operations" are resumed; and

(b) Any Extra Expense that is paid for by other insurance, except for insurance that is written subject to the same plan, terms, conditions and provisions as this insurance; and

(2) Necessary expenses that reduce the Business Income loss that otherwise would have been incurred.

c. Resumption Of Operations

We will reduce the amount of your:

(1) Business Income loss, other than Extra Expense, to the extent you can resume your "operations", in whole or in part, by using damaged or undamaged property (including merchandise or stock) at the described premises or elsewhere.

(2) Extra Expense loss to the extent you can return "operations" to normal and discontinue such Extra Expense.

d. If you do not resume "operations", or do not resume "operations" as quickly as possible, we will pay based on the length of time it would have taken to resume "operations" as quickly as possible.

4. Loss Payment

We will pay for covered loss within 30 days after we receive the sworn proof of loss, if you have complied with all of the terms of this Coverage Part and:

a. We have reached agreement with you on the amount of loss; or

b. An appraisal award has been made.

D. Definitions

1. "Antique" means an object having value because its:

a. craftsmanship is in the style or fashion of former times; and

b. age is 100 years old or older.

2. "Dependent property" means property operated by others whom you depend on to:

a. Deliver materials or services to you, or to others for your account. With respect to Contributing Locations, services does not mean water, communication or power supply services;

b. Accept your products or services;

c. Manufacture products for delivery to your customers under contract of sale; or

d. Attract customers to your business.

"Dependent property" does not include roads, bridges, tunnels, waterways, airfields, pipelines or any other similar areas or structures.

3. "Electronic data" means information, facts or computer programs stored as or on, created or used on, or transmitted to or from computer software (including systems and applications software), on hard or floppy disks, CD-ROMs, tapes, drives, cells, data processing devices or any other repositories of computer software which are used with electronically controlled equipment. The term computer programs, referred to in the foregoing description of "electronic data", means a set of related electronic instructions which direct the operations and functions of a computer or device connected to it, which enable the computer or device to receive, process, store, retrieve or send data.

4. "Fine arts" means paintings, etchings, pictures; tapestries; rare or art glass; art glass windows; valuable rugs; statuary; sculptures; "antique" furniture; bric-a-brac; porcelains; and similar property of rarity, historical value or artistic merit.

5. "Finished stock" means stock you have manufactured.

"Finished stock" also includes whiskey and alcoholic products being aged.

"Finished stock" does not include stock you have manufactured that is held for sale on the premises of any retail outlet insured under this Coverage Part.

6. "Operations" means:

a. Your business activities occurring at the described premises; and

b. The tenantability of the described premises, if coverage for Business Income

Including "Rental Value" or "Rental Value" applies.

7. "Period of restoration" means the period of time that:

a. Begins:

(1) 72 hours after the time of direct physical loss or damage for Business Income coverage; or

(2) Immediately after the time of direct physical loss or damage for Extra Expense coverage;

caused by or resulting from any Covered Cause of Loss at the described premises; and

b. Ends on the earlier of:

(1) The date when the property at the described premises should be repaired, rebuilt or replaced with reasonable speed and similar quality; or

(2) The date when business is resumed at a new permanent location.

"Period of restoration" does not include any increased period required due to the enforcement of any ordinance or law that

(1) Regulates the construction, use or repair, or requires the tearing down of any property; or

(2) Requires any insured or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of "pollutants".

The expiration date of this policy will not cut short the "period of restoration".

8. "Perishable stock" means personal property which is maintained under controlled conditions for its preservation and which is susceptible to loss or damage if the controlled conditions change.

9. "Pollutants" means any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste. Waste includes materials to be recycled, reconditioned or reclaimed.

10. "Rental Value" means Business Income that consists of:

a. Net Income (Net Profit or Loss before income taxes) that would have been earned or incurred as rental income from tenant occupancy of the premises described in the Declarations as furnished and equipped by you, including fair rental value of any portion of the described premises which is occupied by you; and

b. Continuing normal operating expenses incurred in connection with that premises, including:

(1) Payroll; and

(2) The amount of charges which are the legal obligation of the tenant(s) but would otherwise be your obligations.

11. "Suspension" means:

a. The slowdown or cessation of your business activities; or

b. That a part or all of the described premises is rendered untenantable, if coverage for Business Income Including "Rental Value" or "Rental Value" applies.

Safeco Optimum Property ™ for Restaurants
BUILDING AND PERSONAL PROPERTY COVERAGE FORM

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

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

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

A. Coverage

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

1. Covered Property

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

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

(1) Foundations of buildings, structures, machinery or boilers;

(2) Underground pipes, flues or drains;

(3) Completed additions;

(4) Fixtures, including outdoor fixtures such as light poles;

(5) Permanently installed:

(a) Machinery and

(b) Equipment;

(6) Fences and signs, whether attached to the building or not;

(7) Antennas (including satellite dishes) and their lead-in wiring, masts or towers;

(8) Personal property owned by you that is used to maintain or service the building or structure or its premises, including:

(a) Fire-extinguishing equipment;

(b) Outdoor furniture;

(c) Floor coverings; and

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

(9) If not covered by other insurance:

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

(b) Materials, equipment, supplies and temporary structures, on or within 1,000 feet of the described premises, used for making additions, alterations or repairs to the building or structure.

b. Business Personal Property located in or on the building described in the Declarations or in the open (or in a vehicle) within 1,000 feet of the described premises.

Business Personal Property means:

(1) Your Business Personal Property owned by your business; and includes:

(a) Furniture and fixtures;

(b) Machinery and equipment;

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(c) "Stock";

(d) Patterns, dies, molds and forms;

(e) All other personal property owned by you and used in your business;

(f) Labor, materials or services furnished or arranged by you on personal property of others;

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

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

(ii) You acquired or made at your expense but cannot legally remove.

(2) Tools and equipment owned by your employees that are used in your business operations.

(3) Personal property owned by others that is in your care, custody or control (including leased property as provided in written lease agreements); and includes:

(a) Leased personal property which you have a contractual responsibility to insure;

(b) Building plate glass that you have a contractual responsibility to insure as a building tenant;

(c) All other personal property of others.

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

2. Property Not Covered

Covered Property does not include:

a. Accounts, bills, currency, food stamps or other evidences of debt, "money", notes or "securities", except as provided under the Additional Coverage for Money and Securities. Lottery tickets held for sale are not "securities";

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

c. Automobiles held for sale;

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

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

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

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

h. Personal effects owned by you, your officers, your partners or members, your managers or your employees, except as provided by the Coverage Extension for Personal Effects;

i. Personal property while airborne or waterborne, except as provided under the Coverage Extension for Property In Transit;

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

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

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

m. "Electronic data", except as provided by the Coverage Extension for Electronic Data Processing. This Paragraph, **m.** does not apply to your "stock" of prepackaged software;

n. The cost to replace or restore the information on "valuable papers and records", including those which exist as "electronic data", except as provided by the Coverage Extension for Valuable Papers And Records;

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

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

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

This paragraph does not apply to:

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

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

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

(d) Trailers, but only to the extent provided for in the Coverage Extension for Non-owned Detached Trailers;

p. The following property while outside of buildings:

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

(2) Trees, shrubs, plants, sod or lawns (other than "stock" of trees, shrubs, plants or sod), except as provided in the Coverage Extension for Outdoor Trees, Shrubs, Plants, Sod and Lawns.

3. Covered Causes Of Loss

See applicable Causes Of Loss Form(s) as shown in the Declarations.

4. Additional Coverages

a. Arson, Vandalism or Theft Reward

We will pay a reward for information which leads to an arson, vandalism or "theft" conviction involving a covered loss at a premises described in the Declarations.

The most we will pay for this Additional Coverage is $50,000 or 25% of the amount that we pay for direct physical loss or damage to the Covered Property that has sustained loss or damage by arson, vandalism or "theft", whichever is less. This limit applies per occurrence regardless of the number of persons providing this information. No deductible applies to this Additional Coverage.

Payments under this Additional Coverage are separate from the Limit(s) of Insurance shown in the Declarations for any other coverage.

b. Computer Fraud

(1) We will pay for loss or damage to "money", "securities" and "other property" resulting directly from the use of any computer to fraudulently cause a transfer of that property from inside the "premises" or "banking premises":

(a) To a person (other than a "messenger") outside those "premises"; or

(b) To a place outside those "premises".

(2) This Additional Coverage does not cover:

(a) Loss resulting from any dishonest or criminal act committed by you, your partners, your "members", your "employees", "managers", directors, trustees or authorized representatives:

(i) Whether acting alone or in collusion with other persons; or

(ii) While performing services for you or otherwise.

(b) Loss, or that part of any loss, the proof of which as to its existence or amount is dependent upon an inventory computation or a profit and loss computation.

(c) Loss resulting from:

(i) The unauthorized disclosure of your confidential information including, but not limited to, patents, trade secrets, processing methods or customer lists; or

(ii) The unauthorized use or disclosure of confidential information of another person or entity which is held by you including, but not limited to, financial information, personal information, credit card information or similar non-public information.

(3) If you have reason to believe that any loss involves a violation of law, you must notify the local law enforcement authorities.

(4) Under this Additional Coverage, "occurrence" means:

(a) An individual act or event;

(b) The combined total of all separate acts or events whether or not related; or

(c) A series of acts or events whether or not related;

committed by a person acting alone or in collusion with other persons, or not committed by any person, during the policy period shown in the Declarations.

(5) Unless a higher limit is shown in the Declarations, the most we will pay for all loss under this Additional Coverage is $50,000 in any one "occurrence", regardless of the number of persons involved in committing the fraud.

Unless a higher limit is shown in the Declarations, the most we will pay in any one policy period regardless of the number of "occurrences" or persons involved in committing the fraud is $100,000. With respect to an occurrence which begins in one policy year and continues or results in additional loss or damage in a subsequent policy year(s), all loss or damage is deemed to be sustained in the policy year in which the occurrence began.

No deductible applies to this Additional Coverage.

Payments under this Additional Coverage are separate from the Limit(s) of Insurance shown in the Declarations for any other coverage.

(6) If Computer Fraud coverage is provided under the Crime Coverage Part of this policy, that coverage replaces the Computer Fraud coverage provided by this Additional Coverage. The provisions of this Additional Coverage would no longer apply.

c. Contract Penalty

(1) We will pay for penalties contained within a written contract purchase or sales agreement with a customer or vendor that you are required to pay because you are unable to complete a project, fill an order, or complete a purchase in accordance with contract terms or conditions. Your inability to complete a project, fill an order, or complete a purchase on time must be a direct result of physical loss of or damage to covered property caused by a Covered Cause of Loss at a covered premises in the policy period.

(2) The most we will pay for this Additional Coverage is $50,000 in any one policy period regardless of the number of contracts or penalties.

Payments under this Additional Coverage are separate from the Limit(s) of Insurance shown in the Declarations for any other coverage.

d. Debris Removal

(1) Subject to Paragraphs **(3)** and **(4),** we will pay your expense to remove debris of Covered Property caused by or resulting from a Covered Cause of Loss that occurs during the policy period. The expenses will be paid only if they are reported to us in writing within 180 days of the date of direct physical loss or damage.

(2) Debris Removal does not apply to costs to:

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

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

(c) Remove debris of outdoor trees, shrubs, plants, sod or lawns except to remove such debris from covered buildings or personal property, or as is provided under the Coverage Extension for Outdoor Trees, Shrubs, Plants, Sod And Lawns.

(3) Subject to the exceptions in Paragraph **(4),** the following provisions apply:

(a) The most we will pay for the total of direct physical loss or damage plus debris removal expense is the Limit of Insurance applicable to the Covered Property that has sustained loss or damage.

(b) Subject to **(a)** above, the amount we will pay for debris removal expense is limited to 25% of the sum of the deductible plus the amount that we pay for direct physical loss or damage to the Covered

Property that has sustained loss or damage.

(4) We will pay up to an additional $50,000 for debris removal expense, for each premises described in the Declarations, in any one occurrence of physical loss or damage to Covered Property, if one or both of the following circumstances apply:

(a) The total of the actual debris removal expense plus the amount we pay for direct physical loss or damage exceeds the Limit of Insurance on the Covered Property that has sustained loss or damage.

(b) The actual debris removal expense exceeds 25% of the sum of the deductible plus the amount that we pay for direct physical loss or damage to the Covered Property that has sustained loss or damage.

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

(5) Examples

EXAMPLE #1

Limit of Insurance	$ 90,000
Amount of Deductible	$ 1,000
Amount of Loss	$ 50,000
Amount of Loss Payable	$ 49,000
($50,000	- $1,000)
Debris Removal Expense	$ 10,000
Debris Removal Expense Payable	$ 10,000
($10,000 is 20% of $50,000)	

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

EXAMPLE #2

Limit of Insurance	$ 90,000
Amount of Deductible	$ 1,000
Amount of Loss	$ 80,000
Amount of Loss Payable	$ 79,000
($80,000	- $1,000)
Debris Removal Expense	$ 64,000
Debris Removal Expense Payable	
Basic Amount	$ 11,000
Additional Amount	$ 50,000

The basic amount payable for debris removal expense under the terms of Paragraph **(3)** is calculated as follows: $80,000 ($79,000 + $1,000) x .25 = $20,000; capped at $11,000. The cap applies because the sum of the loss payable ($79,000) and the basic amount payable for debris removal expense ($11,000) cannot exceed the Limit of Insurance ($90,000).

The additional amount payable for debris removal expense is provided in accordance with the terms of Paragraph **(4),** because the debris removal expense ($64,000) exceeds 25% of the loss payable plus the deductible ($64,000 is 80% of $80,000), and because the sum of the loss payable and debris removal expense ($79,000 + $64,000 = $143,000) would exceed the Limit of Insurance ($90,000). The additional amount of covered debris removal expense is $50,000, the maximum payable under Paragraph **(4).** Thus the total payable for debris removal expense in this example is $61,000; $3,000 of the debris removal expense is not covered.

e. Employee Theft (Including Customer's Property)

(1) We will pay for direct loss of or damage to "money", "securities" and "other property" resulting directly from "theft" committed by an "employee", whether identified or not, acting alone or in collusion with other persons.

For the purposes of this Paragraph **(1),** "theft" shall also include "forgery".

(2) We will pay for direct loss of or damage to "money", "securities" and "other property", not covered under Paragraph **(1)** above,

sustained by your customer resulting directly from "theft" committed by an identified "employee", acting alone or in collusion with other persons.

Coverage applies only while the property is in a building at a premises described in the Declarations.

For the purposes of this Paragraph **(2),** the definition of "theft" is replaced by the following:

"Theft" means the unlawful taking of property to the deprivation of your customer.

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

(a) Resulting from "theft" or any other dishonest act that you or any of your partners or "members" commit whether acting alone or in collusion with other persons.

(b) Resulting from:

(i) The unauthorized disclosure of your confidential information including, but not limited to, patents, trade secrets, processing methods or customer lists; or

(ii) The unauthorized use or disclosure of confidential information of another person or entity which is held by you including, but not limited to, financial information, personal information, credit card information or similar non-public information.

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

(i) An inventory computation; or

(ii) A profit and loss computation.

(4) Under this Additional Coverage, "occurrence" means:

(a) An individual act;

(b) The combined total of all separate acts whether or not related; or

(c) A series of acts whether or not related;

committed by an "employee" acting alone or in collusion with other persons, during the Policy Period shown in the Declarations.

(5) The property covered under Paragraph **(1)** of this Additional Coverage is limited to property:

(a) That you own or lease; or

(b) That you hold for others whether or not you are legally liable for the loss of such property.

However, this Additional Coverage is for your benefit only. It provides no rights or benefits to any other person or organization. Any claim for loss that is covered under this policy must be presented by you.

(6) The property covered under Paragraph **(2)** of this Additional Coverage is limited to property:

(a) That your customer owns or leases; or

(b) That your customer holds for others.

Any claim for loss that is covered under this coverage must be presented by you.

(7) All loss or damage:

(a) Caused by one or more persons; or

(b) Involving a single act or series of acts;

is considered one occurrence.

(8) If any loss is covered:

(a) Partly by this insurance; and

(b) Partly by any prior canceled or terminated insurance that we or any affiliate had issued to you or any predecessor in interest;

the most we will pay is the larger of the amount recoverable under this insurance or the prior insurance.

We will pay only for loss or damage you sustain through acts committed or events occurring during the policy period. Regardless of the number of years this policy remains in force or the number of premiums paid, no Limit of Insurance cumulates from year to year or period to period.

(9) This Additional Coverage is canceled as to any "employee" immediately upon discovery by:

(a) You; or

(b) Any of your partners, "members", "managers", officers or directors not in collusion with the "employee";

of any dishonest act committed by that "employee" before or after being hired by you.

(10) We will pay only for covered loss or damage sustained during the policy period and discovered no later than one year from the end of the policy period.

(11) If you (or any predecessor in interest) sustained loss or damage during the policy period of any prior insurance that you could have recovered under that insurance except that the time within which to discover loss or damage had expired, we will pay for it under this Additional Coverage, provided:

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

(b) The loss or damage would have been covered by this Additional Coverage had it been in effect when the acts or events causing the loss or damage were committed or occurred.

(12) The insurance under Paragraph **(11)** above is part of, not in addition to, the Limit of Insurance applying to this Additional Coverage and is limited to the lesser of the amount recoverable under:

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

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

(13) Employee Benefit Plans

(a) "Employee benefit plans" (hereafter referred to as Plan) owned, controlled or operated by you and which you provide solely for the benefit of your "employees" are included as Insureds under this Additional Coverage.

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

(c) With respect to loss sustained by any such Plan, this Additional Coverage is replaced by the following:

We will pay for loss of or damage to "funds", and "other property" resulting directly from fraudulent or dishonest acts committed by an "employee", whether identified or not, acting alone or in collusion with other persons.

(d) If the first Named Insured is an entity other than a Plan, any payment we make for loss sustained by any Plan will be made to the Plan sustaining the loss.

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

(i) Sustained by two or more Plans; or

(ii) Of commingled "funds" or "other property" of two or more Plans;

resulting directly from an occurrence will be made to each Plan sustaining loss in the proportion that the Limit of Insurance required for each Plan bears to the total Limit of Insurance of all Plans sustaining loss.

(f) The insurance under this Paragraph **(13)** is part of, not in addition to, the Limit of Insurance applying to this Employee Theft Additional Coverage.

(14) The most we will pay for loss or damage in any one "occurrence" is $50,000, unless a higher limit is shown in the Declarations. If a higher limit is shown in the Declarations, it does not apply to the coverage provided under Paragraph **(2).** Coverage under Paragraph **(2)** shall

not exceed $50,000 in any one "occurrence".

No deductible applies to this Additional Coverage.

Payments under this Additional Coverage are separate from the Limit(s) of Insurance shown in the Declarations for any other coverage.

(15) If Employee Dishonesty or Employee Theft coverage is provided under the Crime Coverage Part of this policy, that coverage replaces the Employee Theft coverage provided by this Additional Coverage. The provisions of this Additional Coverage would no longer apply.

f. Extra Expense

(1) We will pay the actual and necessary Extra Expense you sustain due to direct physical loss or damage to property at the premises described in the Declarations, including personal property in the open (or in a vehicle) within 1,000 feet, caused by or resulting from any Covered Cause of Loss. If you are a tenant, your premises is the portion of the building which you rent, lease or occupy, including:

(a) All routes within the building to gain access to the described premises; and

(b) Your personal property in the open (or in a vehicle) within 1,000 feet.

(2) Extra Expense means necessary expenses you incur during the "period of restoration" that you would not have incurred if there had been no direct physical loss or damage to property:

(a) To avoid or minimize the suspension of business and to continue "operations":

(i) At the described premises; or

(ii) At replacement premises or temporary locations, including:

(aa) Relocation expenses; and

(bb) Costs to equip and operate the replacement or temporary locations;

(b) To minimize the suspension of business if you cannot continue "operations", or

(c) **(i)** To repair or replace any property; or

(ii) To research, replace or restore the lost information on damaged "valuable papers and records", to the extent it reduces the amount of loss that otherwise would have been payable under this Additional Coverage.

(3) The most we will pay for loss or damage under this Additional Coverage is $25,000. No deductible applies to this Additional Coverage.

Payments under this Additional Coverage are separate from the Limit(s) of Insurance shown in the Declarations for any other coverage.

(4) If two or more of this policy's coverages apply to the same loss, we will not pay more than the actual amount of loss.

(5) The provisions of this Additional Coverage are superseded if Extra Expense coverage is provided by another form attached to and made a part of this policy.

g. Fire Department Service Charge

When the fire department is called to save or protect Covered Property from a Covered Cause of Loss, we will pay up to $50,000, unless a higher limit is shown in the Declarations, for your liability for fire department service charges:

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

(2) Required by local ordinance.

No deductible applies to this Additional Coverage.

Payments under this Additional Coverage are separate from the Limit(s) of Insurance shown in the Declarations for any other coverage.

h. Fire Extinguisher Systems Recharge

(1) We will pay the actual cost of recharging or replacing, whichever is less, your:

(a) Portable fire extinguishers; or

(b) Automatic fire suppression or extinguishing systems

if they are discharged to fight a fire at the premises described in the Declarations or at immediately adjacent premises which expose your property to loss.

(2) We will not pay for:

(a) Halon, or any other fire extinguishing agent that is no longer in production; or

(b) any costs resulting from the enforcement of any ordinance or law that regulates the recharging, repair or replacement of fire suppression or extinguishing systems or the extinguishing agent.

(3) The most we will pay under this Additional Coverage in any one occurrence is $50,000. No deductible applies to this Additional Coverage.

Payments under this Additional Coverage are separate from the Limit(s) of Insurance shown in the Declarations for any other coverage.

i. Food Contamination Shutdown

(1) If the Board of Health or other governmental body orders a premises described in the Declarations closed because of the discovery of, or suspicion of, "food contamination", we will pay for the actual loss of "business income" you sustain due to the necessary suspension of your "operations". The suspension must be caused directly by an actual or alleged incidence of "food contamination" at a premises described in the Declarations and result from a closure declaration by the Board of Health or other governmental body.

(2) Under this Additional Coverage:

(a) "Business income" means the:

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

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

(b) "Communicable disease" means a bacterial micro-organism transmitted through human contact to food.

(c) "Food contamination" means the occurrence of food poisoning or suspected food poisoning of one or more of your patrons. The food contamination must be the result of tainted food purchased by you or a "communicable disease" transmitted by one or more of your employees.

(3) If there is other coverage under this policy which covers a loss under this Additional Coverage, the provisions of this coverage are superseded by such other insurance.

(4) Exclusions **B.1.c.** Government Action; **B.1.d.** Nuclear Hazard; **B.1.f.** War And Military Action; and **B.2.h.** Dishonesty apply to this Additional Coverage.

(5) The following additional Exclusions apply to this Food Contamination Shutdown Additional Coverage:

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

(a) Fines or penalties of any kind;

(b) Seizure or destruction of property by order of governmental authority; and

(c) Any increase of loss caused by or resulting from delay in resuming "operations" due to interference by strikers or other persons.

(6) This Food Contamination Shutdown coverage begins 24 hours after the closure of the business, or immediately after the closure for coverage for the extra costs described in **(8)** below.

(7) The most we will pay under this Additional Coverage is $50,000 per occurrence, regardless of the number of patrons involved. No deductible applies to this Additional Coverage.

Payments under this Additional Coverage are separate from the

Limit(s) of Insurance shown in the Declarations for any other coverage.

(8) We will also pay the following extra costs:

(a) Your cost to clean your equipment per local Board of Health or other governmental body requirements;

(b) Your cost to replace consumable goods declared contaminated by the local Board of Health or other governmental body;

(c) Necessary medical tests and vaccines for affected employees as required by the Board of Health or other governmental body. This coverage is excess to any other insurance;

(d) If not covered by other insurance, reimbursement you paid to infected patrons for doctors' care, hospitalization and necessary blood work; and

(e) Extra advertising cost to restore reputation.

The most we will pay for these extra costs per occurrence is $5,000. No deductible applies to this Additional Coverage.

Payments for these extra costs are in addition to the Limit of Insurance for the Food Contamination Shutdown Additional Coverage.

(9) The following Additional Conditions apply:

(a) Notify the Board of Health or other governmental agency that may have jurisdiction over the incident.

(b) Give us prompt notice of the closure declarations and the premises that may be involved in the loss.

(c) As soon as possible, give us a description of how, when and where the "food contamination" was first discovered.

j. Forgery Or Alteration

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

(a) Made or drawn by or drawn upon you; or

(b) Made or drawn by one acting as your agent;

or that are purported to have been so made or drawn.

(2) If you are sued for refusing to pay any instrument covered in Paragraph **i.(1)** on the basis that it has been forged or altered, and you have our written consent to defend against the suit, we will pay for any reasonable legal expenses that you incur and pay in that defense.

(3) For the purposes of this Additional Coverage, a substitute check as defined in the Check Clearing for the 21st Century Act shall be treated the same as the original it replaced.

(4) We will not pay for loss caused by or resulting from dishonest or criminal acts committed by any of your "employees", directors or trustees:

(a) Whether acting alone or in collusion with other persons; or

(b) While performing services for you or otherwise.

(5) Under this Additional Coverage, "occurrence" means:

(a) An individual act;

(b) The combined total of all separate acts whether or not related; or

(c) A series of acts whether or not related;

committed by a person acting alone or in collusion with other persons, or not committed by any person, during the Policy Period shown in the Declarations.

(6) The most we will pay for loss in any one "occurrence" is $25,000, unless a higher limit is shown in the Declarations. This Additional Coverage is subject to a separate deductible of $1,000 in any one "occurrence". No other deductible applies.

Payments under this Additional Coverage are separate from the

Limit(s) of Insurance shown in the Declarations for any other coverage.

(7) If Forgery Or Alteration coverage is provided under the Crime Coverage Part of this policy, that coverage replaces the Forgery Or Alteration coverage provided by this Additional Coverage. The provisions of this Additional Coverage would no longer apply.

k. Lock And Key Replacement

We will pay the cost for rekeying, repair or replacement, whichever is less, of exterior and interior door locks located at premises described in the Declarations if your door keys are stolen in a covered "theft" loss. For the purposes of this Additional Coverage, "theft" losses also include those acts of "theft" committed by "employees".

The most we will pay for loss in any one occurrence is $2,500. No deductible applies to this Additional Coverage.

Payments under this Additional Coverage are separate from the Limit(s) of Insurance shown in the Declarations for any other coverage.

l. Money And Securities

(1) We will pay for loss of your "money" and "securities" resulting directly from "theft", disappearance, or destruction:

(a) Inside the "premises" or "banking premises".

(b) Outside the "premises", which means outside the building you occupy in conducting your business:

(i) while in the care and custody of you, any of your partners or any "employees"; or

(ii) while in the care and custody of an armored motor vehicle company.

But we will pay only for the amount of loss that you cannot recover:

(aa) Under your contract with the armored vehicle company; and

(bb) From any insurance or indemnity carried by, or for the benefit of customers of, the armored motor vehicle company.

(2) Exclusions **B.1.c.,** Government Action; **B.1.d.,** Nuclear Hazard; **B.1.f.,** War And Military Action, and **B.2.k.** Pollution of the Causes Of Loss — Special Form apply to this Money And Securities coverage.

(3) The following additional Exclusions apply to this Money And Securities coverage:

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

(i) Any dishonest or criminal act committed by any of your "employees", directors or trustees or authorized representatives:

(aa) Acting alone or in collusion with other persons; or

(bb) While performing services for you or otherwise.

(ii) Loss that is an indirect result of any act or occurrence covered by this insurance, including, but not limited to, loss resulting from:

(aa) Your inability to realize income that you would have realized had there been no loss of, or loss from damage to, "money" or "securities";

(bb) Payment of damages of any type for which you are legally liable; or

(cc) Payment of costs, fees or other expenses you incur in establishing the existence or the amount of loss under this Additional Coverage;

(iii) Expenses related to any legal action;

(iv) Accounting or arithmetical errors or omissions;

(v) Giving or surrendering of property in any exchange or purchase;

(vi) Voluntary parting of title to or possession of property resulting from your, or anyone acting on your express or implied authority, being induced by any dishonest act to voluntarily part with title to or possession of any property; or

(vii) Loss of property contained in any money operated device unless the amount of "money" deposited in it is recorded by a continuous recording instrument in the device.

(4) The following Additional Conditions apply:

(a) If you have reason to believe that any loss involves a violation of law, you must notify the local law enforcement authorities.

(b) You must keep records of all "money" and "securities" so we can verify the amount of any loss or damage.

(5) Under this Additional Coverage, "occurrence" means:

(a) An individual act or event;

(b) The combined total of all separate acts or events whether or not related; or

(c) A series of acts or events whether or not related;

committed by a person acting alone or in collusion with other persons, or not committed by any person, during the Policy Period shown in the Declarations.

(6) (a) The most we will pay for loss in any one "occurrence" inside the "premises" or "banking premises" is $25,000, unless a higher limit is shown in the Declarations.

(b) The most we will pay for loss in any one "occurrence" outside the "premises" is $25,000, unless a higher limit is shown in the Declarations.

No deductible applies to this Additional Coverage.

Payments under this Additional Coverage are separate from the Limit(s) of Insurance shown in the Declarations for any other coverage.

(7) If Theft, Disappearance And Destruction coverage is provided under the Crime Coverage Part of this policy, that coverage replaces the Money And Securities coverage provided by this Additional Coverage. The provisions of this Additional Coverage would no longer apply.

m. Money Orders And Counterfeit Money

(1) We will pay for loss resulting directly from your having accepted in good faith, in exchange for merchandise, "money" or services:

(a) Money orders issued by any post office, express company or bank that are not paid upon presentation; or

(b) "Counterfeit money" that is acquired during the regular course of business.

(2) If you have reason to believe that any loss involves a violation of law, you must notify the local law enforcement authorities.

(3) Under this Additional Coverage

(a) "Counterfeit Money" means an imitation of "money" that is intended to deceive and to be taken as genuine.

(b) "Occurrence" means:

(i) An individual act or event;

(ii) The combined total of all separate acts or events whether or not related; or

(iii) A series of acts or events whether or not related;

committed by a person acting alone or in collusion with other persons, or not committed by any person, during the Policy Period shown in the Declarations.

(4) The most we will pay for all loss resulting directly from an "occurrence" is $5,000, unless a

higher limit is shown in the Declarations. This Additional Coverage is subject to a separate deductible of $250 in any one "occurrence". No other deductible applies.

Payments under this Additional Coverage are separate from the Limit(s) of Insurance shown in the Declarations for any other coverage.

(5) If either Money Orders And Counterfeit Paper Currency or Money Orders And Counterfeit Money coverage is provided under the Crime Coverage Part of this policy, that coverage replaces the Money Orders And Counterfeit Money coverage provided by this Additional Coverage. The provisions of this Additional Coverage would no longer apply.

n. Ordinance Or Law

(1) Application of Coverage(s)

The Coverage(s) provided by this Additional Coverage apply only if both **(1)(a)** and **(1)(b)** are satisfied and are then subject to the qualifications set forth in **(1)(c).**

(a) The ordinance or law:

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

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

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

(b) **(i)** The building sustains direct physical damage that is covered under this policy and such damage results in enforcement of the ordinance or law; or

(ii) The building sustains both direct physical damage that is covered under this policy and direct physical damage that is not covered under this policy, and the building damage in its entirety results in enforcement of the ordinance or law.

(iii) But if the building sustains direct physical damage that is not covered under this policy, and such damage is the subject of the ordinance or law, then there is no coverage under this Additional Coverage even if the building has also sustained covered direct physical damage.

(c) In the situation described in **(1)(b)(ii)** above, we will not pay the full amount of loss otherwise payable under the terms of Coverages **A, B,** and/or **C** of this Additional Coverage. Instead, we will pay a proportion of such loss; meaning the proportion that the covered direct physical damage bears to the total direct physical damage. (Section **(7)** of this Additional Coverage provides an example of this procedure.)

However, if the covered direct physical damage, alone, would have resulted in enforcement of the ordinance or law, then we will pay the full amount of loss otherwise payable under the terms of Coverages **A, B** and/or **C** of this Additional Coverage.

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

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

(b) The costs associated with the enforcement of any ordinance or law which requires any insured or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way

respond to, or assess the effects of "pollutants", "fungus", wet or dry rot, or bacteria.

(3) Coverage

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

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

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

(b) Coverage B — Demolition Cost Coverage

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

(c) Coverage C — Increased Cost Of Construction Coverage

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

(aa) Repair or reconstruct damaged portions of that building; and/or

(bb) Reconstruct or remodel undamaged portions of that building, whether or not demolition is required;

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

(ii) However:

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

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

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

(aa) The cost of excavations, grading, backfilling and filling; and

(bb) Pilings.

The items listed in **(iii)(aa)** and **(iii)(bb)** above are deleted from Property Not Covered, but only with respect to the coverage described in this Provision, **(c)(iii).**

(4) Loss Payment

(a) Both of the following loss payment Provisions, **(4)(b)** and **(4)(c),** are subject to the apportionment procedures set forth in Section **(1)(c)** of this Additional Coverage.

(b) When there is a loss in value of an undamaged portion of a building to which Coverage **A** applies, the loss payment for that building, including damaged

and undamaged portions, will be determined as follows:

(i) If Replacement Cost coverage applies and the property is being repaired or replaced, on the same or another premises, we will not pay more than the lesser of:

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

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

(ii) If Replacement Cost coverage applies and the property is not repaired or replaced, or if Replacement Cost coverage does not apply, we will not pay more than the lesser of:

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

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

(c) The most we will pay for the total of all covered losses for Coverage **B** — Demolition Cost and Coverage **C** — Increased Cost Of Construction combined is $200,000, unless a higher limit for Ordinance Or Law — Coverages **B** and **C** is shown in the Declarations.

Payments under Coverage **B** and/or **C** are separate from the Limit(s) of Insurance shown in the Declarations for any other coverage.

Subject to this combined Limit of Insurance, the following loss payment provisions apply:

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

(ii) With respect to the Increased Cost Of Construction:

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

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

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

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

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

(5) The terms of this Additional Coverage apply separately to each building.

(6) Under this Additional Coverage we will not pay for loss due to any ordinance or law that:

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

(b) You failed to comply with.

(7) Example of Proportionate Loss Payment for Ordinance Or Law coverage losses (procedure as set forth in Section **(1)(c)** of this Additional Coverage.)

Assume:

- Wind is a Covered Cause of Loss; Flood is an excluded Cause of Loss
- The building has a value of $200,000
- Total direct physical damage to building: $100,000
- The ordinance or law in this jurisdiction is enforced when building damage equals or exceeds 50% of the building's value
- Portion of direct physical damage that is covered (caused by wind): $30,000
- Portion of direct physical damage that is not covered (caused by flood): $70,000
- Loss under Ordinance Or Law Coverage **C** of this endorsement: $60,000

Step 1:

Determine the proportion that the covered direct physical damage bears to the total direct physical damage.

$30,000 ÷ $100,000 = .30

Step 2:

Apply that proportion to the Ordinance or Law loss.

$60,000 x .30 = $18,000

In this example, the most we will pay under this Additional Coverage for the Coverage **C** loss is $18,000, subject to all the provisions of this Additional Coverage.

Note: The same procedure applies to losses under Coverages **A** and **B** of this Additional Coverage.

o. Pollutant Clean-up and Removal

We will pay your expense to extract "pollutants" from land or water at the described premises if the discharge, dispersal, seepage, migration, release or escape of the "pollutants" is caused by or results from a Covered Cause of Loss that occurs during the policy period. The expenses will be paid only if they are reported to us in writing within 180 days of the date on which the Covered Cause of Loss occurs.

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

The most we will pay under this Additional Coverage for each described premises is $50,000 for the sum of all covered expenses arising out of Covered Causes of Loss occurring during each separate 12-month period of this policy.

Payments under this Additional Coverage are separate from the Limit(s) of Insurance shown in the Declarations for any other coverage.

p. Preservation Of Property

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

(1) While it is being moved or while temporarily stored at another location; and

(2) Only if the loss or damage occurs within 90 days after the property is first moved.

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

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

5. Coverage Extensions

Except as otherwise provided, the following Extensions apply to property located in or on the building described in the Declarations or in the open (or in a vehicle) within 1,000 feet of the described premises.

a. Accounts Receivable

(1) On Your Premises

(a) You may extend the insurance that applies to Business Personal Property to apply to Accounts Receivable, including those records that exist as electronic records.

(b) We will pay:

(i) All amounts due from your customers that you are unable to collect;

(ii) Interest charges on any loan required to offset amounts you are unable to collect pending our payment of these amounts;

(iii) Collection expenses in excess of your normal collection expenses that are made necessary by the loss or damage; and

(iv) Other reasonable expenses that you incur to reestablish your records of accounts receivable;

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

(c) The following Exclusions in the Causes Of Loss — Special Form do not apply to this Accounts Receivable coverage:

(i) **B.1.b.** Earth Movement; **B.1.e.** Utility Services; **B.1.g.** Water; and

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

(d) The following additional Exclusions apply to this Accounts Receivable coverage:

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

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

(bb) Bookkeeping, accounting or billing errors or omissions; or

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

But we will pay for direct loss or damage caused by lightning.

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

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

(e) **(i)** If you cannot accurately establish the amount of accounts receivable outstanding as of the time of loss or damage, the following method will be used:

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

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

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

(aa) The amount of the accounts for which there is no loss or damage;

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

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

(dd) All unearned interest and service charges.

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

(g) The most we will pay for under this Coverage Extension is $250,000 per premises, unless a higher limit is shown in the Declarations.

No deductible applies to this Coverage Extension.

(2) Away From Your Premises

(a) Subject to Paragraphs **(1)(b)** through **(1)(f),** you may extend the insurance that applies to Business Personal Property to apply to Accounts Receivable, including those records that exist as electronic records, while away from premises described in the Declarations.

(b) The most we will pay for this Away From Your Premises coverage is $25,000 per occurrence.

No deductible applies to this Coverage Extension.

(c) This coverage while away from described premises is not increased by the Flex Additional Coverage — Blanket Limit Of Insurance.

Payments under this Coverage Extension are separate from the Limit(s) of Insurance shown in the Declarations for any other coverage.

If Accounts Receivable coverage is provided for any premises under the Inland Marine Coverage Part of this policy, that coverage replaces the Accounts Receivable coverage provided by this Coverage Extension as respects that premises. The provisions of this Coverage Extension would apply to all other premises, including Away From Your Premises coverage, except for the location that is covered for Accounts Receivable under the Inland Marine Coverage Part.

b. Brands And Labels

(1) If Covered Business Personal Property is damaged by a Covered Cause of Loss, we may take all or any part of the property at an agreed or appraised value. When you do not want your damaged "stock" sold under your brand or label, you may:

(a) Remove the brand or label from "stock" or its containers, and relabel the "stock" to comply with the law; or

(b) Label the damaged "stock" as salvage, but in doing so, you must cause no further damage to it.

(2) In either case, we will pay the difference between the salvage value of the damaged "stock" with the brand or label attached, and its salvage value with the brand or label removed. In addition, we will pay reasonable costs for removing the brands or labels and relabeling the damaged "stock".

(3) The most we will pay under this Coverage Extension is $50,000, unless a higher limit is shown in the Declarations.

Payments under this Coverage Extension will not increase the applicable Limit of Insurance.

c. Consequential Damage To Pairs Or Sets

If a part or parts of pairs or sets of "stock" are damaged by a Covered Cause of Loss, causing the part or parts that are not damaged to be unmarketable as a complete product, you may extend the insurance that applies to Business Personal Property to cover the consequential damage to your undamaged parts of such pairs or sets.

Payments under this Coverage Extension will not increase the applicable Limit of Insurance.

d. Deferred Payments

(1) You may extend the insurance that applies to Business Personal Property to cover direct physical loss by a Covered Cause of Loss to the following:

(a) Business Personal Property which you have sold under an installment or deferred payment plan and which is in possession of the buyer. We will pay only for your remaining interest in the property.

(b) Business Personal Property which is rented or leased to others.

(2) The most we will pay for loss or damage under this Extension is $50,000, unless a higher limit is shown in the Declarations.

Payments under this Coverage Extension will not increase the applicable Limit of Insurance.

e. Electronic Data Processing

(1) On Your Premises

(a) Equipment, Media And Data

(i) You may extend the insurance that applies to Business Personal Property at the premises described in the Declarations to cover direct physical loss or damage by a Covered Cause of Loss to:

(aa) "Hardware"; and

(bb) "Software".

while at a premises described in the Declarations.

(ii) Covered Property under this Extension does not include:

(aa) "Stock"; or

(bb) Computerized production equipment or apparatus.

(iii) Except as is noted in Paragraph **(3)(d),** the most we will pay for loss or damage under Paragraph **(a)** of this Extension is $200,000 per occurrence, unless a higher limit is shown in the Declarations.

(b) Business Income

(i) We will pay for the actual loss of Business Income you sustain due to the necessary suspension of your "operations" during the "period of restoration". The suspension must be caused by direct physical loss of or damage to "hardware" or "software" while at a premises described in the Declarations, caused by or resulting from any Covered Cause of Loss.

(ii) Business Income means the:

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

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

(iii) Except as is noted in Paragraph **(3)(d),** the most we will pay for loss or damage under Paragraph **(b)** is $25,000 per occurrence, unless a higher limit is

shown in the Declarations. No deductible applies to this coverage.

(c) Extra Expense

(i) We will pay the actual and necessary Extra Expense you sustain due to direct physical loss or damage to "hardware" or "software" while at a premises described in the Declarations, caused by or resulting from any Covered Cause of Loss.

(ii) Extra Expense means necessary expenses you incur during the "period of restoration" that you would not have incurred if there had been no direct physical loss or damage to property:

(aa) To avoid or minimize the suspension of business and to continue "operations":

(1) At the described premises; or

(2) At replacement premises or temporary locations, including relocation expenses and costs to equip and operate the replacement or temporary location;

(bb) To minimize the suspension of business if you cannot continue "operations", or

(cc) To repair or replace any property.

(iii) Except as is noted in Paragraph **(3)(d),** the most we will pay for loss or damage under Paragraph **(c)** is $25,000 per occurrence, unless a higher limit is shown in the Declarations. No deductible applies to this coverage.

(d) The following Exclusions in the Causes Of Loss — Special Form do not apply to this Electronic Data Processing coverage:

(i) **B.1.b.** Earth Movement; **B.1.e.** Utility Services; **B.1.g.** Water; and

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

(e) The following additional Exclusions apply to this Electronic Data Processing coverage:

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

(i) "Computer Virus" or "Computer Hacking". Except as provided under the Virus And Hacking Coverage in Paragraph **(3),** we will not pay for:

(aa) any direct or indirect loss or damage; or

(bb) loss of access, loss of use, or loss of functionality

caused by a "computer virus" or by "computer hacking".

(ii) Deterioration, depreciation or obsolescence.

(f) Under this Electronic Data Processing coverage:

(i) "Computer hacking" means an unauthorized intrusion by an individual or group of individuals, whether employed by you or not, into "hardware", "software", or a computer network that results in:

(aa) deletion, destruction, generation, or modification of "software";

(bb) alteration, contamination, corruption, degradation, or destruction of the integrity, quality, or performance of "software";

(cc) observation, scanning, or copying of "electronic data", "programs and applications", and "proprietary programs";

(dd) damage, destruction, inadequacy, malfunction, degradation, or corruption of any "hardware" or "media" used with "hardware"; or

(ee) denial of access to or denial of services from your "hardware" or your computer network.

(ii) "Computer virus" means the introduction of any malicious, self-replicating electronic data processing code or other code into "hardware" or "software" that is intended to result in:

(aa) deletion, destruction, generation, or modification of "software";

(bb) alteration, contamination, corruption, degradation, or destruction of the integrity, quality, or performance of "software";

(cc) damage, destruction, inadequacy, malfunction, degradation, or corruption of any "hardware" or "media" used with "hardware"; or

(dd) denial of access to or denial of services from your "hardware" or your computer network.

(iii) "Pollutants" means:

(aa) any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste. Waste includes materials to be recycled, reconditioned or reclaimed.

(bb) electrical or magnetic emissions, whether visible or invisible, and sound emissions.

But we will pay for direct loss or damage caused by lightning.

(2) Away From Your Premises

(a) Subject to Paragraphs **(1)(d)** through **(1)(f),** you may extend the insurance that applies to Business Personal Property to cover direct physical loss or damage to "hardware" or "software" caused by a Covered Cause of Loss while it is in the custody of you, your officers, your partners, or your employees:

(i) at your residence or the residence of your officers, partners, or employees;

(ii) temporarily at a premises that is not described in the Declarations; or

(iii) in transit.

(b) Covered Property under this Extension does not include "stock" or computerized production equipment or apparatus.

(c) We will not pay for loss or damage to property that is voluntarily released to the care, custody or control of anyone else including property while in transit as checked baggage.

(d) The most we will pay for loss or damage under Paragraph **(2)** is $100,000 per occurrence, unless a higher limit is shown in the Declarations. This Away From Your Premises coverage is subject to a separate deductible of $1,000 in any one occurrence. No other deductible applies.

(3) Virus And Hacking Coverage

(a) We cover direct physical loss of or damage to covered "hardware" and "software" while at a premises described in the Declarations caused by a

"computer virus" or by "computer hacking".

(b) We cover loss of Business Income and/or Extra Expense caused by a "computer virus" or by "computer hacking". Coverage begins 12 hours after the time of direct physical loss for Business Income coverage.

(c) We do not cover:

(i) loss of exclusive use of, or loss of or reduction in economic or market value of, any "electronic data" or "proprietary programs" that have been copied, scanned, or altered;

(ii) "theft" from your "electronic data" or "proprietary programs" of confidential information through the observation of the "electronic data" or "proprietary programs" by accessing covered "hardware" or your computer network without any alteration or other physical loss or damage to the records or programs. Confidential information includes, but is not limited to, customer information, processing methods, or trade secrets; and

(iii) denial of access to or services from your "hardware" or your computer network.

(d) The most we will pay during one policy year for all covered losses described in Paragraphs **(1)(a), (1)(b)** and **(1)(c)** under the Virus And Hacking Coverage **(3)(a)** and **(3)(b)** combined is $100,000, unless a higher limit is shown in the Declarations. With respect to an occurrence which begins in one policy year and continues or results in additional loss or damage in a subsequent policy year(s), all loss or damage is deemed to be sustained in the policy year in which the occurrence began.

Payments under this Coverage Extension are separate from the Limit(s) of Insurance shown in the Declarations for any other coverage.

If Electronic Data Processing coverage is provided for any premises under the Inland Marine Coverage Part of this policy, that coverage replaces the Electronic Data Processing coverage provided by this Coverage Extension as respects that premises. The provisions of this Coverage Extension would apply to all other premises, including Away From Your Premises coverage, except for the location that is covered for Electronic Data Processing under the Inland Marine Coverage Part.

f. Exhibitions

(1) You may extend the insurance that applies to Business Personal Property while en route to or from, or temporarily on display, at exhibitions, fairs or trade shows.

(2) Exclusions **B.1.b.,** Earth Movement, and **B.1.g.,** Water, of the Causes Of Loss — Special Form do not apply to this Exhibitions coverage.

(3) Under this Coverage Extension, we will not pay for "theft" from an unattended vehicle except when it is securely locked, its windows are fully closed, and there is visible evidence that entry into the vehicle was forced. This exclusion does not apply to Covered Property in the custody of a carrier for hire.

(4) The most we will pay for loss or damage under this Extension is $50,000, unless a higher limit is shown in the Declarations.

Payments under this Coverage Extension are separate from the Limit(s) of Insurance shown in the Declarations for any other coverage.

This Coverage Extension is subject to a separate deductible of $1,000 in any one occurrence. No other deductible applies.

(5) If Exhibition coverage is provided under the Inland Marine Coverage Part of this policy, that coverage replaces the Exhibition coverage provided by this Coverage Extension. The provisions of this Coverage Extension would no longer apply.

g. Fine Arts

(1) On Your Premises

(a) You may extend the insurance that applies to Business Personal Property to cover "fine arts" at the premises described in the Declarations.

(b) Exclusions **B.1.b.,** Earth Movement, and **B.1.g.,** Water, of the Causes Of Loss — Special Form do not apply to this Fine Arts coverage.

(c) In the event of total loss of an article or articles which are part of a pair or set, you may choose to have us pay the market value of the whole set and surrender the remaining pieces to us.

(d) This Extension does not cover:

(i) numismatic or philatelic objects or collections;

(ii) furs or fur-trimmed garments; or

(iii) jewelry, precious or semi-precious stones, gold, silver, platinum, or other precious metals or alloys.

(e) We will not pay for loss caused directly or indirectly by breakage of art glass windows, statuary, marbles, glassware, bric-a-brac, porcelains and similar fragile articles, unless caused by fire, lightning, aircraft, theft or attempted theft, weather conditions, earthquake, flood, explosion malicious damage, or collision, derailment or overturn of the transporting conveyance.

(f) The most we will pay for loss or damage under this Coverage Extension is $50,000 per premises, unless a higher limit is shown in the Declarations.

(2) Property On Exhibit

Subject to Paragraphs **(1)(b)** through **(1)(e),** you may extend the insurance that applies to Business Personal Property to cover "fine arts" while temporarily on exhibit in a premises not owned or occupied by you. The most we will pay for loss or damage to property on exhibition is $10,000 per occurrence.

(3) Property Off Premises For Framing, Renovating, Packing, Or Appraising

Subject to Paragraphs **(1)(b)** through **(1)(e),** you may extend the insurance that applies to Business Personal Property to cover "fine arts" while temporarily in a premises not owned, occupied, or operated by you for framing, renovating, packing, or appraising. The most we will pay for loss or damage to property off premises for framing, renovating, packing, or appraising is $10,000 per occurrence.

(4) Transit

Subject to Paragraphs **(1)(b)** through **(1)(e),** you may extend the insurance that applies to Business Personal Property to cover "fine arts" while in transit. The most we will pay for loss or damage to property in transit is $10,000 per occurrence.

Payments under this Coverage Extension are separate from the Limit(s) of Insurance shown in the Declarations for any other coverage.

If Commercial Fine Arts coverage is provided under the Inland Marine Coverage Part of this policy, that coverage replaces the Fine Arts coverage provided by this Coverage Extension. The provisions of this Coverage Extension would no longer apply.

h. Inflation Guard

If Building or Business Personal Property coverage is shown in the Declarations and Replacement Cost coverage applies, then this Coverage Extension applies to that property as follows:

(1) The Limit of Insurance for property to which this Coverage Extension applies will automatically increase by up to 6%.

(2) The amount of increase will be:

(a) the Limit of Insurance that applied on the most recent of the policy inception date, the policy anniversary date, or any other policy change amending the Limit of Insurance, times

(b) the 6%, expressed as a decimal (example: 6% is .06), times

(c) the number of days since the beginning of the current policy year or the effective date of the most recent policy change amending the Limit of Insurance, divided by 365.

(3) The insured may purchase a higher percentage under this Coverage Extension. If the insured chooses a higher percentage, it will be reflected in the Declarations.

EXAMPLE:

If:	The applicable Limit of Insurance is	$ 100,000
	The annual percentage increase is	6%
	The number of days since the beginning of the policy year (or last policy change) is	146
	The amount of increase is $100,000 x .06 x 146 ÷ 365 =	$ 2,400

i. Inventory, Appraisals And Other Claims Expenses

(1) You may extend the insurance that applies to Business Personal Property to pay the necessary and reasonable costs for taking inventories, making appraisals, and preparing other documents that we require when loss or damage occurs to Covered Property. This coverage does not apply to your expenses for appraisals to resolve disputes involving value or loss as described in Loss Condition **E.2. Appraisal.**

(2) The most we will pay under this Coverage Extension is $50,000, unless a higher limit is shown in the Declarations.

Payments under this Coverage Extension will not increase the applicable Limit of Insurance.

j. Newly Acquired Or Constructed Property

(1) Buildings

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

(a) Your new buildings while being built on the described premises; and

(b) Buildings you acquire at locations, other than the described premises, intended for:

(i) Similar use as the building described in the Declarations; or

(ii) Use as a warehouse.

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

(2) Business Personal Property

If this policy covers Business Personal Property, you may extend that insurance to apply to:

(a) Business personal property, including such property that you newly acquire, at any location you acquire other than at fairs, trade shows or exhibitions;

(b) Business personal property, including such property that you newly acquire, located at your newly constructed or acquired buildings at the location described in the Declarations; or

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

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

This Extension does not apply to:

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

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

(3) Period of Coverage

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

(a) This policy expires;

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

(c) You report values to us.

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

k. Non-owned Detached Trailers

(1) You may extend the insurance that applies to Business Personal Property to apply to loss or damage to trailers that you do not own, provided that:

(a) The trailer is used in your business;

(b) The trailer is in your care, custody or control at the premises described in the Declarations; and

(c) You have a contractual responsibility to pay for loss or damage to the trailer.

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

(a) While the trailer is attached to any motor vehicle or motorized conveyance, whether or not the motor vehicle or motorized conveyance is in motion;

(b) During hitching or unhitching operations, or when a trailer becomes accidentally unhitched from a motor vehicle or motorized conveyance.

(3) The most we will pay for loss or damage under this Extension is $10,000, unless a higher limit is shown in the Declarations.

Payments under this Coverage Extension are separate from the Limit(s) of Insurance shown in the Declarations for any other coverage.

(4) This insurance is excess over the amount due (whether you can collect on it or not) from any other insurance covering such property.

l. Outdoor Trees, Shrubs, Plants, Sod And Lawns

You may extend the insurance provided by this Coverage Form to apply to your outdoor trees, shrubs, plants, sod and lawns (other than "stock" of trees, shrubs, plants or sod), including debris removal expense. Loss or damage must be caused by or result from any of the following causes of loss:

(1) Fire;

(2) Lightning;

(3) Explosion;

(4) Riot or Civil Commotion;

(5) Aircraft; or

(6) Vehicles operated by other than you or an employee.

The most we will pay for loss or damage under this Coverage Extension is $50,000, but not more than $10,000 for any one tree, shrub or plant. The $10,000 limitation to individual plants does not apply to sod or lawns. These limits apply to any one occurrence, regardless of the types or number of items lost or damaged in that occurrence.

Payments under this Coverage Extension are separate from the Limit(s) of Insurance shown in the Declarations for any other coverage.

The Limits of Insurance applicable to this Coverage Extension includes their debris removal expense. Such debris removal expense is not included in the Additional Coverage **A.4.d.** for Debris Removal.

m. Personal Effects

(1) You may extend the insurance that applies to Business Personal Property to personal effects owned by you, your officers, your partners or members, your managers or your employees. This extension does not apply to loss or damage by "theft". Our payment for loss of or damage to personal effects of others will only be for the account of the owner of the property.

(2) Personal effects do not include tools and equipment owned by your employees that are used in your business operations.

(3) The most we will pay under this Coverage Extension is $50,000, unless a higher limit is shown in the Declarations.

Payments under this Coverage Extension are separate from the Limit(s) of Insurance shown in the Declarations for any other coverage.

n. Property In Transit

(1) You may extend the insurance provided by this Coverage Part to apply to covered Business Personal Property in or on a vehicle or in transit, including loading and unloading, more than 1,000 feet from a covered premises while:

(a) In or on a vehicle you own, rent or lease;

(b) In the custody of a carrier for hire; or

(c) In the custody of an air or rail carrier

within the United States of America, its territories and possessions, Canada, and Puerto Rico.

(2) Exclusions **B.1.b.,** Earth Movement, and **B.1.g.,** Water, of the Causes Of Loss — Special Form do not apply to this Property In Transit coverage.

(3) Except as is noted in Paragraph **(4)** below, the reference to property while airborne or waterborne in **A.2.i.** of Property Not Covered does not apply to this Coverage Extension.

(4) There is no coverage for exported or imported property:

(a) That is covered under any ocean marine cargo policy that anyone has obtained to cover exports or imports; or

(b) While on an ocean or air conveyance.

(5) There is no coverage under this Extension for loss to property that you become legally obligated to pay as a common or contract carrier under a bill of lading, contract of carriage, or shipping receipt that is issued by you or that is issued on your behalf.

(6) There is no coverage under this Extension for:

(a) Sales representatives' samples (including containers);

(b) Property of any type while en route to or from a trade show, exhibition, or fair;

(c) "Fine arts", "antiques", fur garments, jewelry, precious or semiprecious stones, gold, silver, platinum, or other precious metals or alloys;

(d) Mail shipments in the custody of the U.S. Postal Service;

(e) Electronic data processing "hardware" or "software", except for "stock";

(f) "Valuable papers and records"; or

(g) Accounts receivable.

(7) The most we will pay in any occurrence under this Coverage Extension is $50,000, unless a higher limit is shown in the Declarations.

Payments under this Coverage Extension are separate from the Limit(s) of Insurance shown in the Declarations for any other coverage.

This Coverage Extension is subject to a separate deductible of $1,000 in any one occurrence. No other deductible applies.

(8) If either Motor Truck Cargo Owners coverage or Transportation coverage are provided under the Inland Marine Coverage Part of this policy, that coverage replaces this Property In Transit Coverage Extension. The provisions of this Coverage Extension would no longer apply.

o. Property Off-premises

(1) You may extend the insurance provided to Business Personal Property to apply to your Covered Property

while it is away from the described premises, if it is:

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

(b) In storage at a location you lease.

(2) This Coverage Extension does not apply to:

(a) Property in or on a vehicle or otherwise in transit;

(b) Property at any fair, trade show or exhibition;

(c) Property in the care, custody or control of your sales representatives, or you while acting as a sales representative;

(d) "Contractors' equipment";

(e) Materials, supplies, machinery, fixtures, and equipment that you are installing, constructing, or rigging as part of your installation or construction project, or will become a permanent part of your installation or construction project while they are at a storage location away from the described premises;

(f) Property covered under the Deferred Payments Additional Coverage;

(g) Electronic data processing "hardware" or "software", except for "stock";

(h) "Valuable papers and records"; or

(i) Accounts receivable.

(3) There is no coverage under this Coverage Extension for loss caused by or resulting from:

(a) Earth movement; or

(b) Flood, whether arising from natural or external forces; surface water; waves; tides; tidal waves; overflow of any body of water, or their spray, all whether driven by wind or not.

This exclusion applies whether or not coverage is provided under this policy by any endorsement to Business Personal Property for the causes of loss described in **(3)(a)** or **(3)(b)** above.

(4) The most we will pay for loss or damage under this Coverage Extension is $100,000, unless a higher limit is shown in the Declarations.

Payments under this Coverage Extension are separate from the Limit(s) of Insurance shown in the Declarations for any other coverage.

p. Sales Representatives Samples

(1) You may extend the insurance that applies to Business Personal Property to samples of your stock in trade (including containers) while the property is in the custody of:

(a) your sales representatives and agents; or

(b) your custody while acting as a sales representative

if more than 1,000 feet from a premises described in the Declarations, not including any other premises that is owned, operated, or leased by you.

(2) Exclusions **B.1.b.,** Earth Movement, and **B.1.g.,** Water, of the Causes Of Loss — Special Form do not apply to this Sales Representatives Samples coverage.

(3) Under this Coverage Extension, we will not pay for "theft" from an unattended vehicle except when it is securely locked, its windows are fully closed, and there is visible evidence that entry into the vehicle was forced.

(4) There is no coverage under this Extension for jewelry, precious or semiprecious stones, gold, silver, platinum, or other precious metals or alloys.

(5) The most we will pay for loss or damage under this Coverage Extension is $50,000, unless a higher limit is shown in the Declarations.

Payments under this Coverage Extension are separate from the Limit(s) of Insurance shown in the Declarations for any other coverage.

This Coverage Extension is subject to a separate deductible of $1,000 in any one occurrence. No other deductible applies.

(6) If Salespersons Samples coverage is provided under the Inland Marine Coverage Part of this policy, that coverage replaces the Sales Representatives Samples coverage provided by this Coverage Extension. The provisions of this Coverage Extension would no longer apply.

q. Signs — Supplemental Coverage

(1) You may extend the insurance that applies to Business Personal Property to apply to direct physical loss of or damage to signs (other than signs covered under **A.1.a.** Buildings) located at a premises described in the Declarations:

(a) Owned by you; or

(b) That you have a contractual responsibility to insure as a building tenant.

(2) The most we will pay for loss or damage under this Coverage Extension is $50,000, unless a higher limit is shown in the Declarations.

Payments under this Coverage Extension are separate from the Limit(s) of Insurance shown in the Declarations for any other coverage.

r. Spoilage Due To Power Outage, Mechanical Breakdown, Or Contamination — Direct Damage

(1) You may extend the insurance that applies to Business Personal Property to apply to spoilage of "perishable stock" caused by:

(a) Breakdown or Contamination, meaning:

(i) Change in temperature or humidity caused by mechanical breakdown or mechanical failure of refrigerating, cooling, or humidity control apparatus or equipment, only while such equipment or apparatus is at the described premises; and

(ii) Contamination by the refrigerant.

(b) Power Outage, meaning change in temperature or humidity resulting from complete or partial interruption of electrical power, either on or off the described premises, due to conditions beyond your control.

(2) With respect to the coverage provided by this extension, property located outside of a building or in or on a vehicle is considered to be Property Not Covered unless the stock is being moved to prevent or reduce loss covered by this policy.

(3) We will also pay any necessary expenses you incur to reduce the amount of loss under this coverage. We will pay for such expenses to the extent that they do not exceed the amount of loss that otherwise would have been payable under this Coverage Extension.

(4) Only the following Exclusions contained in Paragraph **B.1.** of the Causes Of Loss — Special Form apply to this Spoilage Due To Power Outage, Mechanical Breakdown, Or Contamination — Direct Damage coverage:

(a) **B.1.b.** Earth Movement;

(b) **B.1.c.** Governmental Action;

(c) **B.1.d.** Nuclear Hazard;

(d) **B.1.f.** War And Military Action; and

(e) **B.1.g.** Water.

(5) The following additional Exclusions are added:

We will not pay for loss or damage caused by:

(a) The disconnecting of any refrigerating, cooling or humidity control system from the source of power.

(b) The deactivation of electrical power caused by the manipulation of any switch or other device used to control the flow of electrical power or current.

(c) The inability of an Electrical Utility Company or other power source to provide sufficient power due to:

(i) Lack of fuel; or

(ii) Governmental order.

(d) The inability of a power source at the described premises to provide sufficient power due to lack of generating capacity to meet demand.

(e) Breaking of any glass that is a permanent part of any refrigerating, cooling or humidity control unit.

(6) The provisions of this Coverage Extension are superseded if the Spoilage Coverage endorsement is attached to and made a part of this policy.

(7) The most we will pay for loss or damage under this Coverage Extension is $50,000 per building, unless a higher limit is shown in the Declarations.

Payments under this Coverage Extension will not increase the applicable Limits of Insurance.

s. Theft Damage To Buildings For Tenants

(1) You may extend the insurance that applies to Business Personal Property to apply to damage to the building caused by or resulting from "theft" or attempted "theft" where you are a tenant and are contractually responsible for such damages.

(2) There is no coverage under this Extension for signs that are covered under Paragraph **A.5.q.**

(3) The most we will pay for loss or damage under this Extension is $50,000.

Payments under this Coverage Extension are separate from the Limit(s) of Insurance shown in the Declarations for any other coverage.

(4) This insurance is excess over any other insurance under this policy covering such property.

t. Utility Services — Direct Damage

(1) You may extend the insurance that applies to Covered Property to apply to loss of or damage to Covered Property, other than "perishable stock", caused by the interruption in utility service to premises described in the Declarations. The interruption in utility service must result from direct physical loss or damage by a Covered Cause of Loss to the following property:

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

(i) Pumping stations; and

(ii) Water mains.

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

(i) Communication transmission lines, including optic fiber transmission lines;

(ii) Coaxial cables; and

(iii) Microwave radio relays except satellites.

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

(i) Utility generating plants;

(ii) Switching stations;

(iii) Substations;

(iv) Transformers; and

(v) Transmission lines.

(2) The Utility Services exclusion in **B.1.e.** of the Causes Of Loss — Special Form does not apply to this Utility Services — Direct Damage coverage.

(3) The provisions of this Coverage Extension are superseded if the Utility Services — Direct Damage

endorsement is attached to and made a part of this policy.

(4) The most we will pay for loss or damage under this Coverage Extension is $50,000 at each covered building, unless a higher limit is shown in the Declarations.

Payments under this Coverage Extension will not increase the applicable Limit of Insurance.

u. Valuable Papers And Records

(1) On Your Premises

(a) You may extend the insurance that applies to Business Personal Property at the premises described in the Declarations to apply to the cost to replace or restore the lost information on "valuable papers and records" for which duplicates do not exist.

(b) The following Exclusions in the Causes Of Loss — Special Form do not apply to this Valuable Papers And Records coverage:

(i) **B.1.b.** Earth Movement; **B.1.e.** Utility Services; **B.1.g.** Water; and

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

(c) The following additional Exclusion applies to this Valuable Papers And Records coverage:

We will not pay for loss or damage caused by or resulting from electrical or magnetic injury, disturbance or erasure of electronic recordings.

But we will pay for direct loss or damage caused by lightning.

(d) We will also pay for the cost of blank material for reproducing the records (whether or not duplicates exist), and (when there is a duplicate) for the cost of labor to transcribe or copy the records. The costs of blank material and labor are subject to the applicable Limit of Insurance on Business Personal Property and therefore coverage of such costs in not additional insurance.

(e) The most we will pay under this Coverage Extension to replace or restore the lost information is $250,000 per premises, unless a higher limit is shown in the Declarations.

(2) Away From Your Premises

(a) Subject to Paragraphs **(b)** through **(d),** we will pay up to $25,000 per occurrence to apply to the cost to replace or restore the lost information on "valuable papers and records" for which duplicates do not exist, while they are away from premises described in the Declarations.

(b) This coverage while away from described premises is not increased by the Flex Additional Coverage — Blanket Limit Of Insurance.

Payments under this Coverage Extension are separate from the Limit(s) of Insurance shown in the Declarations for any other coverage.

If Valuable Papers And Records coverage is provided for any premises under the Inland Marine Coverage Part of this policy, that coverage replaces the Valuable Papers And Records coverage provided by this Coverage Extension as respects that premises. The provisions of this Coverage Extension would apply to all other premises, including Away From Your Premises coverage, except for the location that is covered for Valuable Papers And Records under the Inland Marine Coverage Part.

v. Worldwide Personal Property

(1) You may extend the insurance that applies to Business Personal Property to apply to property while it is:

(a) in the course of transit; or

(b) at a premises

located in any part of the world other than the United States of America (including its territories and

possessions), Puerto Rico or Canada.

(2) There is no coverage under this Extension for:

(a) "stock" other than sales representatives' samples;

(b) "money"; or

(c) "securities" other than airline tickets.

(3) We will not pay for loss or damage caused by or resulting from "theft" to property that is voluntarily released to the care, custody or control of anyone else including property released as checked baggage.

(4) The most we will pay for under this Coverage Extension is $10,000 per occurrence.

Payments under this Coverage Extension are separate from the Limit(s) of Insurance shown in the Declarations for any other coverage.

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

6. Flex Additional Coverage — Blanket Limit Of Insurance

a. In the event that covered loss or damage exceeds the specific Limits of Insurance provided in the Coverage Extensions described in **6.b.** plus the applicable deductible, we will pay up to $250,000 to apply in any one occurrence caused by a Covered Cause of Loss only while at a premises described in the Declarations.

You may apportion this Limit among these coverages as you choose.

Payments under the Flex Additional Coverage — Blanket Limit Of Insurance are separate from the Limit(s) of Insurance shown in the Declarations for any other coverage, and will apply in excess of the specific Coverage Extension limits of insurance plus any deductible applying to them.

b. The Coverages Extensions applicable to this Flex Additional Coverage — Blanket Limit Of Insurance include:

(1) Coverage Extension **A.5.a. Accounts Receivable**

(2) Coverage Extension **A.5.b. Brands And Labels**

(3) Coverage Extension **A.5.k. Non-owned Detached Trailers**

(4) Coverage Extension **A.5.l. Outdoor Trees, Shrubs, Plants, Sod And Lawns**

The $10,000 limit for any one tree, shrub or plant described in **A.5.l.** applies to coverage provided by this Flex Additional Coverage — Blanket Limit Of Insurance.

(5) Coverage Extension **A.5.m. Personal Effects**

(6) Coverage Extension **A.5.u. Valuable Papers and Records**

c. The Away From Your Premises coverage for Coverage Extensions **A.5.a.(2) Accounts Receivable** and **A.5.u.(2) Valuable Papers And Records** do not apply to this Flex Additional Coverage — Blanket Limit Of Insurance.

B. Exclusions And Limitations

See applicable Causes Of Loss Form(s) as shown in the Declarations.

C. Limits Of Insurance

1. The most we will pay for loss or damage in any one occurrence is the applicable Limit of Insurance shown in the Declarations, plus additional limit(s) provided by the Additional Coverages, Coverage Extensions, and the Flex Additional Coverage — Blanket Limit Of Insurance, other than those outlined in Paragraph **C.5.**

2. Building Limit — Annual Adjustment: We will adjust the Limit of Insurance for Buildings on each anniversary and/or the renewal of the policy. The amount of the adjustment will be the percent of increase or decrease as that which has occurred during the preceding policy year in the cost-of-construction factor, as reported in the publication of a recognized independent appraisal company.

3. Business Personal Property — Annual Adjustment: We will adjust the Limit of Insurance for Business Personal Property on each anniversary and/or renewal of the policy. The amount of the adjustment will be based on inflation and the economic factors for the preceding year.

4. Except as noted in Paragraph **C.5.,** the limits applicable to the Additional Coverages and Coverage Extensions are separate from the

Limit(s) of Insurance shown in the Declarations for any other coverages.

5. Payments under the following Additional Coverages and Coverage Extensions will not increase the applicable Limits of Insurance:

   a. Additional Coverage **A.4.n. Ordinance Or Law — Coverage A**

   b. Additional Coverage **A.4.p. Preservation Of Property**

   c. Coverage Extension **A.5.b. Brands And Labels**

   d. Coverage Extension **A.5.c. Consequential Damage To Pairs Or Sets**

   e. Coverage Extension **A.5.d. Deferred Payments**

   f. Coverage Extension **A.5.i. Inventory, Appraisals And Other Claims Expenses**

   g. Coverage Extension **A.5.r. Spoilage Due To Power Outage, Mechanical Breakdown, Or Contamination — Direct Damage**

   h. Coverage Extension **A.5.t. Utility Service — Direct Damage**

D. Deductible

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

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

EXAMPLE #1:

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

The amount of loss to Building #1 ($60,100) is less than the sum ($61,000) of the Limit of Insurance applicable to Building #1 plus the Deductible.

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

	$ 60,100	
-	$ 1,000	
	$ 59,100	Loss Payable — Building #1

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

Total amount of loss payable: $59,100 + $80,000 = $139,100

EXAMPLE #2:

The Deductible and Limits of Insurance are the same as those in Example #1.

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

No deductible applies to the following:

a. Additional Coverage **A.4.a. Arson, Vandalism Or Theft Reward**

b. Additional Coverage **A.4.b. Computer Fraud**

c. Additional Coverage **A.4.e. Employee Theft**

d. Additional Coverage **A.4.f. Extra Expense**

e. Additional Coverage **A.4.g. Fire Department Service Charge**

f. Additional Coverage **A.4.h. Fire Extinguisher Systems Recharge**

g. Additional Coverage **A.4.i. Food Contamination Shutdown**

h. Additional Coverage **A.4.k. Lock And Key Replacement**

i. Additional Coverage **A.4.l. Money And Securities**

j. Coverage Extension **A.5.a. Accounts Receivable**

E. Loss Conditions

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

1. Abandonment

There can be no abandonment of any property to us.

2. Appraisal

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

a. Pay its chosen appraiser; and

b. Bear the other expenses of the appraisal and umpire equally.

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

3. Duties In the Event Of Loss Or Damage

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

(1) Notify the police if a law may have been broken.

(2) Give us prompt notice of the loss or damage. Include a description of the property involved.

(3) As soon as possible, give us a description of how, when and where the loss or damage occurred.

(4) Take all reasonable steps to protect the Covered Property from further damage, and keep a record of your expenses necessary to protect the Covered Property, for consideration in the settlement of the claim. This will not increase the Limit of Insurance. However, we will not pay for any subsequent loss or damage resulting from a cause of loss that is not a Covered Cause of Loss. Also, if feasible, set the damaged property aside and in the best possible order for examination.

(5) At our request, give us complete inventories of the damaged and undamaged property. Include quantities, costs, values and amount of loss claimed.

(6) As often as may be reasonably required, permit us to inspect the property proving the loss or damage and examine your books and records.

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

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

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

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

4. Loss Payment

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

(1) Pay the value of lost or damaged property;

(2) Pay the cost of repairing or replacing the lost or damaged property, subject to **b.** below;

(3) Take all or any part of the property at an agreed or appraised value; or

(4) Repair, rebuild or replace the property with other property of like kind and quality, subject to **b.** below.

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

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

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

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

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

f. We may elect to defend you against suits arising from claims of owners of property. We will do this at our expense.

g. We will pay for covered loss or damage within 30 days after we receive the sworn proof of loss, if you have complied with all of the terms of this Coverage Part and:

(1) We have reached agreement with you on the amount of loss; or

(2) An appraisal award has been made.

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

5. Recovered Property

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

6. Vacancy

a. Description of Terms

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

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

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

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

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

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

b. Vacancy Provisions

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

(1) We will not pay for any loss or damage caused by any of the

following even if they are Covered Causes of Loss:

(a) Fire caused by acts of vandalism;

(b) Vandalism, including fire caused by acts of vandalism;

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

(d) Building glass breakage;

(e) Water damage;

(f) "Theft"; or

(g) Attempted "theft".

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

7. Valuation

a. We will determine the value of Covered Property in the event of loss or damage at replacement cost (without deduction for depreciation) of the time of loss or damage, except as provided in **c.** through **f.** below.

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

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

(2) The cost to replace the lost or damaged property with other property:

(a) Of comparable material and quality; and

(b) Used for the same purpose; or

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

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

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

d. You may make a claim for loss or damage covered by this insurance on an "actual cash value" basis instead of on a replacement cost basis. In the event you elect to have loss or damage settled on an "actual cash value" basis, you may still make a claim for the additional coverage on a replacement cost basis if you notify us of your intent to do so within 180 days after the loss or damage.

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

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

f. The following types of property are valued as follows:

(1) Contents of a residence at "actual cash value".

(2) Subject to the exceptions in Paragraphs **(a)** through **(c)** below, "stock" at "actual cash value", unless Replacement Cost is shown in the Declarations as Including "Stock".

The following types of "stock" are valued as follows:

(a) "Stock" you have sold but not delivered at the selling price less discounts and expenses you otherwise would have had.

(b) Used or second-hand merchandise held in storage or for sale at "actual cash value".

(c) Bottled wine at the price it could have been sold for at the time and place of loss or damage, if no loss or damage occurred.

(3) "Fine arts" at market value at the time of loss.

(4) "Money" up to and including its face value.

(5) "Securities" up to and including their value at the close of business on the day the loss occurred. We may, at our option:

(a) Pay the market value of such "securities" or replace them in kind, in which event you must assign to us all your rights, title and interest in and to those "securities"; or

(b) Pay the cost of any Lost Securities Bond required in connection with issuing duplicates of the "securities". However, we will be liable only for the payment of so much of the cost of the bond as would be charged for a bond having a penalty not exceeding the lesser of the:

(i) market value of the "securities" at the close of business on the day the loss was discovered; or

(ii) Limit of Insurance applicable to the "securities".

(6) Electronic data processing "hardware":

(a) That is replaced — at the cost of replacing the "hardware" with new equipment that is functionally comparable to the "hardware" that is being replaced;

(b) That is not repaired or replaced — at "actual cash value";

(c) In no event will we pay more than the reasonable cost of restoring partially damaged "hardware" to its condition directly prior to the damage.

(7) Electronic data processing "software":

(a) "Programs and applications"

(i) At the cost to reinstall the "programs or applications" from the licensed discs that were originally used to install the programs or applications.

(ii) If the original licensed discs are lost, damaged, or can no longer be obtained, the value of "programs and applications" will be based on the cost of the most current version of the "programs or applications".

(b) "Proprietary programs":

(i) At the cost of reproduction from duplicate copies. The cost of reproduction includes, but is not limited to, the cost of labor to copy or transcribe from duplicate copies.

(ii) If duplicate copies do not exist, at the cost of research or other expenses necessary to reproduce, replace, or restore loss "proprietary programs".

(c) "Electronic data":

(i) At the cost of reproduction from duplicate copies. The cost of reproduction includes, but is not limited to, the cost of labor to copy or transcribe from duplicate copies.

(ii) If duplicate copies do not exist, at the cost of research or other expenses necessary to reproduce, replace, or restore lost files, documents, and records.

(d) "Media" at the cost to repair or replace the "media" with material of the same kind or quality.

(8) Glass at the cost of replacement with safety-glazing material if required by law.

(9) Tenant's Improvements and Betterments at:

(a) Replacement Cost of the lost or damaged property if you make repairs promptly.

(b) A proportion of your original cost if you do not make repairs promptly. We will determine the proportionate value as follows:

(i) Multiply the original cost by the number of days from

the loss or damage to the expiration of the lease; and

(ii) Divide the amount determined in **(i)** above by the number of days from the installation of improvements to the expiration of the lease.

If your lease contains a renewal option, the expiration of the renewal option period will replace the expiration of the lease in this procedure.

(c) Nothing if others pay for repairs or replacement.

F. Additional Condition — Mortgageholders

The following condition applies in addition to the Common Policy Conditions and the Commercial Property Conditions.

1. The term mortgageholder includes trustee.

2. We will pay for covered loss of or damage to buildings or structures to each mortgageholder shown in the Declarations in their order of precedence, as interests may appear.

3. The mortgageholder has the right to receive loss payment even if the mortgageholder has started foreclosure or similar action on the building or structure.

4. If we deny your claim because of your acts or because you have failed to comply with the terms of this Coverage Part, the mortgageholder will still have the right to receive loss payment if the mortgageholder:

a. Pays any premium due under this Coverage Part at our request if you have failed to do so;

b. Submits a signed, sworn proof of loss within 60 days after receiving notice from us of your failure to do so; and

c. Has notified us of any change in ownership, occupancy or substantial change in risk known to the mortgageholder.

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

5. If we pay the mortgageholder for any loss or damage and deny payment to you because of your acts or because you have failed to comply with the terms of this Coverage Part:

a. The mortgageholder's rights under the mortgage will be transferred to us to the extent of the amount we pay; and

b. The mortgageholder's right to recover the full amount of the mortgageholder's claim will not be impaired.

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

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

a. 10 days before the effective date of cancellation if we cancel for your nonpayment of premium; or

b. 30 days before the effective date of cancellation if we cancel for any other reason.

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

G. Optional Coverage — Actual Cash Value

If shown as applicable in the Declarations, the Optional Coverage — Actual Cash Value applies separately to each item.

1. "Actual cash value" replaces Replacement Cost in the Valuation Loss Condition of this Coverage Form.

2. If the cost to repair or replace the damaged building property is $5,000 or less, we will pay the cost of building repairs or replacement.

The cost of building repairs or replacement does not include the increased cost attributable to enforcement of any ordinance or law regulating the construction, use or repair of any property. However, the following property will be valued at the "actual cash value" even when attached to the building:

a. Awnings or floor coverings;

b. Appliances for refrigerating, ventilating, cooking, dishwashing or laundering; or

c. Outdoor equipment or furniture.

H. Definitions

1. "Actual cash value" means:

a. When the damage to property is economically repairable, "actual cash value" means the cost of repairing the damage with like kind and quality, less reasonable deduction for wear and tear, deterioration and obsolescence.

b. When the loss or damage to property creates a total loss, "actual cash value" means the market value of the property in a condition equal to that of the destroyed property, if reasonably available on the used market.

c. Otherwise, "actual cash value" shall mean the market value of new property of like kind and quality, less reasonable deductible for wear or tear, deterioration and obsolescence.

2. "Antique" means an object having value because its:

a. craftsmanship is in the style or fashion of former times; and

b. age is 100 years old or older.

3. "Banking premises" means the interior of that portion of any building occupied by a banking institution or similar safe depository.

4. "Contractors' equipment" means machinery, equipment, and tools of a mobile nature that you use in your contracting, installation, erection, repair, or moving operations or projects.

"Contractors' equipment" also means:

a. self-propelled vehicles designed and used primarily to carry mounted equipment; or

b. vehicles designed for highway use that are unlicensed and not operated on public roads.

5. "Electronic data" means information, facts or computer programs stored as or on, created or used on, or transmitted to or from computer software (including systems and applications software), on hard or floppy disks, CD-ROMs, tapes, drives, cells, data processing devices or any other repositories of computer software which are used with electronically controlled equipment. The term computer programs, referred to in the foregoing description of "electronic data", means a set of related electronic instructions which direct the operations and functions of a computer or device connected to it, which enable the computer or device to receive, process, store, retrieve or send data.

6. "Employee":

a. "Employee" means:

(1) Any natural person

(a) While in your service and for the first 30 days immediately after termination of service, unless such termination is due to "theft" or any dishonest act committed by the "employee";

(b) Who you compensate directly by salary, wages, or commissions; and

(c) Who you have the right to direct and control while performing services for you;

(2) Any natural person who is furnished temporarily to you:

(a) To substitute for a permanent "employee" as defined in Paragraph **(1),** who is on leave; or

(b) To meet seasonal or short-term work load conditions;

while that person is subject to your direction and control and performing services for you, excluding, however, any such person while having care and custody of property outside the "premises";

(3) Any natural person who is leased to you under a written agreement between you and a labor leasing firm, to perform duties related to the conduct of your business, but does not mean a temporary employee as defined in Paragraph **(2);**

(4) Any natural person who is:

(a) A trustee, officer, employee, administrator or manager, except an administrator or manager who is an independent contractor, of any "employee benefit plan"; and

(b) A director or trustee of yours while that person is engaged in handling "funds" or "other property" of any "employee benefit plan";

(5) Any natural person who is a former "employee", partner, "member", "manager", director or trustee retained as a consultant while performing services for you;

(6) Any natural person who is a guest student or intern pursuing studies or duties, excluding, however, any such person while having care and custody of property outside the "premises";

(7) Any "employee" of an entity merged or consolidated with you

prior to the effective date of this policy; or

(8) Any of your "managers", directors or trustees while:

(a) Performing acts within the scope of the usual duties of an "employee"; or

(b) Acting as a member of any committee duly elected or appointed by resolution of your board of directors or board of trustees to perform specific, as distinguished from general, directorial acts on your behalf.

b. "Employee" does not mean any agent, broker, factor, commission merchant, consignee, independent contractor or representative of the same general character not specified in Paragraph **6.a.**

7. "Employee benefit plan" means any welfare or pension benefit plan shown in the Declarations that you sponsor and which is subject to the Employee Retirement Income Security Act of 1974 (ERISA) and any amendments thereto.

8. "Fine arts" means paintings; etchings; pictures; tapestries; rare or art glass; art glass windows; valuable rugs; statuary; sculptures; "antique" furniture; bric-a-brac; porcelains; and similar property of rarity, historical value, or artistic merit.

"Fine arts" does not mean "valuable papers and records".

9. "Forgery" means the signing of the name of another person or organization with intent to deceive; it does not mean a signature which consists in whole or in part of one's own name signed with or without authority, in any capacity, for any purpose.

10. "Funds" means "money" and "securities".

11. "Fungus" means any type or form of fungus, including mold or mildew, and any mycotoxins, spores, scents or by-products produced or released by fungi.

12. "Hardware" means a network of electronic machine components (microprocessors) capable of accepting instructions and information, processing the information according to the instructions, and producing desired results.

a. "Hardware" includes but is not limited to:

(1) mainframe and mid-range computers and network servers;

(2) personal computers and workstations;

(3) laptops, palmtops, notebook PCs, other portable computer devices and accessories including, but not limited to, multimedia projectors; and

(4) peripheral data processing equipment, including but not limited to, printers, keyboards, monitors, and modems.

b. "Hardware" does not include "software".

13. "Manager" means a person serving in a directorial capacity for a limited liability company.

14. "Media" means processing, recording, or storage media used with "hardware". This includes but is not limited to films, tapes, cards, discs, drums, cartridges, cells, or flashdrives.

15. "Member" means an owner of a limited liability company represented by its membership interest, who also may serve as a "manager".

16. "Messenger" means you, or a relative of yours, or any of your partners or "members", or any "employee" while having care and custody of property outside the "premises".

17. "Money" means:

a. Currency, coins and bank notes in current use and having a face value; and

b. Travelers checks, register checks and money orders held for sale to the public.

18. "Operations" means the type of your business activities occurring at the described premises.

19. "Other property" means any tangible property other than "money" or "securities" that has intrinsic value.

"Other property" does not include computer programs, electronic data or any property specifically excluded under this insurance.

20. "Period of Restoration" means the period of time that:

a. Begins:

(1) 72 hours after the time of direct physical loss or damage for Business Income coverage; or

(2) Immediately after the time of direct physical loss or damage for Extra Expense coverage;

caused by or resulting from any Covered Cause of Loss at the described premises; and

b. Ends on the earlier of:

(1) The date when the property at the described premises should be repaired, rebuilt or replaced with reasonable speed and similar quality; or

(2) The date when business is resumed at a new permanent location.

"Period of restoration" does not include any increased period required due to the enforcement of any ordinance or law that

(1) Regulates the construction, use or repair, or requires the tearing down of any property; or

(2) Requires any insured or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of "pollutants".

The expiration date of this policy will not cut short the "period of restoration".

21. "Perishable stock" means personal property maintained under controlled conditions for its preservation and susceptible to loss or damage if the controlled conditions change.

22. "Pollutants" means any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste. Waste includes materials to be recycled, reconditioned or reclaimed.

23. "Premises" means the interior of that portion of any building you occupy in conducting your business. This definition applies whenever this term appears in quotation marks in this coverage form.

24. "Programs and applications" means operating programs and applications that you purchase and that are:

a. stored on "media"; or

b. pre-installed and stored in "hardware".

25. "Proprietary programs" means proprietary applications or programs that are developed in-house or that you had developed specifically for you and that are:

a. stored on "media"; or

b. installed and stored in "hardware".

26. "Securities" means negotiable and nonnegotiable instruments or contracts representing either "money" or other property and includes:

a. Tokens, tickets, revenue and other stamps (whether represented by actual stamps or unused value in a meter) in current use; and

b. Evidences of debt issued in connection with credit or charge cards, which cards are not issued by you;

but does not include "money".

27. "Software" means "media", "electronic data", "programs and applications", and "proprietary programs".

28. "Stock" means merchandise held in storage or for sale, raw materials and in-process or finished goods, including supplies used in their packing or shipping.

29. "Theft" means the unlawful taking of property to the deprivation of the Insured.

30. "Valuable papers and records" means inscribed, printed or written documents, manuscripts or records, including abstracts, books, deeds, drawings, films, maps or mortgages.

But "valuable papers and records" does not mean "money" or "securities", converted data, programs or instructions used in your data processing operations, including the materials on which the data is recorded.

Safeco Optimum Property ™ for Restaurants
CAUSES OF LOSS — SPECIAL FORM

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

A. Covered Causes Of Loss

Covered Causes of Loss means Risks Of Direct Physical Loss unless the loss is:

1. Excluded in Section **B.,** Exclusions; or

2. Limited in Section **C.,** Limitations;

that follow.

B. Exclusions

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

a. Ordinance Or Law

The enforcement of any ordinance or law:

(1) Regulating the construction, use or repair of any property; or

(2) Requiring the tearing down of any property, including the cost of removing its debris.

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

(a) An ordinance or law that is enforced even if the property has not been damaged; or

(b) The increased costs incurred to comply with an ordinance or law in the course of construction, repair, renovation, remodeling or demolition of property, or removal of its debris, following a physical loss to that property.

b. Earth Movement

(1) Earthquake, including any earth sinking, rising or shifting related to such event;

(2) Landslide, including any earth sinking, rising or shifting related to such event;

(3) Mine subsidence, meaning subsidence of a man-made mine, whether or not mining activity has ceased;

(4) Earth sinking (other than sinkhole collapse), rising or shifting including soil conditions which cause settling, cracking or other disarrangement of foundations or other parts of realty. Soil conditions include contraction, expansion, freezing, thawing, erosion, improperly compacted soil and the action of water under the ground surface.

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

(5) Volcanic eruption, explosion or effusion. But if volcanic eruption, explosion or effusion results in fire, building glass breakage or Volcanic Action, we will pay for the loss or damage caused by that fire, building glass breakage or Volcanic Action.

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

(a) Airborne volcanic blast or airborne shock waves;

(b) Ash, dust or particulate matter; or

(c) Lava flow.

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

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

(6) This Exclusion does not apply to the following coverages from the Building And Personal Property Coverage Form:

(a) Coverage Extension **A.5.a. Accounts Receivable**

(b) Coverage Extension **A.5.e. Electronic Data Processing**

(c) Coverage Extension **A.5.f. Exhibitions**

(d) Coverage Extension **A.5.g. Fine Arts**

(e) Coverage Extension **A.5.n. Property In Transit**

(f) Coverage Extension **A.5.p. Sales Representatives Samples**

(g) Coverage Extension **A.5.u. Valuable Papers And Records**

c. Governmental Action

Seizure or destruction of property by order of governmental authority.

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

d. Nuclear Hazard

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

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

e. Utility Services

The failure of power, communication, water or other utility service supplied to the described premises, however caused, if the failure:

(1) Originates away from the described premises; or

(2) Originates at the described premises, but only if such failure involves equipment used to supply the utility service to the described premises from a source away from the described premises.

Failure of any utility service includes lack of sufficient capacity and reduction in supply.

Loss or damage caused by a surge of power is also excluded, if the surge would not have occurred but for an event causing a failure of power.

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

Communication services include but are not limited to service relating to Internet access or access to any electronic, cellular or satellite network.

f. War And Military Action

(1) War, including undeclared or civil war;

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

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

g. Water

(1) (a) Flood, whether or not arising from natural forces;

(b) Surface water;

(c) Waves;

(d) Tides;

(e) Tidal waves; or

(f) Overflow of any body of water

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

(2) Release of water held by a dam, levee or dike, or by a water or flood control device;

(3) Mudslide or mudflow;

(4) Water that backs up or overflows from a sewer, drain or sump, except as provided below in the Additional Coverage for Back Up of Sewer, Drain or Sump; or

(5) Water under the ground surface pressing on, or flowing or seeping through:

(a) Foundations, walls, floors or paved surfaces;

(b) Basements, whether paved or not; or

(c) Doors, windows or other openings.

But if Water, as described in **g.(1)** through **g.(5)** above, results in fire, explosion or sprinkler leakage, we will pay for the loss or damage caused by that fire, explosion or sprinkler leakage.

(6) This Exclusion does not apply to the following coverages from the Building And Personal Property Coverage Form:

(a) Coverage Extension **A.5.a. Accounts Receivable**

(b) Coverage Extension **A.5.e. Electronic Data Processing**

(c) Coverage Extension **A.5.f. Exhibitions**

(d) Coverage Extension **A.5.g. Fine Arts**

(e) Coverage Extension **A.5.n. Property In Transit**

(f) Coverage Extension **A.5.p. Sales Representatives Samples**

(g) Coverage Extension **A.5.u. Valuable Papers And Records**

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

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

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

This exclusion does not apply:

1. When "fungus", wet or dry rot or bacteria results from fire or lightning; or

2. To the extent that coverage is provided in the Additional Coverage — Limited Coverage for "Fungus", Wet Rot, Dry Rot And Bacteria with respect to loss or damage by a cause of loss other than fire or lightning.

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

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

a. Electrical, Magnetic Or Electromagnetic Energy: Artificially generated electrical, magnetic or electromagnetic energy that damages, disturbs, disrupts or otherwise interferes with any:

(1) Electrical or electronic wire, device, appliance, system or network; or

(2) Device, appliance, system or network utilizing cellular or satellite technology.

For the purpose of this exclusion, electrical, magnetic or electromagnetic energy includes but is not limited to:

(1) Electrical current, including arcing;

(2) Electrical charge produced or conducted by a magnetic or electromagnetic field;

(3) Pulse of electromagnetic energy; or

(4) Electromagnetic waves or microwaves.

But if fire results, we will pay for the loss or damage caused by that fire.

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

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

d. Other Types Of Loss:

(1) Wear and tear;

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

(3) Smog;

(4) Settling, cracking, shrinking or expansion;

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

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

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

(a) Dampness or dryness of atmosphere;

(b) Changes in or extremes of temperature; or

(c) Marring or scratching.

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

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

f. Continuous Seepage Or Leakage: Continuous or repeated seepage or leakage of water, or the presence or condensation of humidity, moisture or vapor, that occurs over a period of 14 days or more.

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

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

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

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

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

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

j. Collapse: Collapse, including any of the following conditions of property or any part of the property:

(1) An abrupt falling down or caving in;

(2) Loss of structural integrity, including separation of parts of the property or property in danger of falling down or caving in; or

(3) Any cracking, bulging, sagging, bending, leaning, settling, shrinkage or expansion as such condition relates to **(1)** or **(2)** above.

But if collapse results in a Covered Cause of Loss at the described premises, we will pay for the loss or damage caused by that Covered Cause of Loss.

This exclusion, **j.,** does not apply:

(a) To the extent that coverage is provided under the Additional Coverage — Collapse; or

(b) To collapse caused by one or more of the following:

(i) The "specified causes of loss";

(ii) Breakage of building glass;

(iii) Weight of rain that collects on a roof; or

(iv) Weight of people or personal property.

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

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

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

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

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

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

c. Negligent Work: Faulty, inadequate or defective:

(1) Planning, zoning, development, surveying, siting;

(2) Design, specifications, workmanship, repair, construction, renovation, remodeling, grading, compaction;

(3) Materials used in repair, construction, renovation or remodeling; or

(4) Maintenance;

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

4. Special Exclusions

The following provisions apply only to the specified Coverage Forms.

a. Business Income (And Extra Expense) Coverage Form, Business Income (Without Extra Expense) Coverage Form, Business Income (And Extra Expense) Actual Loss Sustained Coverage Form, Or Extra Expense Coverage Form

We will not pay for:

(1) Any loss caused by or resulting from:

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

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

This exclusion does not apply to Extra Expense.

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

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

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

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

(4) Any other consequential loss.

b. Leasehold Interest Coverage Form

(1) Paragraph **B.1.a.** Ordinance Or Law, does not apply to insurance under this Coverage Form.

(2) We will not pay for any loss caused by:

(a) Your canceling the lease;

(b) The suspension, lapse or cancellation of any license; or

(c) Any other consequential loss.

c. Legal Liability Coverage Form

(1) The following exclusions do not apply to insurance under this Coverage Form:

(a) Paragraph **B.1.a.,** Ordinance Or Law;

(b) Paragraph **B.1.c.,** Governmental Action;

(c) Paragraph **B.1.d.,** Nuclear Hazard;

(d) Paragraph **B.1.e.,** Utility Services; and

(e) Paragraph **B.1.f.,** War And Military Action.

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

(a) Contractual Liability

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

(i) Your assumption of liability was executed prior to the accident; and

(ii) The building is Covered Property under this Coverage Form.

(b) Nuclear Hazard

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

5. Additional Exclusion

The following provisions apply only to the specified property.

LOSS OR DAMAGE TO PRODUCTS

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

C. Limitations

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

1. We will not pay for loss of or damage to property, as described and limited in this section. In addition, we will not pay for any loss that is a consequence of loss or damage as described and limited in this section.

a. Steam boilers, steam pipes, steam engines or steam turbines caused by or resulting from any condition or event inside such equipment. But we will pay for loss of or damage to such equipment caused by or resulting from an explosion of gases or fuel within the furnace of any fired vessel or within the flues or passages through which the gases of combustion pass.

b. Hot water boilers or other water heating equipment caused by or resulting from any condition or event inside such boilers or equipment, other than an explosion.

c. The interior of any building or structure, or to personal property in the building or structure, caused by or resulting from

rain, snow, sleet, ice, sand or dust, whether driven by wind or not, unless:

(1) The building or structure first sustains damage by a Covered Cause of Loss to its roof or walls through which the rain, snow, sleet, ice, sand or dust enters; or

(2) The loss or damage is caused by or results from thawing of snow, sleet or ice on the building or structure.

d. Property that is missing, where the only evidence of the loss or damage is a shortage disclosed on taking inventory, or other instances where there is no physical evidence to show what happened to the property. This limitation does not apply to personal property of others.

e. Property that has been transferred to a person or to a place outside the described premises on the basis of unauthorized instructions.

2. We will not pay for loss of or damage to the following types of property unless caused by the "specified causes of loss" or building glass breakage:

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

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

(1) Glass; or

(2) Containers of property held for sale.

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

a. $5,000 for furs, fur garments and garments trimmed with fur.

b. $5,000 for jewelry, watches, watch movements, jewels, pearls, precious and semi-precious stones, bullion, gold, silver, platinum and other precious alloys or metals. This limit does not apply to jewelry and watches worth $100 or less per item.

c. $250 for stamps, tickets, including lottery tickets held for sale, and letters of credit.

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

This limitation, **C.3.,** does not apply to Business Income coverage or to Extra Expense coverage.

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

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

b. Is directly caused by freezing.

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

D. Additional Coverage — Collapse

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

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

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

a. Building decay that is hidden from view, unless the presence of such decay is known to an insured prior to collapse;

b. Insect or vermin damage that is hidden from view, unless the presence of such damage is known to an insured prior to collapse;

c. Use of defective material or methods in construction, remodeling or renovation if the abrupt collapse occurs during the course of the construction, remodeling or renovation.

d. Use of defective material or methods in construction, remodeling or renovation if the abrupt collapse occurs after the

construction, remodeling or renovation is complete, but only if the collapse is caused in part by:

(1) A cause of loss listed in **2.a.** or **2.b.**;

(2) One or more of the "specified causes of loss";

(3) Breakage of building glass;

(4) Weight of people or personal property; or

(5) Weight of rain that collects on a roof.

3. This **Additional Coverage — Collapse** does **not** apply to:

a. A building or any part of a building that is in danger of falling down or caving in;

b. A part of a building that is standing, even if it has separated from another part of the building; or

c. A building that is standing or any part of a building that is standing, even if it shows evidence of cracking, bulging, sagging, bending, leaning, settling, shrinkage or expansion.

4. With respect to the following property:

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

b. Awnings, gutters and downspouts;

c. Yard fixtures;

d. Outdoor swimming pools;

e. Fences;

f. Piers, wharves and docks;

g. Beach or diving platforms or appurtenances;

h. Retaining walls; and

i. Walks, roadways and other paved surfaces;

if an abrupt collapse is caused by a cause of loss listed in **2.a.** through **2.d.,** we will pay for loss or damage to that property only if:

(1) Such loss or damage is a direct result of the abrupt collapse of a building insured under this Coverage Form; and

(2) The property is Covered Property under this Coverage Form.

5. If personal property abruptly falls down or caves in and such collapse is not the result of abrupt collapse of a building, we will pay for loss or damage to Covered Property caused by such collapse of personal property only if:

a. The collapse of personal property was caused by a cause of loss listed in **2.a.** through **2.d.;**

b. The personal property which collapses is inside a building; and

c. The property which collapses is not of a kind listed in **4.,** regardless of whether that kind of property is considered to be personal property or real property.

The coverage stated in this Paragraph **5.** does not apply to personal property if marring and/or scratching is the only damage to that personal property caused by the collapse.

6. This Additional Coverage — Collapse does not apply to personal property that has not abruptly fallen down or caved in, even if the personal property shows evidence of cracking, bulging, sagging, bending, leaning, settling, shrinkage or expansion.

7. This Additional Coverage — Collapse will not increase the Limits of Insurance provided in this Coverage Part.

8. The term Covered Cause of Loss includes the Additional Coverage — Collapse as described and limited in **D.1.** through **D.7.**

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

1. The coverage described in **E.2.** and **E.6.** only applies when the "fungus", wet or dry rot or bacteria is the result of one or more of the following causes that occurs during the policy period and only if all reasonable means were used to save and preserve the property from further damage at the time of and after that occurrence.

a. A "specified cause of loss" other than fire or lightning; or

b. Flood, if the Flood Coverage Endorsement applies to the affected premises.

2. We will pay for loss or damage by "fungus", wet or dry rot or bacteria. As used in this Limited Coverage, the term loss or damage means:

a. Direct physical loss or damage to Covered Property caused by "fungus", wet

or dry rot or bacteria, including the cost of removal of the "fungus", wet or dry rot or bacteria;

b. The cost to tear out and replace any part of the building or other property as needed to gain access to the "fungus", wet or dry rot or bacteria; and

c. The cost of testing performed after removal, repair, replacement or restoration of the damaged property is completed, provided there is a reason to believe that "fungus", wet or dry rot or bacteria are present.

3. The coverage described under **E.2.** of this Limited Coverage is limited to $15,000. Regardless of the number of claims, this limit is the most we will pay for the total of all loss or damage arising out of all occurrences of "specified causes of loss" (other than fire or lightning) and Flood which take place in a 12-month period (starting with the beginning of the present annual policy period). With respect to a particular occurrence of loss which results in "fungus", wet or dry rot or bacteria, we will not pay more than a total of $15,000 even if the "fungus", wet or dry rot or bacteria continues to be present or active, or recurs, in a later policy period.

4. The coverage provided under this Limited Coverage does not increase the applicable Limit of Insurance on any Covered Property. If a particular occurrence results in loss or damage by "fungus", wet or dry rot or bacteria, and other loss or damage, we will not pay more, for the total of all loss or damage, than the applicable Limit of Insurance on the affected Covered Property.

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

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

6. The following, **6.a.** or **6.b.,** applies only if Business Income and/or Extra Expense Coverage applies to the described premises and only if the "suspension" of "operations" satisfies all terms and conditions of the applicable Business Income and/or Extra Expense Coverage Form.

a. If the loss which resulted in "fungus", wet or dry rot or bacteria does not in itself necessitate a "suspension" of "operations", but such "suspension" is necessary due to loss or damage to property caused by "fungus", wet or dry rot or bacteria, then our payment under Business Income and/or Extra Expense is limited to the amount of loss and/or expense sustained in a period of not more than 30 days. The days need not be consecutive.

b. If a covered "suspension" of "operations" was caused by loss or damage other than "fungus", wet or dry rot or bacteria but remediation of "fungus", wet or dry rot or bacteria prolongs the "period of restoration", we will pay for loss and/or expense sustained during the delay (regardless of when such a delay occurs during the "period of restoration"), but such coverage is limited to 30 days. The days need not be consecutive.

F. Additional Coverage — Back Up Of Sewer, Drain Or Sump

1. We will pay for

a. direct physical loss of or damage to Covered Property at the premises described in the Declarations; or

b. if Business Income and/or Extra Expense Coverage applies to the described premises, the loss of Business Income you sustain and/or necessary Extra Expense you incur at premises which are described in the Declarations

solely caused by water that backs up from a sewer, drain or sump.

2. We will not pay for water or other materials that back up from any sewer, drain or sump when it is caused by any flood.

3. Coverage under **F.1.b.** above applies only if the "suspension" of "operations" satisfies all terms and conditions of the applicable Business Income and/or Extra Expense Coverage Form.

4. The most we will pay in any one occurrence for this Additional Coverage under **F.1.a.** and **F.1.b.** combined is $50,000 per premises.

This coverage is included within the Limits of Insurance.

G. Additional Coverage Extensions

1. Water Damage, Other Liquids, Powder Or Molten Material Damage

If loss or damage caused by or resulting from covered water or other liquid, powder or molten material occurs, we will also pay the cost to tear out and replace any part of the building or structure to repair damage to the system or appliance from which the water or other substance escapes. This Coverage Extension does not increase the Limit of Insurance.

2. Glass

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

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

This Coverage Extension, **G.2.,** does not increase the Limit of Insurance.

H. Definitions

1. "Fungus" means any type or form of fungus, including mold or mildew, and any mycotoxins, spores, scents or by-products produced or released by fungi.

2. "Operations" means:

a. Your business activities occurring at the described premises; and

b. The tenantability of the described premises.

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

a. Sinkhole collapse means the sudden sinking or collapse of land into underground empty spaces created by the action of water on limestone or dolomite. This cause of loss does not include:

(1) The cost of filling sinkholes; or

(2) Sinking or collapse of land into man-made underground cavities.

b. Falling objects does not include loss or damage to:

(1) Personal property in the open; or

(2) The interior of a building or structure, or property inside a building or structure, unless the roof or an outside wall of the building or structure is first damaged by a falling object.

c. Water damage means accidental discharge or leakage of water or steam as the direct result of the breaking apart or cracking of a plumbing, heating, air conditioning or other system or appliance (other than a sump system including its related equipment and parts), that is located on the described premises and contains water or steam.

4. "Suspension" means:

a. The slowdown or cessation of your business activities; or

b. That a part or all of the described premises is rendered untenantable.

Safeco Optimum Property ™ for Restaurants
BUSINESS INCOME (AND EXTRA EXPENSE) COVERAGE FORM

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

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

Other words and phrases that appear in quotation marks have special meaning. Refer to Section **F.** Definitions.

A. Coverage

1. Business Income

Business Income means the:

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

b. Continuing normal operating expenses incurred, including payroll and employee tips.

For manufacturing risks, Net Income includes the net sales value of production.

Coverage is provided as described and limited below for one or more of the following options for which a Limit of Insurance is shown in the Declarations:

(1) Business Income Including "Rental Value".

(2) Business Income Other Than "Rental Value".

(3) "Rental Value".

If option **(1)** above is selected, the term Business Income will include "Rental Value". If option **(3)** above is selected, the term Business Income will mean "Rental Value" only.

If Limits of Insurance are shown under more than one of the above options, the provisions of this Coverage Part apply separately to each.

We will pay for the actual loss of Business Income you sustain due to the necessary "suspension" of your "operations" during the "period of restoration". The "suspension" must be caused by direct physical loss of or damage to property at premises which are described in the Declarations and for which a Business Income Limit of Insurance is shown in the Declarations. The loss or damage must be caused by or result from a Covered Cause of Loss. With respect to loss of or damage to personal property in the open or personal property in a vehicle, the described premises include the area within 1,000 feet of the site at which the described premises are located.

With respect to the requirements set forth in the preceding paragraph, if you occupy only part of the site at which the described premises are located, your premises means:

a. The portion of the building which you rent, lease or occupy; and

b. Any area within the building or on the site at which the described premises are located, if that area services, or is used to gain access to, the described premises.

2. Extra Expense

a. Extra Expense coverage is provided at the premises described in the Declarations only if the Declarations show that Business Income coverage applies at that premises.

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b. Extra Expense means necessary expenses you incur during the "period of restoration" that you would not have incurred if there had been no direct physical loss or damage to property caused by or resulting from a Covered Cause of Loss.

We will pay Extra Expense (other than the expense to repair or replace property) to:

(1) Avoid or minimize the "suspension" of business and to continue operations at the described premises or at replacement premises or temporary locations, including relocation expenses and costs to equip and operate the replacement location or temporary location.

(2) Minimize the "suspension" of business if you cannot continue "operations".

We will also pay Extra Expense to repair or replace property, but only to the extent it reduces the amount of loss that otherwise would have been payable under this Coverage Form.

3. Covered Causes Of Loss, Exclusions And Limitations

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

4. Additional Limitation — Interruption Of Computer Operations

a. Coverage for Business Income does not apply when a "suspension" of "operations" is caused by destruction or corruption of "electronic data", or any loss or damage to "electronic data", except as provided under the Coverage Extension for Electronic Data Processing found in the Building And Personal Property Coverage Form.

b. Coverage for Extra Expense does not apply when action is taken to avoid or minimize a "suspension" of "operations" caused by destruction or corruption of "electronic data", or any loss or damage to "electronic data", except as provided under the Coverage Extension for Electronic Data Processing found in the Building And Personal Property Coverage Form.

5. Additional Coverages

a. Civil Authority

In this Additional Coverage — Civil Authority, the described premises are premises to which this Coverage Form applies, as shown in the Declarations.

When a Covered Cause of Loss causes damage to property other than property at the described premises, we will pay for the actual loss of Business Income you sustain and necessary Extra Expense caused by action of civil authority that prohibits access to the described premises, provided that both of the following apply:

(1) Access to the area immediately surrounding the damaged property is prohibited by civil authority as a result of the damage, and the described premises are within that area but are not more than one mile from the damaged property; and

(2) The action of civil authority is taken in response to dangerous physical conditions resulting from the damage or continuation of the Covered Cause of Loss that caused the damage, or the action is taken to enable a civil authority to have unimpeded access to the damaged property.

Civil Authority coverage for Business Income will begin 72 hours after the time of the first action of civil authority that prohibits access to the described premises and will apply for a period of up to thirty consecutive days from the date on which such coverage began.

Civil Authority coverage for Extra Expense will begin immediately after the time of the first action of civil authority that prohibits access to the described premises and will end:

(1) 30 consecutive days after the date of that action; or

(2) When your Civil Authority coverage for Business Income ends;

whichever is later.

b. Alterations And New Buildings

We will pay for the actual loss of Business Income you sustain and necessary Extra Expense you incur due to direct physical loss or damage at the described premises caused by or resulting from any Covered Cause of Loss to:

(1) New buildings or structures, whether complete or under construction;

(2) Alterations or additions to existing buildings or structures; and

(3) Machinery, equipment, supplies or building materials located on or within 1,000 feet of the described premises and:

(a) Used in the construction, alterations or additions; or

(b) Incidental to the occupancy of new buildings.

If such direct physical loss or damage delays the start of "operations", the "period of restoration" for Business Income Coverage will begin on the date "operations" would have begun if the direct physical loss or damage had not occurred.

c. Extended Business Income

(1) Business Income Other Than "Rental Value"

If the necessary "suspension" of your "operations" produces a Business Income loss payable under this policy, we will pay for the actual loss of Business Income you incur during the period that:

(a) Begins on the date property (except "finished stock") is actually repaired, rebuilt or replaced and "operations" are resumed; and

(b) Ends on the earlier of:

(i) The date you could restore your "operations", with reasonable speed, to the level which would generate the business income amount that would have existed if no direct physical loss or damage had occurred; or

(ii) 180 consecutive days after the date determined in **(1)(a)** above, unless "180" is replaced in the Declarations by a different number of days.

However, Extended Business Income does not apply to loss of Business Income incurred as a result of unfavorable business conditions caused by the impact of the Covered Cause of Loss in the area where the described premises are located.

Loss of Business Income must be caused by direct physical loss or damage at the described premises caused by or resulting from any Covered Cause of Loss.

(2) "Rental Value"

If the necessary "suspension" of your "operations" produces a "Rental Value" loss payable under this policy, we will pay for the actual loss of "Rental Value" you incur during the period that:

(a) Begins on the date property is actually repaired, rebuilt or replaced and tenantability is restored; and

(b) Ends on the earlier of:

(i) The date you could restore tenant occupancy, with reasonable speed, to the level which would generate the "Rental Value" that would have existed if no direct physical loss or damage had occurred; or

(ii) 180 consecutive days after the date determined in **(2)(a)** above, unless "180" is replaced in the Declarations by a different number of days.

However, Extended Business Income does not apply to loss of "Rental Value" incurred as a result of unfavorable business conditions caused by the impact of the Covered Cause of Loss in the area where the described premises are located.

Loss of "Rental Value" must be caused by direct physical loss or damage at the described premises caused by or resulting from any Covered Cause of Loss.

d. Dependent Properties — Time Element

(1) Your coverage for Business Income and Extra Expense, as provided and limited in this form, is extended to apply to the actual loss of Business Income you sustain, and the actual and necessary Extra Expense you incur, due to direct physical loss of or damage to "dependent property" caused by or resulting from a Covered Cause of Loss.

However this Additional Coverage does not apply when the only loss to dependent property is loss or damage to "electronic data", including destruction or corruption of "electronic data". If the dependent property sustains loss or damage to "electronic data" and other property, coverage under this Additional Coverage will not continue once the other property is repaired, rebuilt or replaced.

(2) Under the Loss Determination Condition below, the following is added to the Resumption Of Operations provision:

We will reduce the amount of your Business Income loss, other than Extra Expense, to the extent you can resume "operations", in whole or in part, by using any other available source of materials or outlet for your products.

(3) The most we will pay under this Additional Coverage is $50,000 in any one occurrence regardless of the number of dependent properties.

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

(4) The provisions of this Additional Coverage are superseded by **CP 15 08** Business Income From Dependent Properties — Broad Form, or **CP 15 09** Business Income From Dependent Properties — Limited Form, if attached to and made a part of this policy.

e. Ordinance Or Law — Increased Period Of Restoration

(1) If a Covered Cause of Loss occurs to property at the premises described in the Declarations, coverage is extended to include the amount of actual and necessary loss you sustain during the increased period of "suspension" of "operations" caused by or resulting from the enforcement of any ordinance or law that:

(a) Regulates the construction or repair of any property;

(b) Requires the tearing down of parts of any property not damaged by a Covered Cause of Loss; and

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

However, coverage is not extended under this Additional Coverage to include loss caused by or resulting from the enforcement of any ordinance or law which requires any insured or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of "pollutants".

f. Transit — Business Income

(1) This insurance is extended to apply to the actual loss of Business Income you sustain caused by direct physical loss or damage by a Covered Cause of Loss to Covered Property while in or on a vehicle or in transit more than 1,000 feet from a covered premises while:

(a) In or on a vehicle you own, rent or lease;

(b) In the custody of a public or contract trucker;

(c) In the custody of an air or rail carrier; or

(d) While waterborne on inland waterways. However, there is no coverage under this Additional Coverage for any imported or exported property that is covered under any ocean marine

cargo policy that anyone has obtained.

(2) There is no coverage under this Additional Coverage resulting from loss or damage to:

(a) "Fine arts", "antiques", fur garments, jewelry, precious or semiprecious stones, gold, silver, platinum, or other precious metals or alloys; or

(b) Mail shipments in the custody of the U.S. Postal Service.

(3) This Additional Coverage will continue to apply to such property in the due course of transit, after the expiration or cancellation of this policy, until arrival at and accepted by an authorized representative at the invoiced destination, but for no longer than 30 days after the date of the shipment origination, but this will not cut short the "period of restoration".

(4) You must retain accurate records of all shipments of Covered Property for one year.

(5) The most we will pay under this Additional Coverage is $50,000 in any one occurrence.

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

6. Coverage Extensions

a. Newly Acquired Locations

(1) You may extend your Business Income and Extra Expense Coverages to apply to property at any premises you acquire other than fairs or exhibitions.

(2) The most we will pay under this Extension, for the sum of Business Income loss and Extra Expense incurred, is $250,000 at each premises.

Payments under this Coverage Extension are separate from the Limit(s) of Insurance shown in the Declarations for any other coverage.

(3) Insurance under this Extension for each newly acquired premises will end when any of the following first occurs:

(a) This policy expires;

(b) 180 days expire after you acquire or begin to construct the property; or

(c) You report values to us.

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

b. Spoilage Due To Power Outage, Mechanical Breakdown, Or Contamination — Time Element

(1) You may extend your Business Income and Extra Expense Coverages to apply to loss caused by spoilage of "perishable stock" caused by:

(a) Breakdown or Contamination, meaning:

(i) Change in temperature or humidity caused by mechanical breakdown or mechanical failure of refrigerating, cooling, or humidity control equipment; and

(ii) Contamination by the refrigerant.

(b) Power Outage, meaning change in temperature or humidity caused by complete or partial interruption of electrical power due to conditions beyond your control.

(2) This coverage does not apply to loss to stock which is outside of a building or in or on a vehicle unless the stock is being moved to prevent or reduce loss covered by this policy.

(3) Only the following Exclusions contained in Paragraph **B.1.** of the Causes Of Loss — Special Form apply to this Coverage Extension:

(a) **B.1.b.** Earth Movement;

(b) **B.1.c.** Governmental Action;

(c) **B.1.d.** Nuclear Hazard;

(d) **B.1.f.** War And Military Action; and

(e) **B.1.g.** Water.

(4) The following Exclusions are added:

We will not pay for loss or damage caused by:

(a) The disconnecting of any refrigerating, cooling or humidity control system from the source of power.

(b) Shutting off electrical power by turning off the switch that controls the flow of electricity.

(c) The inability of an Electrical Utility Company or other power source to provide sufficient power due to:

(i) Lack of fuel; or

(ii) Governmental order.

(d) A power source at the described premises not having enough power to meet demand due to lack of generating capacity.

(5) For the purposes of this Coverage Extension, the "period of restoration" begins 24 hours after the time of direct physical loss for Business Income coverage, or immediately after the time of direct physical loss or damage for Extra Expense coverage.

(6) The most we will pay under this Coverage Extension is $50,000 per occurrence.

c. Utility Service —Time Element

(1) You may extend your Business Income and Extra Expense Coverages to apply to loss caused by the interruption of service to the described premises or Newly Acquired Locations. The interruption must result from direct physical loss or damage by a Covered Cause of Loss to the property described in paragraph **(2).**

(2) Utility Services

(a) Water Supply Services, meaning pumping stations and water mains supplying water to your premises.

(b) Communication Supply Services, meaning property supplying communication services, including telephone, radio, microwave or television services, to your premises, such as:

(i) Communication transmission lines, including optic fiber transmission lines;

(ii) Coaxial cables; and

(iii) Microwave radio relays except satellites.

(c) Power Supply Services, meaning the following types of property supplying electricity, steam or gas to your premises:

(i) Utility generating plants;

(ii) Switching stations;

(iii) Substations;

(iv) Transformers; and

(v) Transmission lines.

(3) For the purposes of this Coverage Extension, the "period of restoration" begins 24 hours after the time of direct physical loss for Business Income coverage, or immediately after the time of direct physical loss or damage for Extra Expense coverage.

(4) This Coverage Extension does not apply to loss caused by spoilage of "perishable stock" caused by interruption of Utility Services.

(5) The most we will pay under this Coverage Extension is $50,000 per occurrence.

Payments under this Coverage Extension will not increase the applicable Limit of Insurance.

(6) The provisions of this Coverage Extension are superseded by **CP 15 45** Utility Services — Time Element, if attached to and made a part of this policy.

B. Limits Of Insurance

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

2. The amount of insurance stated in the Coverage Extension **A.6.a. Newly Acquired Locations** applies in accordance with the terms of that coverage and is separate from

the Limit(s) of Insurance shown in the Declarations for any other coverage.

3. Payments under the following Additional Coverages and Coverage Extensions will not increase the applicable Limit of Insurance:

   a. Additional Coverage **A.5.a. Civil Authority**

   b. Additional Coverage **A.5.b. Alterations And New Buildings**

   c. Additional Coverage **A.5.c. Extended Business Income**

   d. Additional Coverage **A.5.d. Dependent Properties — Time Element**

   e. Additional Coverage **A.5.e. Ordinance Or Law — Increased Period Of Restoration**

   f. Additional Coverage **A.5.f. Transit — Business Income**

   g. Coverage Extension **A.6.b. Spoilage Due To Power Outage, Mechanical Breakdown, Or Contamination — Time Element**

   h. Coverage Extension **A.6.c. Utility Service — Time Element**

C. Deductible

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

2. When the same occurrence involves loss to insurance under this coverage form and loss under the Building And Personal Property Coverage Form, only one deductible will be applied to the occurrence.

3. Windstorm, Hail or Hurricane percentage deductibles do not apply to Business Income coverage or Extra Expense coverage.

D. Loss Conditions

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

1. **Appraisal**

   If we and you disagree on the amount of Net Income and operating expense or the amount of loss, either may make written demand for an appraisal of the loss. In this event, each party will select a competent and impartial appraiser.

   The two appraisers will select an umpire. If they cannot agree, either may request that selection be made by a judge of a court having jurisdiction. The appraisers will state separately the amount of Net Income and operating expense or amount of loss. If they fail to agree, they will submit their differences to the umpire. A decision agreed to by any two will be binding. Each party will:

   a. Pay its chosen appraiser; and

   b. Bear the other expenses of the appraisal and umpire equally.

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

2. **Duties In The Event Of Loss**

   a. You must see that the following are done in the event of loss:

      (1) Notify the police if a law may have been broken.

      (2) Give us prompt notice of the direct physical loss or damage. Include a description of the property involved.

      (3) As soon as possible, give us a description of how, when, and where the direct physical loss or damage occurred.

      (4) Take all reasonable steps to protect the Covered Property from further damage, and keep a record of your expenses necessary to protect the Covered Property, for consideration in the settlement of the claim. This will not increase the Limit of Insurance. However, we will not pay for any subsequent loss or damage resulting from a cause of loss that is not a Covered Cause of Loss. Also, if feasible, set the damaged property aside and in the best possible order for examination.

      (5) As often as may be reasonably required, permit us to inspect the property proving the loss or damage and examine your books and records.

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

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

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

(8) If you intend to continue your business, you must resume all or part of your "operations" as quickly as possible.

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

3. Loss Determination

a. The amount of Business Income loss will be determined based on:

(1) The Net Income of the business before the direct physical loss or damage occurred;

(2) The likely Net Income of the business if no physical loss or damage had occurred, but not including any Net Income that would likely have been earned as a result of an increase in the volume of business due to favorable business conditions caused by the impact of the Covered Cause of Loss on customers or on other businesses;

(3) The operating expenses, including payroll expenses, necessary to resume "operations" with the same quality of service that existed just before the direct physical loss or damage; and

(4) Other relevant sources of information, including:

(a) Your financial records and accounting procedures;

(b) Bills, invoices and other vouchers; and

(c) Deeds, liens or contracts.

b. The amount of Extra Expense will be determined based on:

(1) All expenses that exceed the normal operating expenses that would have been incurred by "operations" during the "period of restoration" if no direct physical loss or damage had occurred. We will deduct from the total of such expenses:

(a) The salvage value that remains of any property bought for temporary use during the "period of restoration", once "operations" are resumed; and

(b) Any Extra Expense that is paid for by other insurance, except for insurance that is written subject to the same plan, terms, conditions and provisions as this insurance; and

(2) Necessary expenses that reduce the Business Income loss that otherwise would have been incurred.

c. Resumption Of Operations

We will reduce the amount of your:

(1) Business Income loss, other than Extra Expense, to the extent you can resume your "operations", in whole or in part, by using damaged or undamaged property (including merchandise or stock) at the described premises or elsewhere.

(2) Extra Expense loss to the extent you can return "operations" to normal and discontinue such Extra Expense.

d. If you do not resume "operations", or do not resume "operations" as quickly as possible, we will pay based on the length of time it would have taken to resume "operations" as quickly as possible.

4. Loss Payment

We will pay for covered loss within 30 days after we receive the sworn proof of loss, if you have complied with all of the terms of this Coverage Part and:

a. We have reached agreement with you on the amount of loss; or

b. An appraisal award has been made.

E. Optional Coverages

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

1. Maximum Period Of Indemnity

The most we will pay for the total of Business Income loss and Extra Expense is the lesser of:

a. The amount of loss sustained and expenses incurred during the 120 days immediately following the beginning of the "period of restoration"; or

b. The Limit of Insurance shown in the Declarations.

2. Monthly Limit Of Indemnity

The most we will pay for loss of Business Income in each period of 30 consecutive days after the beginning of the "period of restoration" is:

a. The Limit of Insurance, multiplied by

b. The fraction shown in the Declarations for this Optional Coverage.

EXAMPLE

When:	The Limit of Insurance is	$ 120,000
	The fraction shown in the Declarations for this Optional Coverage is	1/4
	The most we will pay for loss in each period of 30 consecutive days is: ($120,000 x 1/4 = $30,000)	$ 30,000
	If, in this example, the actual amount of loss is:	
	Days 1-30	$ 40,000
	Days 31-60	$ 20,000
	Days 61-90	$ 30,000
		$ 90,000
	We will pay:	
	Days 1-30	$ 30,000
	Days 31-60	$ 20,000
	Days 61-90	$ 30,000
		$ 80,000

The remaining $10,000 is not covered.

F. Definitions

1. "Antique" means an object having value because its:

a. craftsmanship is in the style or fashion of former times; and

b. age is 100 years old or older.

2. "Dependent property" means property operated by others whom you depend on to:

a. Deliver materials or services to you, or to others for your account. With respect to Contributing Locations, services does not mean water, communication or power supply services;

b. Accept your products or services;

c. Manufacture products for delivery to your customers under contract of sale; or

d. Attract customers to your business.

"Dependent property" does not include roads, bridges, tunnels, waterways, airfields, pipelines or any other similar areas or structures.

3. "Electronic data" means information, facts or computer programs stored as or on, created or used on, or transmitted to or from computer software (including systems and applications software), on hard or floppy disks, CD-ROMs, tapes, drives, cells, data processing devices or any other repositories of computer software which are used with electronically controlled equipment. The term computer programs, referred to in the foregoing description of "electronic data", means a set of related electronic instructions which direct the operations and functions of a computer or device connected to it, which enable the computer or device to receive, process, store, retrieve or send data.

4. "Fine arts" means paintings, etchings, pictures; tapestries; rare or art glass; art glass windows; valuable rugs; statuary; sculptures; "antique" furniture; bric-a-brac; porcelains; and similar property of rarity, historical value or artistic merit.

5. "Finished stock" means stock you have manufactured.

"Finished stock" also includes whiskey and alcoholic products being aged.

"Finished stock" does not include stock you have manufactured that is held for sale on the premises of any retail outlet insured under this Coverage Part.

6. "Operations" means:

   a. Your business activities occurring at the described premises; and

   b. The tenantability of the described premises, if coverage for Business Income Including "Rental Value" or "Rental Value" applies.

7. "Period of restoration" means the period of time that:

   a. Begins:

      (1) 72 hours after the time of direct physical loss or damage for Business Income coverage; or

      (2) Immediately after the time of direct physical loss or damage for Extra Expense coverage;

      caused by or resulting from any Covered Cause of Loss at the described premises; and

   b. Ends on the earlier of:

      (1) The date when the property at the described premises should be repaired, rebuilt or replaced with reasonable speed and similar quality; or

      (2) The date when business is resumed at a new permanent location.

   "Period of restoration" does not include any increased period required due to the enforcement of any ordinance or law that:

      (1) Regulates the construction, use or repair, or requires the tearing down of any property; or

      (2) Requires any insured or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of "pollutants"

   The expiration date of this policy will not cut short the "period of restoration".

8. "Perishable stock" means personal property which is maintained under controlled conditions for its preservation and which is susceptible to loss or damage if the controlled conditions change.

9. "Pollutants" means any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste. Waste includes materials to be recycled, reconditioned or reclaimed.

10. "Rental Value" means Business Income that consists of:

    a. Net Income (Net Profit or Loss before income taxes) that would have been earned or incurred as rental income from tenant occupancy of the premises described in the Declarations as furnished and equipped by you, including fair rental value of any portion of the described premises which is occupied by you; and

    b. Continuing normal operating expenses incurred in connection with that premises, including:

       (1) Payroll; and

       (2) The amount of charges which are the legal obligation of the tenant(s) but would otherwise be your obligations.

11. "Suspension" means:

    a. The slowdown or cessation of your business activities; or

    b. That a part or all of the described premises is rendered untenantable, if coverage for Business Income Including "Rental Value" or "Rental Value" applies.

Safeco Optimum Property ™ for Restaurants
BUSINESS INCOME (WITHOUT EXTRA EXPENSE) COVERAGE FORM

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

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

Other words and phrases that appear in quotation marks have special meaning. Refer to Section **F.** Definitions.

A. Coverage

1. Business Income

Business Income means the:

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

b. Continuing normal operating expenses incurred, including payroll and employee tips.

For manufacturing risks, Net Income includes the net sales value of production.

Coverage is provided as described and limited below for one or more of the following options for which a Limit of Insurance is shown in the Declarations:

(1) Business Income Including "Rental Value".

(2) Business Income Other Than "Rental Value".

(3) "Rental Value".

If option **(1)** above is selected, the term Business Income will include "Rental Value". If option **(3)** above is selected, the term Business Income will mean "Rental Value" only.

If Limits of Insurance are shown under more than one of the above options, the provisions of this Coverage Part apply separately to each.

We will pay for the actual loss of Business Income you sustain due to the necessary "suspension" of your "operations" during the "period of restoration". The "suspension" must be caused by direct physical loss of or damage to property at premises which are described in the Declarations and for which a Business Income Limit of Insurance is shown in the Declarations. The loss or damage must be caused by or result from a Covered Cause of Loss. With respect to loss of or damage to personal property in the open or personal property in a vehicle, the described premises include the area within 1,000 feet of the site at which the described premises are located.

With respect to the requirements set forth in the preceding paragraph, if you occupy only part of the site at which the described premises are located, your premises means:

a. The portion of the building which you rent, lease or occupy; and

b. Any area within the building or on the site at which the described premises are located, if that area services, or is used to gain access to, the described premises.

2. Covered Causes Of Loss, Exclusions And Limitations

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

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3. Additional Limitation — Interruption Of Computer Operations

Coverage for Business Income does not apply when a "suspension" of "operations" is caused by destruction or corruption of "electronic data", or any loss or damage to "electronic data", except as provided under the Coverage Extension for Electronic Data Processing found in the Building And Personal Property Coverage Form.

4. Additional Coverages

a. Expenses To Reduce Loss

In the event of a covered loss of Business Income, we will pay necessary expenses you incur, except the cost of extinguishing a fire, to avoid further loss of Business Income. The total of our payment for Business Income loss and Expenses to Reduce Loss will not be more than the Business Income loss that would have been payable under this Coverage Form if the Expenses to Reduce Loss had not been incurred. This coverage does not increase the Limit of Insurance.

b. Civil Authority

In this Additional Coverage — Civil Authority, the described premises are premises to which this Coverage Form applies, as shown in the Declarations.

When a Covered Cause of Loss causes damage to property other than property at the described premises, we will pay for the actual loss of Business Income you sustain caused by action of civil authority that prohibits access to the described premises, provided that both of the following apply:

(1) Access to the area immediately surrounding the damaged property is prohibited by civil authority as a result of the damage, and the described premises are within that area but are not more than one mile from the damaged property; and

(2) The action of civil authority is taken in response to dangerous physical conditions resulting from the damage or continuation of the Covered Cause of Loss that caused the damage, or the action is taken to enable a civil authority to have unimpeded access to the damaged property.

Civil Authority coverage will begin 72 hours after the time of the first action of civil authority that prohibits access to the described premises and will apply for a period of up to thirty consecutive days from the date on which such coverage began.

c. Alterations And New Buildings

We will pay for the actual loss of Business Income you sustain due to direct physical loss or damage at the described premises caused by or resulting from any Covered Cause of Loss to:

(1) New buildings or structures, whether complete or under construction;

(2) Alterations or additions to existing buildings or structures; and

(3) Machinery, equipment, supplies or building materials located on or within 1,000 feet of the described premises and:

(a) Used in the construction, alterations or additions; or

(b) Incidental to the occupancy of new buildings.

If such direct physical loss or damage delays the start of "operations", the "period of restoration" will begin on the date "operations" would have begun if the direct physical loss or damage had not occurred.

d. Extended Business Income

(1) Business Income Other Than "Rental Value"

If the necessary "suspension" of your "operations" produces a Business Income loss payable under this policy, we will pay for the actual loss of Business Income you incur during the period that:

(a) Begins on the date property (except "finished stock") is actually repaired, rebuilt or replaced and "operations" are resumed; and

(b) Ends on the earlier of:

(i) The date you could restore your "operations", with reasonable speed, to the level which would generate

the business income amount that would have existed if no direct physical loss or damage had occurred; or

(ii) 180 consecutive days after the date determined in **(1)(a)** above, unless "180" is replaced in the Declarations by a different number of days.

However, Extended Business Income does not apply to loss of Business Income incurred as a result of unfavorable business conditions caused by the impact of the Covered Cause of Loss in the area where the described premises are located.

Loss of Business Income must be caused by direct physical loss or damage at the described premises caused by or resulting from any Covered Cause of Loss.

(2) "Rental Value"

If the necessary "suspension" of your "operations" produces a "Rental Value" loss payable under this policy, we will pay for the actual loss of "Rental Value" you incur during the period that:

(a) Begins on the date property is actually repaired, rebuilt or replaced and tenantability is restored; and

(b) Ends on the earlier of:

(i) The date you could restore tenant occupancy, with reasonable speed, to the level which would generate the "Rental Value" that would have existed if no direct physical loss or damage had occurred; or

(ii) 180 consecutive days after the date determined in **(2)(a)** above, unless "180" is replaced in the Declarations by a different number of days.

However, Extended Business Income does not apply to loss of "Rental Value" incurred as a result of unfavorable business conditions caused by the impact of the Covered Cause of Loss in the area where the described premises are located.

Loss of "Rental Value" must be caused by direct physical loss or damage at the described premises caused by or resulting from any Covered Cause of Loss.

e. Dependent Properties — Business Income

(1) Your coverage for Business Income, as provided and limited in this form, is extended to apply to the actual loss of Business Income you sustain due to direct physical loss of or damage to "dependent property" caused by or resulting from a Covered Cause of Loss.

However this Additional Coverage does not apply when the only loss to dependent property is loss or damage to "electronic data", including destruction or corruption of "electronic data". If the dependent property sustains loss or damage to "electronic data" and other property, coverage under this Additional Coverage will not continue once the other property is repaired, rebuilt or replaced.

(2) Under the Loss Determination Condition below, the following is added to the Resumption Of Operations provision:

We will reduce the amount of your Business Income loss to the extent you can resume "operations", in whole or in part, by using any other available source of materials or outlet for your products.

(3) The most we will pay under this Additional Coverage is $50,000 in any one occurrence regardless of the number of dependent properties.

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

(4) The provisions of this Additional Coverage are superseded by **CP 15 08** Business Income From Dependent Properties — Broad Form, or

CP 15 09 Business Income From Dependent Properties — Limited Form, if attached to and made a part of this policy.

f. Ordinance Or Law — Increased Period Of Restoration

(1) If a Covered Cause of Loss occurs to property at the premises described in the Declarations, coverage is extended to include the amount of actual and necessary loss you sustain during the increased period of "suspension" of "operations" caused by or resulting from the enforcement of any ordinance or law that:

(a) Regulates the construction or repair of any property;

(b) Requires the tearing down of parts of any property not damaged by a Covered Cause of Loss; and

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

However, coverage is not extended under this Additional Coverage to include loss caused by or resulting from the enforcement of any ordinance or law which requires any insured or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of "pollutants".

g. Transit — Business Income

(1) This insurance is extended to apply to the actual loss of Business Income you sustain caused by direct physical loss or damage by a Covered Cause of Loss to Covered Property while in or on a vehicle or in transit more than 1,000 feet from a covered premises while:

(a) In or on a vehicle you own, rent or lease;

(b) In the custody of a public or contract trucker;

(c) In the custody of an air or rail carrier; or

(d) While waterborne on inland waterways. However, there is no coverage under this Additional Coverage for any imported or exported property that is covered under any ocean marine cargo policy that anyone has obtained.

(2) There is no coverage under this Additional Coverage resulting from loss or damage to:

(a) "Fine arts", "antiques", fur garments, jewelry, precious or semiprecious stones, gold, silver, platinum, or other precious metals or alloys; or

(b) Mail shipments in the custody of the U.S. Postal Service.

(3) This Additional Coverage will continue to apply to such property in the due course of transit, after the expiration or cancellation of this policy, until arrival at and accepted by an authorized representative at the invoiced destination, but for no longer than 30 days after the date of the shipment origination, but this will not cut short the "period of restoration".

(4) You must retain accurate records of all shipments of Covered Property for one year.

(5) The most we will pay under this Additional Coverage is $50,000 in any one occurrence.

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

5. Coverage Extensions

a. Newly Acquired Locations

(1) You may extend your Business Income Coverage to apply to property at any premises you acquire other than fairs or exhibitions.

(2) The most we will pay under this Extension is $250,000 at each premises.

Payments under this Coverage Extension are separate from the Limit(s) of Insurance shown in the Declarations for any other coverage.

(3) Insurance under this Extension for each newly acquired premises will end when any of the following first occurs:

(a) This policy expires;

(b) 180 days expire after you acquire or begin to construct the property; or

(c) You report values to us.

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

b. Spoilage Due To Power Outage, Mechanical Breakdown, Or Contamination — Business Income

(1) You may extend your Business Income Coverage to apply to loss caused by spoilage of "perishable stock" caused by:

(a) Breakdown or Contamination, meaning:

(i) Change in temperature or humidity caused by mechanical breakdown or mechanical failure of refrigerating, cooling, or humidity control equipment; and

(ii) Contamination by the refrigerant.

(b) Power Outage, meaning change in temperature or humidity caused by complete or partial interruption of electrical power due to conditions beyond your control.

(2) This coverage does not apply to loss to stock which is outside of a building or in or on a vehicle unless the stock is being moved to prevent or reduce loss covered by this policy.

(3) Only the following Exclusions contained in Paragraph **B.1.** of the Causes Of Loss — Special Form apply to this Coverage Extension:

(a) **B.1.b.** Earth Movement;

(b) **B.1.c.** Governmental Action;

(c) **B.1.d.** Nuclear Hazard;

(d) **B.1.f.** War And Military Action; and

(e) **B.1.g.** Water.

(4) The following Exclusions are added:

We will not pay for loss or damage caused by:

(a) The disconnecting of any refrigerating, cooling or humidity control system from the source of power.

(b) Shutting off electrical power by turning off the switch that controls the flow of electricity.

(c) The inability of an Electrical Utility Company or other power source to provide sufficient power due to:

(i) Lack of fuel; or

(ii) Governmental order.

(d) A power source at the described premises not having enough power to meet demand due to lack of generating capacity.

(5) For the purposes of this Coverage Extension, the "period of restoration" begins 24 hours after the time of direct physical loss.

(6) The most we will pay under this Coverage Extension is $50,000 per occurrence.

c. Utility Service — Business Income

(1) You may extend your Business Income Coverage to apply to loss caused by the interruption of service to the described premises or Newly Acquired Locations. The interruption must result from direct physical loss or damage by a Covered Cause of Loss to the property described in paragraph **(2).**

(2) Utility Services

(a) Water Supply Services, meaning pumping stations and water mains supplying water to your premises.

(b) Communication Supply Services, meaning property supplying communication services, including telephone, radio, microwave or television services, to your premises, such as:

(i) Communication transmission lines, including optic fiber transmission lines;

(ii) Coaxial cables; and

(iii) Microwave radio relays except satellites.

(c) Power Supply Services, meaning the following types of property supplying electricity, steam or gas to your premises:

(i) Utility generating plants;

(ii) Switching stations;

(iii) Substations;

(iv) Transformers; and

(v) Transmission lines.

(3) For the purposes of this Coverage Extension, the "period of restoration" begins 24 hours after the time of direct physical loss.

(4) This Coverage Extension does not apply to loss caused by spoilage of "perishable stock" caused by interruption of Utility Services.

(5) The most we will pay under this Coverage Extension is $50,000 per occurrence.

Payments under this Coverage Extension will not increase the applicable Limit of Insurance.

(6) The provisions of this Coverage Extension are superseded by **CP 15 45** Utility Services — Time Element, if attached to and made a part of this policy.

B. Limits Of Insurance

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

2. The amount of insurance stated in the Coverage Extension **A.5.a. Newly Acquired Locations** applies in accordance with the terms of that coverage and is separate from the Limit(s) of Insurance shown in the Declarations for any other coverage.

3. Payments under the following Additional Coverages and Coverage Extensions will not increase the applicable Limit of Insurance:

a. Additional Coverage **A.4.a. Expenses To Reduce Loss**

b. Additional Coverage **A.4.b. Civil Authority**

c. Additional Coverage **A.4.c. Alterations And New Buildings**

d. Additional Coverage **A.4.d. Extended Business Income**

e. Additional Coverage **A.4.e. Dependent Properties — Business Income**

f. Additional Coverage **A.4.f. Ordinance Or Law — Increased Period Of Restoration**

g. Additional Coverage **A.4.g. Transit — Business Income**

h. Coverage Extension **A.5.b. Spoilage Due To Power Outage, Mechanical Breakdown, Or Contamination — Business Income**

i. Coverage Extension **A.5.c. Utility Service — Business Income**

C. Deductible

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

2. When the same occurrence involves loss to insurance under this coverage form and loss under the Building And Personal Property Coverage Form, only one deductible will be applied to the occurrence.

3. Windstorm, Hail or Hurricane percentage deductibles do not apply to Business Income coverage.

D. Loss Conditions

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

1. Appraisal

If we and you disagree on the amount of Net Income and operating expense or the amount of loss, either may make written demand for an appraisal of the loss. In this event, each party will select a competent and impartial appraiser.

The two appraisers will select an umpire. If they cannot agree, either may request that selection be made by a judge of a court having jurisdiction. The appraisers will state separately the amount of Net Income and operating expense or amount of loss. If they fail to agree, they will submit their differences to the umpire. A decision agreed to by any two will be binding. Each party will:

a. Pay its chosen appraiser; and

b. Bear the other expenses of the appraisal and umpire equally.

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

2. Duties In The Event Of Loss

a. You must see that the following are done in the event of loss:

(1) Notify the police if a law may have been broken.

(2) Give us prompt notice of the direct physical loss or damage. Include a description of the property involved.

(3) As soon as possible, give us a description of how, when, and where the direct physical loss or damage occurred.

(4) Take all reasonable steps to protect the Covered Property from further damage, and keep a record of your expenses necessary to protect the Covered Property, for consideration in the settlement of the claim. This will not increase the Limit of Insurance. However, we will not pay for any subsequent loss or damage resulting from a cause of loss that is not a Covered Cause of Loss. Also, if feasible, set the damaged property aside and in the best possible order for examination.

(5) As often as may be reasonably required, permit us to inspect the property proving the loss or damage and examine your books and records.

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

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

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

(8) If you intend to continue your business, you must resume all or part of your "operations" as quickly as possible.

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

3. Loss Determination

a. The amount of Business Income loss will be determined based on:

(1) The Net Income of the business before the direct physical loss or damage occurred;

(2) The likely Net Income of the business if no physical loss or damage had occurred, but not including any Net Income that would likely have been earned as a result of an increase in the volume of business due to favorable business conditions caused by the impact of the Covered Cause of Loss on customers or on other businesses;

(3) The operating expenses, including payroll expenses, necessary to resume "operations" with the same quality of service that existed just before the direct physical loss or damage; and

(4) Other relevant sources of information, including:

(a) Your financial records and accounting procedures;

(b) Bills, invoices and other vouchers; and

(c) Deeds, liens or contracts.

b. Resumption Of Operations

We will reduce the amount of your Business Income loss to the extent you can resume your "operations", in whole or in part, by using damaged or undamaged property (including merchandise or stock) at the described premises or elsewhere.

c. If you do not resume "operations", or do not resume "operations" as quickly as possible, we will pay based on the length of time it would have taken to resume "operations" as quickly as possible.

4. Loss Payment

We will pay for covered loss within 30 days after we receive the sworn proof of loss, if you have complied with all of the terms of this Coverage Part and:

a. We have reached agreement with you on the amount of loss; or

b. An appraisal award has been made.

E. Optional Coverages

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

1. Maximum Period Of Indemnity

The most we will pay for the total of Business Income loss and Extra Expense is the lesser of:

a. The amount of loss sustained and expenses incurred during the 120 days immediately following the beginning of the "period of restoration"; or

b. The Limit of Insurance shown in the Declarations.

2. Monthly Limit Of Indemnity

The most we will pay for loss of Business Income in each period of 30 consecutive days after the beginning of the "period of restoration" is:

a. The Limit of Insurance, multiplied by

b. The fraction shown in the Declarations for this Optional Coverage.

EXAMPLE

When:	The Limit of Insurance is	$ 120,000
	The fraction shown in the Declarations for this Optional Coverage is	1/4
	The most we will pay for loss in each period of 30 consecutive days is: ($120,000 x 1/4 = $30,000)	$ 30,000
	If, in this example, the actual amount of loss is:	
	Days 1-30	$ 40,000
	Days 31-60	$ 20,000
	Days 61-90	$ 30,000
		$ 90,000

We will pay:

Days 1-30	$ 30,000
Days 31-60	$ 20,000
Days 61-90	$ 30,000
	$ 80,000

The remaining $10,000 is not covered.

F. Definitions

1. "Antique" means an object having value because its:

a. craftsmanship is in the style or fashion of former times; and

b. age is 100 years old or older.

2. "Dependent property" means property operated by others whom you depend on to:

a. Deliver materials or services to you, or to others for your account. With respect to Contributing Locations, services does not mean water, communication or power supply services;

b. Accept your products or services;

c. Manufacture products for delivery to your customers under contract of sale; or

d. Attract customers to your business.

"Dependent property" does not include roads, bridges, tunnels, waterways, airfields, pipelines or any other similar areas or structures.

3. "Electronic data" means information, facts or computer programs stored as or on, created or used on, or transmitted to or from computer software (including systems and applications software), on hard or floppy disks, CD-ROMs, tapes, drives, cells, data processing devices or any other repositories of computer software which are used with electronically controlled equipment. The term computer programs, referred to in the foregoing description of "electronic data", means a set of related electronic instructions which direct the operations and functions of a computer or device connected to it, which enable the computer or device to receive, process, store, retrieve or send data.

4. "Fine arts" means paintings, etchings, pictures; tapestries; rare or art glass; art glass windows; valuable rugs; statuary; sculptures; "antique" furniture; bric-a-brac; porcelains; and similar property of rarity, historical value or artistic merit.

5. "Finished stock" means stock you have manufactured.

"Finished stock" also includes whiskey and alcoholic products being aged.

"Finished stock" does not include stock you have manufactured that is held for sale on the premises of any retail outlet insured under this Coverage Part.

6. "Operations" means:

   a. Your business activities occurring at the described premises; and

   b. The tenantability of the described premises, if coverage for Business Income Including "Rental Value" or "Rental Value" applies.

7. "Period of restoration" means the period of time that:

   a. Begins 72 hours after the time of direct physical loss or damage caused by or resulting from any Covered Cause of Loss at the described premises; and

   b. Ends on the earlier of:

      (1) The date when the property at the described premises should be repaired, rebuilt or replaced with reasonable speed and similar quality; or

      (2) The date when business is resumed at a new permanent location.

   "Period of restoration" does not include any increased period required due to the enforcement of any ordinance or law that:

      (1) Regulates the construction, use or repair, or required the tearing down of any property; or

      (2) Requires any insured or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of "pollutants".

   The expiration date of this policy will not cut short the "period of restoration".

8. "Perishable stock" means personal property which is maintained under controlled conditions for its preservation and which is susceptible to loss or damage if the controlled conditions change.

9. "Pollutants" means any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste. Waste includes materials to be recycled, reconditioned or reclaimed.

10. "Rental Value" means Business Income that consists of:

    a. Net Income (Net Profit or Loss before income taxes) that would have been earned or incurred as rental income from tenant occupancy of the premises described in the Declarations as furnished and equipped by you, including fair rental value of any portion of the described premises which is occupied by you; and

    b. Continuing normal operating expenses incurred in connection with that premises, including:

       (1) Payroll; and

       (2) The amount of charges which are the legal obligation of the tenant(s) but would otherwise be your obligations.

11. "Suspension" means:

    a. The slowdown or cessation of your business activities; or

    b. That a part or all of the described premises is rendered untenantable, if coverage for Business Income Including "Rental Value" or "Rental Value" applies.

Safeco Optimum Property ™ for Restaurants
EXTRA EXPENSE COVERAGE FORM

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

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

Other words and phrases that appear in quotation marks have special meaning. Refer to Section **E.** Definitions.

A. Coverage

We will pay the actual and necessary Extra Expense you sustain due to direct physical loss of or damage to property at premises which are described in the Declarations and for which an Extra Expense Limit of Insurance is shown in the Declarations. The loss or damage must be caused by or result from a Covered Cause of Loss. With respect to loss of or damage to personal property in the open or personal property in a vehicle, the described premises include the area within 1,000 feet of the site at which the described premises are located.

With respect to the requirements set forth in the preceding paragraph, if you occupy only part of the site at which the described premises are located, your premises means:

a. The portion of the building which you rent, lease or occupy; and

b. Any area within the building or on the site at which the described premises are located, if that area services, or is used to gain access to, the described premises.

1. Extra Expense

Extra Expense means necessary expenses you incur during the "period of restoration" that you would not have incurred if there had been no direct physical loss or damage to property. Coverage pertains to expenses (other than the expense to repair or replace property) which are incurred to:

a. Avoid or minimize the "suspension" of business and to continue "operations" at the described premises or at replacement premises or temporary locations, including relocation expenses and costs to equip and operate the replacement location or temporary location.

b. Minimize the "suspension" of business if you cannot continue "operations".

We will also pay Extra Expense to repair or replace property, but only to the extent it reduces the amount of loss that otherwise would have been payable under this Coverage Form.

2. Covered Causes Of Loss, Exclusions And Limitations

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

3. Additional Limitation — Interruption Of Computer Operations

Coverage for Extra Expense does not apply when action is taken to avoid or minimize a "suspension" of "operations" caused by destruction or corruption of "electronic data", or any loss or damage to "electronic data", except as provided under the Coverage Extension for Electronic Data Processing found in the Building And Personal Property Coverage Form.

4. Additional Coverages

a. Alterations And New Buildings

We will pay for the actual and necessary Extra Expense you incur due to direct physical loss or damage at the described premises caused by or resulting from any Covered Cause of Loss to:

(1) New buildings or structures, whether complete or under construction;

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(2) Alterations or additions to existing buildings or structures; and

(3) Machinery, equipment, supplies or building materials located on or within 1,000 feet of the described premises and:

(a) Used in the construction, alterations or additions; or

(b) Incidental to the occupancy of new buildings.

b. Civil Authority

In this Additional Coverage — Civil Authority, the described premises are premises to which this Coverage Form applies, as shown in the Declarations.

When a Covered Cause of Loss causes damage to property other than property at the described premises, we will pay for the actual and necessary Extra Expense you incur caused by action of civil authority that prohibits access to the described premises, provided that both of the following apply:

(1) Access to the area immediately surrounding the damaged property is prohibited by civil authority as a result of the damage, and the described premises are within that area but are not more than one mile from the damaged property; and

(2) The action of civil authority is taken in response to dangerous physical conditions resulting from the damage or continuation of the Covered Cause of Loss that caused the damage, or the action is taken to enable a civil authority to have unimpeded access to the damaged property.

Civil Authority coverage will begin immediately after the time of the first action of civil authority that prohibits access to the described premises and will end 30 consecutive days after the date of that action.

c. Dependent Properties — Extra Expense

(1) Your coverage for Extra Expense, as provided and limited in this form, is extended to apply to the actual and necessary Extra Expense you incur due to direct physical loss of or damage to "dependent property" caused by or resulting from a Covered Cause of Loss.

However this Additional Coverage does not apply when the only loss to "dependent property" is loss or damage to "electronic data", including destruction or corruption of "electronic data". If the "dependent property" sustains loss or damage to "electronic data" and other property, coverage under this Additional Coverage will not continue once the other property is repaired, rebuilt or replaced.

(2) The most we will pay under this Additional Coverage is $50,000 in any one occurrence regardless of the number of dependent properties.

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

d. Ordinance Or Law — Increased Period Of Restoration

(1) If a Covered Cause of Loss occurs to property at the premises described in the Declarations, coverage is extended to include the amount of actual and necessary loss you sustain during the increased period of "suspension" of "operations" caused by or resulting from the enforcement of any ordinance or law that:

(a) Regulates the construction or repair of any property;

(b) Requires the tearing down of parts of any property not damaged by a Covered Cause of Loss; and

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

However, coverage is not extended under this Additional Coverage to include loss caused by or resulting from the enforcement of any ordinance or law which requires any insured or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of "pollutants".

5. Coverage Extensions

a. Newly Acquired Locations

(1) You may extend your Extra Expense Coverage to apply to property at any premises you acquire other than fairs or exhibitions.

(2) The most we will pay under this Extension is $250,000 at each premises.

Payments under this Coverage Extension are separate from the Limit(s) of Insurance shown in the Declarations for any other coverage.

(3) Insurance under this Extension for each newly acquired premises will end when any of the following first occurs:

(a) This policy expires;

(b) 180 days expire after you acquire or begin to construct the property; or

(c) You report values to us.

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

b. Spoilage Due To Power Outage, Mechanical Breakdown, Or Contamination — Extra Expense

(1) You may extend your Extra Expense Coverage to apply to loss caused by spoilage of "perishable stock" caused by:

(a) Breakdown or Contamination, meaning:

(i) Change in temperature or humidity caused by mechanical breakdown or mechanical failure of refrigerating, cooling, or humidity control equipment; and

(ii) Contamination by the refrigerant.

(b) Power Outage, meaning change in temperature or humidity caused by complete or partial interruption of electrical power due to conditions beyond your control.

(2) This coverage does not apply to loss to stock which is outside of a building or in or on a vehicle unless the stock is being moved to prevent or reduce loss covered by this policy.

(3) Only the following Exclusions contained in Paragraph **B.1.** of the Causes Of Loss — Special Form apply to this Coverage Extension:

(a) **B.1.b.** Earth Movement;

(b) **B.1.c.** Governmental Action;

(c) **B.1.d.** Nuclear Hazard;

(d) **B.1.f.** War And Military Action; and

(e) **B.1.g.** Water.

(4) The following Exclusions are added:

We will not pay for loss or damage caused by:

(a) The disconnecting of any refrigerating, cooling or humidity control system from the source of power.

(b) Shutting off electrical power by turning off the switch that controls the flow of electricity.

(c) The inability of an Electrical Utility Company or other power source to provide sufficient power due to:

(i) Lack of fuel; or

(ii) Governmental order.

(d) A power source at the described premises not having enough power to meet demand due to lack of generating capacity.

(5) The most we will pay under this Coverage Extension is $50,000 per occurrence.

c. Utility Service — Extra Expense

(1) You may extend your Extra Expense Coverage to apply to loss at the described premises or Newly Acquired Locations caused by the interruption of service to the described premises or Newly Acquired Locations. The interruption must result from direct physical loss or damage by a Covered Cause of Loss to the property described in Paragraph **(2),**

(2) Utility Services

(a) Water Supply Services, meaning pumping stations and water mains supplying water to your premises.

(b) Communication Supply Services, meaning property supplying communication services, including telephone, radio, microwave or television

services, to your premises, such as:

(i) Communication transmission lines, including optic fiber transmission lines;

(ii) Coaxial cables; and

(iii) Microwave radio relays except satellites.

(c) Power Supply Services, meaning the following types of property supplying electricity, steam or gas to your premises:

(i) Utility generating plants;

(ii) Switching stations;

(iii) Substations;

(iv) Transformers; and

(v) Transmission lines.

(3) This Coverage Extension does not apply to loss caused by spoilage of "perishable stock" caused by interruption of Utility Services.

(4) The most we will pay under this Coverage Extension is $50,000 per occurrence.

Payments under this Coverage Extension will not increase the applicable Limit of Insurance.

(5) The provisions of this Coverage Extension are superseded by CP 15 45 Utility Services — Time Element, if attached to and made a part of this policy.

B. Limits Of Insurance

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

2. The amount of insurance stated in the Coverage Extension **A.5.a. Newly Acquired Locations** applies in accordance with the terms of that coverage and is separate from the Limit(s) of Insurance shown in the Declarations for any other coverage.

3. Payments under the following Additional Coverages and Coverage Extensions will not increase the applicable Limit of Insurance:

a. Additional Coverage **A.4.a. Alterations And New Buildings**

b. Additional Coverage **A.4.b. Civil Authority**

c. Additional Coverage **A.4.c. Dependent Properties — Extra Expense**

d. Additional Coverage **A.4.d. Ordinance Or Law — Increased Period Of Restoration**

e. Coverage Extension **A.5.b. Spoilage Due To Power Outage, Mechanical Breakdown, Or Contamination — Extra Expense**

f. Coverage Extension **A.5.c. Utility Service — Extra Expense**

C. Deductible

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

2. When the same occurrence involves loss to insurance under this coverage form and loss under the Building And Personal Property Coverage Form, only one deductible will be applied to the occurrence.

3. Windstorm, Hail or Hurricane percentage deductibles do not apply to Extra Expense coverage.

D. Loss Conditions

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

1. Appraisal

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

a. Pay its chosen appraiser; and

b. Bear the other expenses of the appraisal and umpire equally.

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

2. Duties If You Incur Extra Expense

a. You must see that the following are done if you incur Extra Expense:

(1) Notify the police if a law may have been broken.

(2) Give us prompt notice of the direct physical loss or damage. Include a description of the property involved.

(3) As soon as possible, give us a description of how, when, and where the direct physical loss or damage occurred.

(4) Take all reasonable steps to protect the Covered Property from further damage, and keep a record of your expenses necessary to protect the Covered Property, for consideration in the settlement of the claim. This will not increase the Limit of Insurance. However, we will not pay for any subsequent loss or damage resulting from a cause of loss that is not a Covered Cause of Loss. Also, if feasible, set the damaged property aside and in the best possible order for examination.

(5) As often as may be reasonably required, permit us to inspect the property proving the loss or damage and examine your books and records.

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

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

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

(8) If you intend to continue your business, you must resume all or part of your "operations" as quickly as possible.

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

3. Limits On Loss Payment

We will not pay more for Extra Expense than the percentages shown in the Declarations times the Limit of Insurance.

When the "period of restoration" is:

a. 30 days or less, the first percentage applies.

b. 60 days or less, but more than 30 days, the second percentage applies.

c. More than 60 days, the third percentage applies.

EXAMPLE:

The Limit of Insurance is	$ 100,000
The percentages shown in the Declarations are	40%-80%-100%
The "period of restoration" is	45 days
The amount of Extra Expenses incurred is	$ 90,000

We will not pay more than $100,000 times 80% (the percentage applicable for a "period of restoration" of 31-60 days), or $80,000. The remaining $10,000 is not covered.

4. Loss Determination

a. The amount of Extra Expense will be determined based on:

(1) All expenses that exceed the normal operating expenses that would have been incurred by "operations" during the "period of restoration" if no direct physical loss or damage had occurred. We will deduct from the total of such expenses:

(a) The salvage value that remains of any property bought for temporary use during the "period of restoration", once "operations" are resumed; and

(b) Any Extra Expense that is paid for by other insurance, except for insurance that is written subject to the same plan, terms, conditions and provisions as this insurance; and

(2) Necessary expenses that reduce the Extra Expense otherwise incurred.

b. We will reduce the amount of your Extra Expense loss to the extent you can return "operations" to normal and discontinue such Extra Expense.

c. If you do not resume "operations", or do not resume "operations" as quickly as possible, we will pay based on the length of time it would have taken to resume "operations" as quickly as possible.

5. **Loss Payment**

We will pay for any loss within 30 days after we receive the proof of loss, if you have complied with all of the terms of this Coverage Part and:

a. We reach agreement with you on the amount of loss; or

b. An appraisal award has been made.

E. Definitions

1. "Dependent property" means property operated by others whom you depend on to:

a. Deliver materials or services to you, or to others for your account. With respect to Contributing Locations, services does not mean water, communication or power supply services;

b. Accept your products or services;

c. Manufacture products for delivery to your customers under contract of sale; or

d. Attract customers to your business.

"Dependent property" does not include roads, bridges, tunnels, waterways, airfields, pipelines or any other similar areas or structures.

2. "Electronic data" means information, facts or computer programs stored as or on, created or used on, or transmitted to or from computer software (including systems and applications software), on hard or floppy disks, CD-ROMs, tapes, drives, cells, data processing devices or any other repositories of computer software which are used with electronically controlled equipment. The term computer programs, referred to in the foregoing description of "electronic data", means a set of related electronic instructions which direct the operations and functions of a computer or device connected to it, which enable the computer or device to receive, process, store, retrieve or send data.

3. "Operations" means your business activities occurring at the described premises.

4. "Period of restoration" means the period of time that:

a. Begins with the date of direct physical loss or damage caused by or resulting from any Covered Cause of Loss at the described premises; and

b. Ends on the earlier of:

(1) The date when the property at the described premises should be repaired, rebuilt or replaced with reasonable speed and similar quality; or

(2) The date when business is resumed at a new permanent location.

"Period of restoration" does not include any increased period required due to the enforcement of any ordinance or law that:

(1) Regulates the construction, use or repair, or requires the tearing down of any property; or

(2) Requires any insured or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of "pollutants".

The expiration date of this policy will not cut short the "period of restoration".

5. "Perishable stock" means personal property which is maintained under controlled conditions for its preservation and which is susceptible to loss or damage if the controlled conditions change.

6. "Pollutants" means any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste. Waste includes materials to be recycled, reconditioned or reclaimed.

7. "Suspension" means the slowdown or cessation of your business activities.

Safeco Optimum Property ™ for Restaurants
BUSINESS INCOME (AND EXTRA EXPENSE) ACTUAL LOSS SUSTAINED COVERAGE FORM

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

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

Other words and phrases that appear in quotation marks have special meaning. Refer to Section **D.** Definitions.

A. Coverage

1. Business Income

Business Income means the:

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

b. Continuing normal operating expenses incurred, including payroll and employee tips.

For manufacturing risks, Net Income includes the net sales value of production.

Coverage is provided as described and limited below for one or more of the following options for which a Limit of Insurance is shown in the Declarations:

(1) Business Income Including "Rental Value".

(2) Business Income Other Than "Rental Value".

(3) "Rental Value".

If option **(1)** above is selected, the term Business Income will include "Rental Value". If option **(3)** above is selected, the term Business Income will mean "Rental Value" only.

If Limits of Insurance are shown under more than one of the above options, the provisions of this Coverage Part apply separately to each.

We will only pay for loss of Business Income that you sustain during the "period of restoration" and that occurs within 12 consecutive months after the date of direct physical loss or damage. With respect to loss of or damage to personal property in the open or personal property in a vehicle, the described premises include the area within 1,000 feet of the site at which the described premises are located.

With respect to the requirements set forth in the preceding paragraph, if you occupy only part of the site at which the described premises are located, your premises means:

a. The portion of the building which you rent, lease or occupy; and

b. Any area within the building or on the site at which the described premises are located, if that area services, or is used to gain access to, the described premises.

If you are operating at a Net Loss, continuing normal operating expenses will be offset by the net loss.

2. Extra Expense

a. Extra Expense coverage is provided at the premises described in the Declarations.

b. Extra Expense means necessary expenses you incur during the "period of restoration" that you would not have incurred if there had been no direct physical loss or damage to property caused by or resulting from a Covered Cause of Loss.

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We will pay Extra Expense (other than the expense to repair or replace property) to:

(1) Avoid or minimize the "suspension" of business and to continue "operations" at the described premises or at replacement premises or temporary locations, including relocation expenses and costs to equip and operate the replacement location or temporary location.

(2) Minimize the "suspension" of business if you cannot continue "operations".

We will also pay Extra Expense to repair or replace property, but only to the extent it reduces the amount of loss that otherwise would have been payable under this Coverage Form.

We will only pay Extra Expense you incur during the "period of restoration" and that occurs within 12 consecutive months after the date of direct physical loss or damage.

3. Covered Causes Of Loss, Exclusions And Limitations

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

4. Additional Limitation — Interruption Of Computer Operations

a. Coverage for Business Income does not apply when a "suspension" of "operations" is caused by destruction or corruption of "electronic data", or any loss or damage to "electronic data", except as provided under the Coverage Extension for Electronic Data Processing found in the Building And Personal Property Coverage Form.

b. Coverage for Extra Expense does not apply when action is taken to avoid or minimize a "suspension" of "operations" caused by destruction or corruption of "electronic data", or any loss or damage to "electronic data", except as provided under the Coverage Extension for Electronic Data Processing found in the Building And Personal Property Coverage Form.

5. Additional Coverages

a. Civil Authority

In this Additional Coverage — Civil Authority, the described premises are premises to which this Coverage Form applies, as shown in the Declarations.

When a Covered Cause of Loss causes damage to property other than property at the described premises, we will pay for the actual loss of Business Income you sustain and necessary Extra Expense caused by action of civil authority that prohibits access to the described premises, provided that both of the following apply:

(1) Access to the area immediately surrounding the damaged property is prohibited by civil authority as a result of the damage, and the described premises are within that area but are not more than one mile from the damaged property; and

(2) The action of civil authority is taken in response to dangerous physical conditions resulting from the damage or continuation of the Covered Cause of Loss that caused the damage, or the action is taken to enable a civil authority to have unimpeded access to the damaged property.

Civil Authority coverage for Business Income will begin 72 hours after the time of the first action of civil authority that prohibits access to the described premises and will apply for a period of up to thirty consecutive days from the date on which such coverage began.

Civil Authority coverage for Extra Expense will begin immediately after the time of the first action of civil authority that prohibits access to the described premises and will end:

(1) 30 consecutive days after the date of that action; or

(2) When your Civil Authority coverage for Business Income ends;

whichever is later.

b. Alterations And New Buildings

We will pay for the actual loss of Business Income you sustain and necessary Extra Expense you incur due to direct physical loss or damage at the described premises caused by or resulting from any Covered Cause of Loss to:

(1) New buildings or structures, whether complete or under construction;

(2) Alterations or additions to existing buildings or structures; and

(3) Machinery, equipment, supplies or building materials located on or within 1,000 feet of the described premises and:

(a) Used in the construction, alterations or additions; or

(b) Incidental to the occupancy of new buildings.

If such direct physical loss or damage delays the start of "operations", the "period of restoration" for Business Income Coverage will begin on the date "operations" would have begun if the direct physical loss or damage had not occurred.

This Additional Coverage applies to losses that you incur during the "period of restoration" and that occur within 12 consecutive months after the date of direct physical loss or damage.

c. Extended Business Income

(1) Business Income Other Than "Rental Value"

If the necessary "suspension" of your "operations" produces a Business Income loss payable under this policy, we will pay for the actual loss of Business Income you incur during the period that:

(a) Begins on the date property (except "finished stock") is actually repaired, rebuilt or replaced and "operations" are resumed; and

(b) Ends on the earlier of:

(i) The date you could restore your "operations", with reasonable speed, to the level which would generate the business income amount that would have existed if no direct physical loss or damage had occurred; or

(ii) 180 consecutive days after the date determined in **(1)(a)** above, unless "180" is replaced in the Declarations by a different number of days.

However, Extended Business Income does not apply to loss of Business Income incurred as a result of unfavorable business conditions caused by the impact of the Covered Cause of Loss in the area where the described premises are located.

Loss of Business Income must be caused by direct physical loss or damage at the described premises caused by or resulting from any Covered Cause of Loss.

(2) "Rental Value"

If the necessary "suspension" of your "operations" produces a "Rental Value" loss payable under this policy, we will pay for the actual loss of "Rental Value" you incur during the period that:

(a) Begins on the date property is actually repaired, rebuilt or replaced and tenantability is restored; and

(b) Ends on the earlier of:

(i) The date you could restore tenant occupancy, with reasonable speed, to the level which would generate the "Rental Value" that would have existed if no direct physical loss or damage had occurred; or

(ii) 180 consecutive days after the date determined in **(2)(a)** above, unless "180" is replaced in the Declarations by a different number of days.

However, Extended Business Income does not apply to loss of "Rental Value" incurred as a result of unfavorable business conditions caused by the impact of the Covered Cause of Loss in the area where the described premises are located.

Loss of "Rental Value" must be caused by direct physical loss or damage at the described premises caused by or resulting from any Covered Cause of Loss.

d. Dependent Properties — Time Element

(1) Your coverage for Business Income and Extra Expense, as provided and limited in this form, is extended to apply to the actual loss of Business Income you sustain, and the actual and necessary Extra Expense you incur, due to direct physical loss of or damage to "dependent property" caused by or resulting from a Covered Cause of Loss.

However this Additional Coverage does not apply when the only loss to "dependent property" is loss or damage to "electronic data", including destruction or corruption of "electronic data". If the dependent property sustains loss or damage to "electronic data" and other property, coverage under this Additional Coverage will not continue once the other property is repaired, rebuilt or replaced.

(2) Under the Loss Determination Condition below, the following is added to the Resumption Of Operations provision:

We will reduce the amount of your Business Income loss, other than Extra Expense, to the extent you can resume "operations", in whole or in part, by using any other available source of materials or outlet for your products.

(3) The most we will pay under this Additional Coverage is $50,000 in any one occurrence regardless of the number of dependent properties.

(4) The provisions of this Additional Coverage are superseded by **CP 15 08** Business Income From Dependent Properties — Broad Form, or **CP 15 09** Business Income From Dependent Properties — Limited Form, if attached to and made a part of this policy.

e. Ordinance Or Law — Increased Period Of Restoration

(1) If a Covered Cause of Loss occurs to property at the premises described in the Declarations, coverage is extended to include the amount of actual and necessary loss you sustain during the increased period of "suspension" of "operations" caused by or resulting from the enforcement of any ordinance or law that:

(a) Regulates the construction or repair of any property;

(b) Requires the tearing down of parts of any property not damaged by a Covered Cause of Loss; and

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

However, coverage is not extended under this Additional Coverage to include loss caused by or resulting from the enforcement of any ordinance or law which requires any insured or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of "pollutants".

We will only pay for loss under this Additional Coverage that occurs within 12 consecutive months after the date of direct physical loss or damage.

f. Transit — Business Income

(1) This insurance is extended to apply to the actual loss of Business Income you sustain caused by direct physical loss or damage by a Covered Cause of Loss to Covered Property while in or on a vehicle or in transit more than 1,000 feet from a covered premises while:

(a) In or on a vehicle you own, rent or lease;

(b) In the custody of a public or contract trucker;

(c) In the custody of an air or rail carrier; or

(d) While waterborne on inland waterways. However, there is no coverage under this Additional Coverage for any imported or exported property that is covered under any ocean marine cargo policy that anyone has obtained.

(2) There is no coverage under this Additional Coverage resulting from loss or damage to:

(a) "Fine arts", "antiques", fur garments, jewelry, precious or semiprecious stones, gold, silver, platinum, or other precious metals or alloys; or

(b) Mail shipments in the custody of the U.S. Postal Service.

(3) This Additional Coverage will continue to apply to such property in the due course of transit, after the expiration or cancellation of this policy, until arrival at and accepted by an authorized representative at the invoiced destination, but for no longer than 30 days after the date of the shipment origination, but this will not cut short the "period of restoration".

(4) You must retain accurate records of all shipments of Covered Property for one year.

(5) The most we will pay under this Additional Coverage is $50,000 in any one occurrence.

6. Coverage Extensions

a. Newly Acquired Locations

(1) You may extend your Business Income and Extra Expense Coverages to apply to property at any premises you acquire other than fairs or exhibitions.

(2) The most we will pay under this Extension, for the sum of Business Income loss and Extra Expense incurred, is $250,000 at each premises.

(3) Insurance under this Extension for each newly acquired premises will end when any of the following first occurs:

(a) This policy expires;

(b) 180 days expire after you acquire or begin to construct the property; or

(c) You report values to us.

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

b. Spoilage Due To Power Outage, Mechanical Breakdown, Or Contamination — Time Element

(1) You may extend your Business Income and Extra Expense Coverages to apply to loss caused by spoilage of "perishable stock" caused by:

(a) Breakdown or Contamination, meaning:

(i) Change in temperature or humidity caused by mechanical breakdown or mechanical failure of refrigerating, cooling, or humidity control equipment; and

(ii) Contamination by the refrigerant.

(b) Power Outage, meaning change in temperature or humidity caused by complete or partial interruption of electrical power due to conditions beyond your control.

(2) This coverage does not apply to loss to stock which is outside of a building or in or on a vehicle unless the stock is being moved to prevent or reduce loss covered by this policy.

(3) Only the following Exclusions contained in Paragraph **B.1.** of the Causes Of Loss — Special Form apply to this Coverage Extension:

(a) **B.1.b.** Earth Movement;

(b) **B.1.c.** Governmental Action;

(c) **B.1.d.** Nuclear Hazard;

(d) **B.1.f.** War And Military Action; and

(e) **B.1.g.** Water.

(4) The following Exclusions are added:

We will not pay for loss or damage caused by:

(a) The disconnecting of any refrigerating, cooling or humidity control system from the source of power.

(b) Shutting off electrical power by turning off the switch that controls the flow of electricity.

(c) The inability of an Electrical Utility Company or other power source to provide sufficient power due to:

(i) Lack of fuel; or

(ii) Governmental order.

(d) A power source at the described premises not having enough power to meet demand due to lack of generating capacity.

(5) For the purposes of this Coverage Extension, the "period of restoration" begins 24 hours after the time of direct physical loss for Business Income coverage, or immediately after the time of direct physical loss or damage for Extra Expense coverage.

(6) The most we will pay under this Coverage Extension is $50,000 per occurrence.

c. Utility Service — Time Element

(1) You may extend your Business Income and Extra Expense Coverages to apply to loss caused by the interruption of service to the described premises or Newly Acquired Locations. The interruption must result from direct physical loss or damage by a Covered Cause of Loss to the property described in Paragraph **(2).**

(2) Utility Services

(a) Water Supply Services, meaning pumping stations and water mains supplying water to your premises.

(b) Communication Supply Services, meaning property supplying communication services, including telephone, radio, microwave or television services, to your premises, such as:

(i) Communication transmission lines, including optic fiber transmission lines;

(ii) Coaxial cables; and

(iii) Microwave radio relays except satellites.

(c) Power Supply Services, meaning the following types of property supplying electricity, steam or gas to your premises:

(i) Utility generating plants;

(ii) Switching stations;

(iii) Substations;

(iv) Transformers; and

(v) Transmission lines.

(3) For the purposes of this Coverage Extension, the "period of restoration" begins 24 hours after the time of direct physical loss for Business Income coverage, or immediately after the time of direct physical loss or damage for Extra Expense coverage.

(4) This Coverage Extension does not apply to loss caused by spoilage of "perishable stock" caused by interruption of Utility Services.

(5) The most we will pay under this Coverage Extension is $50,000 per occurrence.

(6) The provisions of this Coverage Extension are superseded by **CP 15 45** Utility Services — Time Element, if attached to and made a part of this policy.

B. Deductible

1. We will not pay for loss in any one occurrence until the amount of loss exceeds the Deductible shown in the Declarations. We will then pay the amount of covered loss in excess of the Deductible.

2. When the same occurrence involves loss to insurance under this coverage form and loss under the Building And Personal Property Coverage Form, only one deductible will be applied to the occurrence.

3. Windstorm, Hail or Hurricane percentage deductibles do not apply to Business Income coverage or Extra Expense coverage.

C. Loss Conditions

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

1. Appraisal

If we and you disagree on the amount of Net Income and operating expense or the amount of loss, either may make written

demand for an appraisal of the loss. In this event, each party will select a competent and impartial appraiser.

The two appraisers will select an umpire. If they cannot agree, either may request that selection be made by a judge of a court having jurisdiction. The appraisers will state separately the amount of Net Income and operating expense or amount of loss. If they fail to agree, they will submit their differences to the umpire. A decision agreed to by any two will be binding. Each party will:

a. Pay its chosen appraiser; and

b. Bear the other expenses of the appraisal and umpire equally.

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

2. Duties In The Event Of Loss

a. You must see that the following are done in the event of loss:

(1) Notify the police if a law may have been broken.

(2) Give us prompt notice of the direct physical loss or damage. Include a description of the property involved.

(3) As soon as possible, give us a description of how, when, and where the direct physical loss or damage occurred.

(4) Take all reasonable steps to protect the Covered Property from further damage, and keep a record of your expenses necessary to protect the Covered Property, for consideration in the settlement of the claim. However, we will not pay for any subsequent loss or damage resulting from a cause of loss that is not a Covered Cause of Loss. Also, if feasible, set the damaged property aside and in the best possible order for examination.

(5) As often as may be reasonably required, permit us to inspect the property proving the loss or damage and examine your books and records.

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

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

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

(8) If you intend to continue your business, you must resume all or part of your "operations" as quickly as possible.

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

3. Loss Determination

a. The amount of Business Income loss will be determined based on:

(1) The Net Income of the business before the direct physical loss or damage occurred;

(2) The likely Net Income of the business if no physical loss or damage had occurred, but not including any Net Income that would likely have been earned as a result of an increase in the volume of business due to favorable business conditions caused by the impact of the Covered Cause of Loss on customers or on other businesses;

(3) The operating expenses, including payroll expenses, necessary to resume "operations" with the same quality of service that existed just before the direct physical loss or damage; and

(4) Other relevant sources of information, including:

(a) Your financial records and accounting procedures;

(b) Bills, invoices and other vouchers; and

(c) Deeds, liens or contracts.

b. The amount of Extra Expense will be determined based on:

(1) All expenses that exceed the normal operating expenses that would have been incurred by "operations" during the "period of restoration" if no direct physical loss or damage had

occurred. We will deduct from the total of such expenses:

(a) The salvage value that remains of any property bought for temporary use during the "period of restoration", once "operations" are resumed; and

(b) Any Extra Expense that is paid for by other insurance, except for insurance that is written subject to the same plan, terms, conditions and provisions as this insurance; and

(2) Necessary expenses that reduce the Business Income loss that otherwise would have been incurred.

c. Resumption Of Operations

We will reduce the amount of your:

(1) Business Income loss, other than Extra Expense, to the extent you can resume your "operations", in whole or in part, by using damaged or undamaged property (including merchandise or stock) at the described premises or elsewhere.

(2) Extra Expense loss to the extent you can return "operations" to normal and discontinue such Extra Expense.

d. If you do not resume "operations", or do not resume "operations" as quickly as possible, we will pay based on the length of time it would have taken to resume "operations" as quickly as possible.

4. Loss Payment

We will pay for covered loss within 30 days after we receive the sworn proof of loss, if you have complied with all of the terms of this Coverage Part and:

a. We have reached agreement with you on the amount of loss; or

b. An appraisal award has been made.

D. Definitions

1. "Antique" means an object having value because its:

a. craftsmanship is in the style or fashion of former times; and

b. age is 100 years old or older.

2. "Dependent property" means property operated by others whom you depend on to:

a. Deliver materials or services to you, or to others for your account. With respect to Contributing Locations, services does not mean water, communication or power supply services;

b. Accept your products or services;

c. Manufacture products for delivery to your customers under contract of sale; or

d. Attract customers to your business.

"Dependent property" does not include roads, bridges, tunnels, waterways, airfields, pipelines or any other similar areas or structures.

3. "Electronic data" means information, facts or computer programs stored as or on, created or used on, or transmitted to or from computer software (including systems and applications software), on hard or floppy disks, CD-ROMs, tapes, drives, cells, data processing devices or any other repositories of computer software which are used with electronically controlled equipment. The term computer programs, referred to in the foregoing description of "electronic data", means a set of related electronic instructions which direct the operations and functions of a computer or device connected to it, which enable the computer or device to receive, process, store, retrieve or send data.

4. "Fine arts" means paintings, etchings, pictures; tapestries; rare or art glass; art glass windows; valuable rugs; statuary; sculptures; "antique" furniture; bric-a-brac; porcelains; and similar property of rarity, historical value or artistic merit.

5. "Finished stock" means stock you have manufactured.

"Finished stock" also includes whiskey and alcoholic products being aged.

"Finished stock" does not include stock you have manufactured that is held for sale on the premises of any retail outlet insured under this Coverage Part.

6. "Operations" means:

a. Your business activities occurring at the described premises; and

b. The tenantability of the described premises, if coverage for Business Income

Including "Rental Value" or "Rental Value" applies.

7. "Period of restoration" means the period of time that:

a. Begins:

(1) 72 hours after the time of direct physical loss or damage for Business Income coverage; or

(2) Immediately after the time of direct physical loss or damage for Extra Expense coverage;

caused by or resulting from any Covered Cause of Loss at the described premises; and

b. Ends on the earlier of:

(1) The date when the property at the described premises should be repaired, rebuilt or replaced with reasonable speed and similar quality; or

(2) The date when business is resumed at a new permanent location.

"Period of restoration" does not include any increased period required due to the enforcement of any ordinance or law that

(1) Regulates the construction, use or repair, or requires the tearing down of any property; or

(2) Requires any insured or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of "pollutants".

The expiration date of this policy will not cut short the "period of restoration".

8. "Perishable stock" means personal property which is maintained under controlled conditions for its preservation and which is susceptible to loss or damage if the controlled conditions change.

9. "Pollutants" means any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste. Waste includes materials to be recycled, reconditioned or reclaimed.

10. "Rental Value" means Business Income that consists of:

a. Net Income (Net Profit or Loss before income taxes) that would have been earned or incurred as rental income from tenant occupancy of the premises described in the Declarations as furnished and equipped by you, including fair rental value of any portion of the described premises which is occupied by you; and

b. Continuing normal operating expenses incurred in connection with that premises, including:

(1) Payroll; and

(2) The amount of charges which are the legal obligation of the tenant(s) but would otherwise be your obligations.

11. "Suspension" means:

a. The slowdown or cessation of your business activities; or

b. That a part or all of the described premises is rendered untenantable, if coverage for Business Income Including "Rental Value" or "Rental Value" applies.

Safeco Optimum Property ™ for Religious Institutions
BUILDING AND PERSONAL PROPERTY COVERAGE FORM

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

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

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

A. Coverage

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

1. Covered Property

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

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

(1) Foundations of buildings, structures, machinery or boilers;

(2) Underground pipes, flues or drains;

(3) Completed additions;

(4) Fixtures, including outdoor fixtures such as light poles;

(5) Permanently installed:

(a) Machinery and

(b) Equipment;

(6) **(a)** Fences;

(b) Walls, except retaining walls not attached to buildings;

(c) Monuments;

(d) Signs; and

(e) Statues

whether attached to the building or not;

(7) Outdoor electronic communications equipment including antennas (including satellite dishes) and their lead-in wiring, masts or towers;

(8) Personal property owned by you that is used to maintain or service the building or structure or its premises, including:

(a) Fire-extinguishing equipment;

(b) Outdoor furniture;

(c) Floor coverings; and

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

(9) If not covered by other insurance:

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

(b) Materials, equipment, supplies and temporary structures, on or within 1,000 feet of the described premises, used for making additions, alterations or repairs to the building or structure.

b. Business Personal Property located in or on the building described in the Declarations or in the open (or in a vehicle) within 1,000 feet of the described premises.

Business Personal Property means:

(1) Your Business Personal Property owned by your business; and includes:

(a) Furniture and fixtures;

(b) Machinery and equipment;

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(c) "Stock";

(d) Patterns, dies, molds and forms;

(e) All other personal property owned by you and used in your business;

(f) Labor, materials or services furnished or arranged by you on personal property of others;

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

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

(ii) You acquired or made at your expense but cannot legally remove.

(2) Tools and equipment owned by your employees that are used in your business operations.

(3) Personal property owned by others that is in your care, custody or control (including leased property as provided in written lease agreements); and includes:

(a) Leased personal property which you have a contractual responsibility to insure;

(b) Building plate glass that you have a contractual responsibility to insure as a building tenant;

(c) All other personal property of others.

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

2. Property Not Covered

Covered Property does not include:

a. Accounts, bills, currency, food stamps or other evidences of debt, "money", notes or "securities", except as provided under the Additional Coverage for Money and Securities. Lottery tickets held for sale are not "securities";

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

c. Automobiles held for sale;

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

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

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

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

h. Personal effects owned by you, your officers, your partners or members, your managers or your employees, except as provided by the Coverage Extension for Clergy Personal Property and Personal Effects;

i. Personal property while airborne or waterborne, except as provided under the Coverage Extension for Property In Transit;

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

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

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

m. "Electronic data", except as provided by the Coverage Extension for Electronic Data Processing. This Paragraph, **m.** does not apply to your "stock" of prepackaged software;

n. The cost to replace or restore the information on "valuable papers and records", including those which exist as "electronic data", except as provided by the Coverage Extension for Valuable Papers And Records;

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

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

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

This paragraph does not apply to:

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

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

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

(d) Trailers, but only to the extent provided for in the Coverage Extension for Non-owned Detached Trailers;

p. The following property while outside of buildings:

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

(2) Trees, shrubs, plants, sod or lawns (other than "stock" of trees, shrubs, plants or sod), except as provided in the Coverage Extension for Outdoor Trees, Shrubs, Plants, Sod and Lawns.

3. Covered Causes Of Loss

See applicable Causes Of Loss Form(s) as shown in the Declarations.

4. Additional Coverages

a. Additional Living Expense

We will pay the actual and necessary additional living expense you sustain due to direct physical loss or damage to the described clergy house of residence. This extension shall only apply to additional living expenses if a member of your clergy lives at the described residence and is forced to relocate as a result of a covered cause of loss.

Under this Additional Coverage, additional living expense means any necessary increase in living expenses incurred so that the covered household can maintain its normal standard of living.

We will only pay for loss under this Additional Coverage that occurs within 12 consecutive months after the date of direct physical loss or damage.

No deductible applies to this Additional Coverage.

Payments under this Additional Coverage are separate from the Limit(s) of Insurance shown in the Declarations for any other coverage.

b. Arson, Vandalism or Theft Reward

We will pay a reward for information which leads to an arson, vandalism or "theft" conviction involving a covered loss at a premises described in the Declarations.

The most we will pay for this Additional Coverage is $50,000 or 25% of the amount that we pay for direct physical loss or damage to the Covered Property that has sustained loss or damage by arson, vandalism or "theft", whichever is less. This limit applies per occurrence regardless of the number of persons providing this information. No deductible applies to this Additional Coverage.

Payments under this Additional Coverage are separate from the Limit(s) of Insurance shown in the Declarations for any other coverage.

c. Business Income

(1) We will pay for the actual loss of Business Income you sustain due to the necessary suspension of your "operations" during the "period of restoration". The suspension must be caused by direct physical loss of or damage to property at the premises described in the Declarations, including personal property in the open (or in a vehicle) within 1,000 feet, caused by or resulting from any Covered Cause of Loss.

(2) Business Income means the:

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

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

(3) Extended Business Income

We will pay for the actual loss of Business Income you incur during the period that:

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

replaced and "operations" are resumed; and

(b) Ends on the earlier of:

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

(ii) 30 consecutive days after the date determined in **(a)** above.

(4) The most we will pay for loss or damage under this Additional Coverage is $25,000. No deductible applies to this Additional Coverage.

Payments under this Additional Coverage are separate from the Limit(s) of Insurance shown in the Declarations for any other coverage.

(5) If two or more of this policy's coverages apply to the same loss, we will not pay more than the actual amount of loss.

(6) The provisions of this Additional Coverage are superseded if a Business Income coverage form is attached to and made a part of this policy.

d. Computer Fraud

(1) We will pay for loss or damage to "money", "securities" and "other property" resulting directly from the use of any computer to fraudulently cause a transfer of that property from inside the "premises" or "banking premises":

(a) To a person (other than a "messenger") outside those "premises"; or

(b) To a place outside those "premises".

(2) This Additional Coverage does not cover:

(a) Loss resulting from any dishonest or criminal act committed by you, your partners, your "members", your "employees", "managers", directors, trustees or authorized representatives:

(i) Whether acting alone or in collusion with other persons; or

(ii) While performing services for you or otherwise.

(b) Loss, or that part of any loss, the proof of which as to its existence or amount is dependent upon an inventory computation or a profit and loss computation.

(c) Loss resulting from:

(i) The unauthorized disclosure of your confidential information including, but not limited to, patents, trade secrets, processing methods or customer lists; or

(ii) The unauthorized use or disclosure of confidential information of another person or entity which is held by you including, but not limited to, financial information, personal information, credit card information or similar non-public information.

(3) If you have reason to believe that any loss involves a violation of law, you must notify the local law enforcement authorities.

(4) Under this Additional Coverage, "occurrence" means:

(a) An individual act or event;

(b) The combined total of all separate acts or events whether or not related; or

(c) A series of acts or events whether or not related;

committed by a person acting alone or in collusion with other persons, or not committed by any person, during the policy period shown in the Declarations.

(5) Unless a higher limit is shown in the Declarations, the most we will pay for all loss under this Additional Coverage is $50,000 in any one "occurrence", regardless of the number of persons involved in committing the fraud.

Unless a higher limit is shown in the Declarations, the most we will pay

in any one policy period regardless of the number of "occurrences" or persons involved in committing the fraud is $100,000. With respect to an occurrence which begins in one policy year and continues or results in additional loss or damage in a subsequent policy year(s), all loss or damage is deemed to be sustained in the policy year in which the occurrence began.

No deductible applies to this Additional Coverage.

Payments under this Additional Coverage are separate from the Limit(s) of Insurance shown in the Declarations for any other coverage.

(6) If Computer Fraud coverage is provided under the Crime Coverage Part of this policy, that coverage replaces the Computer Fraud coverage provided by this Additional Coverage. The provisions of this Additional Coverage would no longer apply.

e. Contract Penalty

(1) We will pay for penalties contained within a written contract purchase or sales agreement with a customer or vendor that you are required to pay because you are unable to complete a project, fill an order, or complete a purchase in accordance with contract terms or conditions. Your inability to complete a project, fill an order, or complete a purchase on time must be a direct result of physical loss of or damage to covered property caused by a Covered Cause of Loss at a covered premises in the policy period.

(2) The most we will pay for this Additional Coverage is $50,000 in any one policy period regardless of the number of contracts or penalties.

Payments under this Additional Coverage are separate from the Limit(s) of Insurance shown in the Declarations for any other coverage.

f. Debris Removal

(1) Subject to Paragraphs **(3)** and **(4),** we will pay your expense to remove debris of Covered Property caused by or resulting from a Covered Cause of Loss that occurs during the policy period. The expenses will be paid only if they are reported to us in writing within 180 days of the date of direct physical loss or damage.

(2) Debris Removal does not apply to costs to:

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

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

(c) Remove debris of outdoor trees, shrubs, plants, sod or lawns except to remove such debris from covered buildings or personal property, or as is provided under the Coverage Extension for Outdoor Trees, Shrubs, Plants, Sod And Lawns.

(3) Subject to the exceptions in Paragraph **(4),** the following provisions apply:

(a) The most we will pay for the total of direct physical loss or damage plus debris removal expense is the Limit of Insurance applicable to the Covered Property that has sustained loss or damage.

(b) Subject to **(a)** above, the amount we will pay for debris removal expense is limited to 25% of the sum of the deductible plus the amount that we pay for direct physical loss or damage to the Covered Property that has sustained loss or damage.

(4) We will pay up to an additional $50,000 for debris removal expense, for each premises described in the Declarations, in any one occurrence of physical loss or damage to Covered Property, if one or both of the following circumstances apply:

(a) The total of the actual debris removal expense plus the amount we pay for direct physical loss or damage exceeds the Limit of Insurance on the Covered Property that has sustained loss or damage.

(b) The actual debris removal expense exceeds 25% of the sum

of the deductible plus the amount that we pay for direct physical loss or damage to the Covered Property that has sustained loss or damage.

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

(5) Examples

EXAMPLE #1

Limit of Insurance	$ 90,000
Amount of Deductible	$ 1,000
Amount of Loss	$ 50,000
Amount of Loss Payable	$ 49,000
($50,000	- $1,000)
Debris Removal Expense	$ 10,000
Debris Removal Expense Payable	$ 10,000

($10,000 is 20% of $50,000)

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

EXAMPLE #2

Limit of Insurance	$ 90,000
Amount of Deductible	$ 1,000
Amount of Loss	$ 80,000
Amount of Loss Payable	$ 79,000
($80,000	- $1,000)
Debris Removal Expense	$ 64,000
Debris Removal Expense Payable	
Basic Amount	$ 11,000
Additional Amount	$ 50,000

The basic amount payable for debris removal expense under the terms of Paragraph **(3)** is calculated as follows: $80,000 ($79,000 + $1,000) x .25 = $20,000; capped at $11,000. The cap applies because the sum of the loss payable ($79,000) and the basic amount payable for debris removal expense ($11,000) cannot exceed the Limit of Insurance ($90,000).

The additional amount payable for debris removal expense is provided in accordance with the terms of Paragraph **(4),** because the debris removal expense ($64,000) exceeds 25% of the loss payable plus the deductible ($64,000 is 80% of $80,000), and because the sum of the loss payable and debris removal expense ($79,000 + $64,000 = $143,000) would exceed the Limit of Insurance ($90,000). The additional amount of covered debris removal expense is $50,000, the maximum payable under Paragraph **(4).** Thus the total payable for debris removal expense in this example is $61,000; $3,000 of the debris removal expense is not covered.

g. Employee Theft

(1) We will pay for direct loss of or damage to "money", "securities" and "other property" resulting directly from "theft" committed by an "employee", whether identified or not, acting alone or in collusion with other persons.

For the purposes of this Additional Coverage, "theft" shall also include "forgery".

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

(a) Resulting from "theft" or any other dishonest act that you or any of your partners or "members" commit whether acting alone or in collusion with other persons.

(b) Resulting from:

(i) The unauthorized disclosure of your confidential information including, but not limited to, patents, trade secrets, processing methods or customer lists; or

(ii) The unauthorized use or disclosure of confidential information of another person or entity which is held by you including, but not limited to, financial information, personal information, credit card information or similar non-public information.

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

(i) An inventory computation; or

(ii) A profit and loss computation.

(3) Under this Additional Coverage, "occurrence" means:

(a) An individual act;

(b) The combined total of all separate acts whether or not related; or

(c) A series of acts whether or not related;

committed by an "employee" acting alone or in collusion with other persons, during the Policy Period shown in the Declarations.

(4) All loss or damage:

(a) Caused by one or more persons; or

(b) Involving a single act or series of acts;

is considered one occurrence.

(5) The property covered under this Additional Coverage is limited to property:

(a) That you own or lease; or

(b) That you hold for others whether or not you are legally liable for the loss of such property.

However, this Additional Coverage is for your benefit only. It provides no rights or benefits to any other person or organization. Any claim for loss that is covered under this policy must be presented by you.

(6) If any loss is covered:

(a) Partly by this insurance; and

(b) Partly by any prior canceled or terminated insurance that we or any affiliate had issued to you or any predecessor in interest;

the most we will pay is the larger of the amount recoverable under this insurance or the prior insurance.

We will pay only for loss or damage you sustain through acts committed or events occurring during the policy period. Regardless of the number of years this policy remains in force or the number of premiums paid, no Limit of Insurance cumulates from year to year or period to period.

(7) This Additional Coverage is canceled as to any "employee" immediately upon discovery by:

(a) You; or

(b) Any of your partners, "members", "managers", officers or directors not in collusion with the "employee";

of any dishonest act committed by that "employee" before or after being hired by you.

(8) We will pay only for covered loss or damage sustained during the policy period and discovered no later than one year from the end of the policy period.

(9) If you (or any predecessor in interest) sustained loss or damage during the policy period of any prior insurance that you could have recovered under that insurance except that the time within which to discover loss or damage had expired, we will pay for it under this Additional Coverage, provided:

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

(b) The loss or damage would have been covered by this Additional Coverage had it been in effect when the acts or events causing the loss or damage were committed or occurred.

(10) The insurance under Paragraph **(9)** above is part of, not in addition to, the Limit of Insurance applying to this Additional Coverage and is limited to the lesser of the amount recoverable under:

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

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

(11) Employee Benefit Plans

(a) "Employee benefit plans" (hereafter referred to as Plan)

owned, controlled or operated by you and which you provide solely for the benefit of your "employees" are included as Insureds under this Additional Coverage.

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

(c) With respect to loss sustained by any such Plan, this Additional Coverage is replaced by the following:

We will pay for loss of or damage to "funds", and "other property" resulting directly from fraudulent or dishonest acts committed by an "employee", whether identified or not, acting alone or in collusion with other persons.

(d) If the first Named Insured is an entity other than a Plan, any payment we make for loss sustained by any Plan will be made to the Plan sustaining the loss.

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

(i) Sustained by two or more Plans; or

(ii) Of commingled "funds" or "other property" of two or more Plans;

resulting directly from an occurrence will be made to each Plan sustaining loss in the proportion that the Limit of Insurance required for each Plan bears to the total Limit of Insurance of all Plans sustaining loss.

(f) The insurance under this Paragraph **(11)** is part of, not in addition to, the Limit of Insurance applying to this Employee Theft Additional Coverage.

(12) The most we will pay for loss or damage in any one "occurrence" is $50,000, unless a higher limit is shown in the Declarations. No deductible applies to this Additional Coverage.

Payments under this Additional Coverage are separate from the Limit(s) of Insurance shown in the Declarations for any other coverage.

(13) If Employee Dishonesty or Employee Theft coverage is provided under the Crime Coverage Part of this policy, that coverage replaces the Employee Theft coverage provided by this Additional Coverage. The provisions of this Additional Coverage would no longer apply.

h. Extra Expense

(1) We will pay the actual and necessary Extra Expense you sustain due to direct physical loss or damage to property at the premises described in the Declarations, including personal property in the open (or in a vehicle) within 1,000 feet, caused by or resulting from any Covered Cause of Loss. If you are a tenant, your premises is the portion of the building which you rent, lease or occupy, including:

(a) All routes within the building to gain access to the described premises; and

(b) Your personal property in the open (or in a vehicle) within 1,000 feet.

(2) Extra Expense means necessary expenses you incur during the "period of restoration" that you would not have incurred if there had been no direct physical loss or damage to property:

(a) To avoid or minimize the suspension of business and to continue "operations":

(i) At the described premises; or

(ii) At replacement premises or temporary locations, including:

(aa) Relocation expenses; and

(bb) Costs to equip and operate the replacement or temporary locations;

(b) To minimize the suspension of business if you cannot continue "operations", or

(c) **(i)** To repair or replace any property; or

(ii) To research, replace or restore the lost information on damaged "valuable papers and records", to the extent it reduces the amount of loss that otherwise would have been payable under this Additional Coverage.

(3) The most we will pay for loss or damage under this Additional Coverage is $25,000. No deductible applies to this Additional Coverage.

Payments under this Additional Coverage are separate from the Limit(s) of Insurance shown in the Declarations for any other coverage.

(4) If two or more of this policy's coverages apply to the same loss, we will not pay more than the actual amount of loss.

(5) The provisions of this Additional Coverage are superseded if Extra Expense coverage is provided by another form attached to and made a part of this policy.

i. Fire Department Service Charge

When the fire department is called to save or protect Covered Property from a Covered Cause of Loss, we will pay up to $50,000, unless a higher limit is shown in the Declarations, for your liability for fire department service charges:

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

(2) Required by local ordinance.

No deductible applies to this Additional Coverage.

Payments under this Additional Coverage are separate from the Limit(s) of Insurance shown in the Declarations for any other coverage.

j. Fire Extinguisher Systems Recharge

(1) We will pay the actual cost of recharging or replacing, whichever is less, your:

(a) Portable fire extinguishers; or

(b) Automatic fire suppression or extinguishing systems

if they are discharged to fight a fire at the premises described in the Declarations or at immediately adjacent premises which expose your property to loss.

(2) We will not pay for:

(a) Halon, or any other fire extinguishing agent that is no longer in production; or

(b) any costs resulting from the enforcement of any ordinance or law that regulates the recharging, repair or replacement of fire suppression or extinguishing systems or the extinguishing agent.

(3) The most we will pay under this Additional Coverage in any one occurrence is $50,000. No deductible applies to this Additional Coverage.

Payments under this Additional Coverage are separate from the Limit(s) of Insurance shown in the Declarations for any other coverage.

k. Forgery Or Alteration

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

(a) Made or drawn by or drawn upon you; or

(b) Made or drawn by one acting as your agent;

or that are purported to have been so made or drawn.

(2) If you are sued for refusing to pay any instrument covered in Paragraph **k.(1)** on the basis that it has been forged or altered, and you have our written consent to defend against the suit, we will pay for any reasonable legal expenses that you incur and pay in that defense.

(3) For the purposes of this Additional Coverage, a substitute check as defined in the Check Clearing for the 21st Century Act shall be treated the same as the original it replaced.

(4) We will not pay for loss caused by or resulting from dishonest or criminal acts committed by any of your "employees", directors or trustees:

(a) Whether acting alone or in collusion with other persons; or

(b) While performing services for you or otherwise.

(5) Under this Additional Coverage, "occurrence" means:

(a) An individual act;

(b) The combined total of all separate acts whether or not related; or

(c) A series of acts whether or not related;

committed by a person acting alone or in collusion with other persons, or not committed by any person, during the Policy Period shown in the Declarations.

(6) The most we will pay for loss in any one "occurrence" is $25,000, unless a higher limit is shown in the Declarations. This Additional Coverage is subject to a separate deductible of $1,000 in any one "occurrence". No other deductible applies.

Payments under this Additional Coverage are separate from the Limit(s) of Insurance shown in the Declarations for any other coverage.

(7) If Forgery Or Alteration coverage is provided under the Crime Coverage Part of this policy, that coverage replaces the Forgery Or Alteration coverage provided by this Additional Coverage. The provisions of this Additional Coverage would no longer apply.

l. Lock And Key Replacement

We will pay the cost for rekeying, repair or replacement, whichever is less, of exterior and interior door locks located at premises described in the Declarations if your door keys are stolen in a covered "theft" loss. For the purposes of this Additional Coverage, "theft" losses also include those acts of "theft" committed by "employees".

The most we will pay for loss in any one occurrence is $2,500. No deductible applies to this Additional Coverage.

Payments under this Additional Coverage are separate from the Limit(s) of Insurance shown in the Declarations for any other coverage.

m. Money And Securities

(1) We will pay for loss of your "money" and "securities" resulting directly from "theft", disappearance, or destruction:

(a) Inside the "premises" or "banking premises".

(b) Outside the "premises", which means outside the building you occupy in conducting your business:

(i) while in the care and custody of you, any of your partners or any "employees"; or

(ii) while in the care and custody of an armored motor vehicle company.

But we will pay only for the amount of loss that you cannot recover:

(aa) Under your contract with the armored vehicle company; and

(bb) From any insurance or indemnity carried by, or for the benefit of customers of, the armored motor vehicle company.

(2) Exclusions **B.1.c.,** Government Action; **B.1.d.,** Nuclear Hazard; **B.1.f.,** War And Military Action, and **B.2.k.** Pollution of the Causes Of Loss — Special Form apply to this Money And Securities coverage.

(3) The following additional Exclusions apply to this Money And Securities coverage:

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

(i) Any dishonest or criminal act committed by any of your "employees", directors or trustees or authorized representatives:

(aa) Acting alone or in collusion with other persons; or

(bb) While performing services for you or otherwise.

(ii) Loss that is an indirect result of any act or occurrence covered by this insurance, including, but not limited to, loss resulting from:

(aa) Your inability to realize income that you would have realized had there been no loss of, or loss from damage to, "money" or "securities";

(bb) Payment of damages of any type for which you are legally liable; or

(cc) Payment of costs, fees or other expenses you incur in establishing the existence or the amount of loss under this Additional Coverage;

(iii) Expenses related to any legal action;

(iv) Accounting or arithmetical errors or omissions;

(v) Giving or surrendering of property in any exchange or purchase;

(vi) Voluntary parting of title to or possession of property resulting from your, or anyone acting on your express or implied authority, being induced by any dishonest act to voluntarily part with title to or possession of any property; or

(vii) Loss of property contained in any money operated device unless the amount of "money" deposited in it is recorded by a continuous recording instrument in the device.

(4) The following Additional Conditions apply:

(a) If you have reason to believe that any loss involves a violation of law, you must notify the local law enforcement authorities.

(b) You must keep records of all "money" and "securities" so we can verify the amount of any loss or damage.

(5) Under this Additional Coverage, "occurrence" means:

(a) An individual act or event;

(b) The combined total of all separate acts or events whether or not related; or

(c) A series of acts or events whether or not related;

committed by a person acting alone or in collusion with other persons, or not committed by any person, during the Policy Period shown in the Declarations.

(6) **(a)** The most we will pay for loss in any one "occurrence" inside the "premises" or "banking premises" is $25,000, unless a higher limit is shown in the Declarations.

(b) The most we will pay for loss in any one "occurrence" outside the "premises" is $25,000, unless a higher limit is shown in the Declarations.

No deductible applies to this Additional Coverage.

Payments under this Additional Coverage are separate from the Limit(s) of Insurance shown in the Declarations for any other coverage.

(7) If Theft, Disappearance And Destruction coverage is provided under the Crime Coverage Part of this policy, that coverage replaces the Money And Securities coverage provided by this Additional Coverage. The provisions of this Additional Coverage would no longer apply.

n. Money Orders And Counterfeit Money

(1) We will pay for loss resulting directly from your having accepted in good faith, in exchange for merchandise, "money" or services:

(a) Money orders issued by any post office, express company

or bank that are not paid upon presentation; or

(b) "Counterfeit money" that is acquired during the regular course of business.

(2) If you have reason to believe that any loss involves a violation of law, you must notify the local law enforcement authorities.

(3) Under this Additional Coverage

(a) "Counterfeit Money" means an imitation of "money" that is intended to deceive and to be taken as genuine.

(b) "Occurrence" means:

(i) An individual act or event;

(ii) The combined total of all separate acts or events whether or not related; or

(iii) A series of acts or events whether or not related;

committed by a person acting alone or in collusion with other persons, or not committed by any person, during the Policy Period shown in the Declarations.

(4) The most we will pay for all loss resulting directly from an "occurrence" is $5,000, unless a higher limit is shown in the Declarations. This Additional Coverage is subject to a separate deductible of $250 in any one "occurrence". No other deductible applies.

Payments under this Additional Coverage are separate from the Limit(s) of Insurance shown in the Declarations for any other coverage.

(5) If either Money Orders And Counterfeit Paper Currency or Money Orders And Counterfeit Money coverage is provided under the Crime Coverage Part of this policy, that coverage replaces the Money Orders And Counterfeit Money coverage provided by this Additional Coverage. The provisions of this Additional Coverage would no longer apply.

o. Ordinance Or Law

(1) Application of Coverage(s)

The Coverage(s) provided by this Additional Coverage apply only if both **(1)(a)** and **(1)(b)** are satisfied and are then subject to the qualifications set forth in **(1)(c).**

(a) The ordinance or law:

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

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

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

(b) **(i)** The building sustains direct physical damage that is covered under this policy and such damage results in enforcement of the ordinance or law; or

(ii) The building sustains both direct physical damage that is covered under this policy and direct physical damage that is not covered under this policy, and the building damage in its entirety results in enforcement of the ordinance or law.

(iii) But if the building sustains direct physical damage that is not covered under this policy, and such damage is the subject of the ordinance or law, then there is no coverage under this Additional Coverage even if the building has also sustained covered direct physical damage.

(c) In the situation described in **(1)(b)(ii)** above, we will not pay the full amount of loss otherwise payable under the terms of

Coverages **A, B,** and/or **C** of this Additional Coverage. Instead, we will pay a proportion of such loss; meaning the proportion that the covered direct physical damage bears to the total direct physical damage. (Section **(7)** of this Additional Coverage provides an example of this procedure.)

However, if the covered direct physical damage, alone, would have resulted in enforcement of the ordinance or law, then we will pay the full amount of loss otherwise payable under the terms of Coverages **A, B** and/or **C** of this Additional Coverage.

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

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

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

(3) Coverage

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

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

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

(b) Coverage B — Demolition Cost Coverage

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

(c) Coverage C — Increased Cost Of Construction Coverage

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

(aa) Repair or reconstruct damaged portions of that building; and/or

(bb) Reconstruct or remodel undamaged portions of that building, whether or not demolition is required;

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

(ii) However:

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

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

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

(aa) The cost of excavations, grading, backfilling and filling; and

(bb) Pilings.

The items listed in **(iii)(aa)** and **(iii)(bb)** above are deleted from Property Not Covered, but only with respect to the coverage described in this Provision, **(c)(iii).**

(4) Loss Payment

(a) Both of the following loss payment Provisions, **(4)(b)** and **(4)(c),** are subject to the apportionment procedures set forth in Section **(1)(c)** of this Additional Coverage.

(b) When there is a loss in value of an undamaged portion of a building to which Coverage **A** applies, the loss payment for that building, including damaged and undamaged portions, will be determined as follows:

(i) If Replacement Cost coverage applies and the property is being repaired or replaced, on the same or another premises, we will not pay more than the lesser of:

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

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

(ii) If Replacement Cost coverage applies and the property is not repaired or replaced, or if Replacement Cost coverage does not apply, we will not pay more than the lesser of:

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

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

(c) The most we will pay for the total of all covered losses for Coverage **B** — Demolition Cost and Coverage **C** — Increased Cost Of Construction combined is $200,000, unless a higher limit for Ordinance Or Law — Coverages **B** and **C** is shown in the Declarations.

Payments under Coverage **B** and/or **C** are separate from the Limit(s) of Insurance shown in the Declarations for any other coverage.

Subject to this combined Limit of Insurance, the following loss payment provisions apply:

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

(ii) With respect to the Increased Cost Of Construction:

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

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

(2) Unless the repairs or replacement are made as soon as

reasonably possible after the loss or damage, not to exceed two years. We may extend this period in writing during the two years.

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

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

(5) The terms of this Additional Coverage apply separately to each building.

(6) Under this Additional Coverage we will not pay for loss due to any ordinance or law that:

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

(b) You failed to comply with.

(7) Example of Proportionate Loss Payment for Ordinance Or Law coverage losses (procedure as set forth in Section **(1)(c)** of this Additional Coverage.)

Assume:

- Wind is a Covered Cause of Loss; Flood is an excluded Cause of Loss
- The building has a value of $200,000
- Total direct physical damage to building: $100,000
- The ordinance or law in this jurisdiction is enforced when building damage equals or exceeds 50% of the building's value
- Portion of direct physical damage that is covered (caused by wind): $30,000
- Portion of direct physical damage that is not covered (caused by flood): $70,000
- Loss under Ordinance Or Law Coverage **C** of this endorsement: $60,000

Step 1:

Determine the proportion that the covered direct physical damage bears to the total direct physical damage.

$30,000 ÷ $100,000 = .30

Step 2:

Apply that proportion to the Ordinance or Law loss.

$60,000 x .30 = $18,000

In this example, the most we will pay under this Additional Coverage for the Coverage **C** loss is $18,000, subject to all the provisions of this Additional Coverage.

Note: The same procedure applies to losses under Coverages **A** and **B** of this Additional Coverage.

p. Pollutant Clean-up and Removal

We will pay your expense to extract "pollutants" from land or water at the described premises if the discharge, dispersal, seepage, migration, release or escape of the "pollutants" is caused by or results from a Covered Cause of Loss that occurs during the policy period. The expenses will be paid only if they are reported to us in writing within 180 days of the date on which the Covered Cause of Loss occurs.

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

The most we will pay under this Additional Coverage for each described premises is $50,000 for the sum of all covered expenses arising out of Covered Causes of Loss occurring during

each separate 12-month period of this policy.

Payments under this Additional Coverage are separate from the Limit(s) of Insurance shown in the Declarations for any other coverage.

q. Preservation Of Property

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

(1) While it is being moved or while temporarily stored at another location; and

(2) Only if the loss or damage occurs within 90 days after the property is first moved.

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

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

5. Coverage Extensions

Except as otherwise provided, the following Extensions apply to property located in or on the building described in the Declarations or in the open (or in a vehicle) within 1,000 feet of the described premises.

a. Accounts Receivable

(1) On Your Premises

(a) You may extend the insurance that applies to Business Personal Property at the premises described in the Declarations to apply to Accounts Receivable, including those records that exist as electronic records.

(b) We will pay:

(i) All amounts due from your customers that you are unable to collect;

(ii) Interest charges on any loan required to offset amounts you are unable to collect pending our payment of these amounts;

(iii) Collection expenses in excess of your normal collection expenses that are made necessary by the loss or damage; and

(iv) Other reasonable expenses that you incur to reestablish your records of accounts receivable;

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

(c) The following Exclusions in the Causes Of Loss — Special Form do not apply to this Accounts Receivable coverage:

(i) **B.1.b.** Earth Movement; **B.1.e.** Utility Services; **B.1.g.** Water; and

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

(d) The following additional Exclusions apply to this Accounts Receivable coverage:

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

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

(bb) Bookkeeping, accounting or billing errors or omissions; or

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

But we will pay for direct loss or damage caused by lightning.

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

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

(e) **(i)** If you cannot accurately establish the amount of accounts receivable outstanding as of the time of loss or damage, the following method will be used:

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

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

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

(aa) The amount of the accounts for which there is no loss or damage;

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

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

(dd) All unearned interest and service charges.

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

(g) The most we will pay for under this Coverage Extension is $250,000 per premises, unless a higher limit is shown in the Declarations.

No deductible applies to this Coverage Extension.

(2) Away From Your Premises

(a) Subject to Paragraphs **(1)(b)** through **(1)(f),** you may extend the insurance that applies to Business Personal Property to apply to Accounts Receivable, including those records that exist as electronic records, while away from premises described in the Declarations.

(b) The most we will pay for this Away From Your Premises coverage is $25,000 per occurrence.

No deductible applies to this Coverage Extension.

(c) This coverage while away from described premises is not increased by the Flex Additional Coverage — Blanket Limit Of Insurance.

Payments under this Coverage Extension are separate from the Limit(s) of Insurance shown in the Declarations for any other coverage.

If Accounts Receivable coverage is provided for any premises under the Inland Marine Coverage Part of this policy, that coverage replaces the Accounts Receivable coverage provided by this Coverage Extension as respects that premises. The provisions of this Coverage Extension would apply to all other premises, including Away From Your Premises coverage, except for the location that is covered for Accounts Receivable under the Inland Marine Coverage Part.

b. Auxiliary Private Structures

If not otherwise covered by this policy, you may extend the insurance that applies to Building to apply to garages and storage buildings on the described premises.

The most we will pay under this Coverage Extension is $20,000 for any one structure.

Payments under this Coverage Extension are separate from the Limit(s) of Insurance shown in the Declarations for any other coverage.

c. Brands And Labels

(1) If Covered Business Personal Property is damaged by a Covered Cause of Loss, we may take all or any part of the property at an agreed or appraised value. When you do not want your damaged "stock" sold under your brand or label, you may:

(a) Remove the brand or label from "stock" or its containers, and relabel the "stock" to comply with the law; or

(b) Label the damaged "stock" as salvage, but in doing so, you must cause no further damage to it.

(2) In either case, we will pay the difference between the salvage value of the damaged "stock" with the brand or label attached, and its salvage value with the brand or label removed. In addition, we will pay reasonable costs for removing the brands or labels and relabeling the damaged "stock".

(3) The most we will pay under this Coverage Extension is $50,000, unless a higher limit is shown in the Declarations.

Payments under this Coverage Extension will not increase the applicable Limit of Insurance.

d. Clergy House Of Residence Personal Property

If not otherwise covered by this policy, you may extend the insurance that applies to Business Personal Property to apply to Personal Property you own and is located in a covered clergy house of residence maintained by you.

The most we will pay under this Coverage Extension is $5,000 at any one residence, unless a higher limit is shown in the Declarations.

Payments under this Coverage Extension are separate from the Limit(s) of Insurance shown in the Declarations for any other coverage.

e. Clergy Personal Property

You may extend the insurance that applies to Business Personal Property to apply to personal effects owned by a member of the clergy employed by you while such personal effects are located off the described premises.

The Coverage Territory as respects this Coverage Extension is amended to: Anywhere in the world.

The most we will pay under this Coverage Extension is $20,000 per occurrence, but not more than $10,000 per person, not to exceed $2,500 per occurrence for property located in any part of the world other than the United States of America (including its territories and possessions), Puerto Rico or Canada.

Payments under this Coverage Extension are separate from the Limit(s) of Insurance shown in the Declarations for any other coverage.

f. Consequential Damage To Pairs Or Sets

If a part or parts of pairs or sets of "stock" are damaged by a Covered Cause of Loss, causing the part or parts that are not damaged to be unmarketable as a complete product, you may extend the insurance that applies to Business Personal Property to cover the consequential damage to your undamaged parts of such pairs or sets.

Payments under this Coverage Extension will not increase the applicable Limit of Insurance.

g. Deferred Payments

(1) You may extend the insurance that applies to Business Personal Property to cover direct physical loss by a Covered Cause of Loss to the following:

(a) Business Personal Property which you have sold under an installment or deferred payment plan and which is in possession of the buyer. We will pay only for your remaining interest in the property.

(b) Business Personal Property which is rented or leased to others.

(2) The most we will pay for loss or damage under this Extension is $50,000, unless a higher limit is shown in the Declarations.

Payments under this Coverage Extension will not increase the applicable Limit of Insurance.

h. Electronic Data Processing

(1) On Your Premises

(a) Equipment, Media And Data

(i) You may extend the insurance that applies to Business Personal Property at the premises described in the Declarations to cover direct physical loss or damage by a Covered Cause of Loss to:

(aa) "Hardware"; and

(bb) "Software".

while at a premises described in the Declarations.

(ii) Covered Property under this Extension does not include:

(aa) "Stock"; or

(bb) Computerized production equipment or apparatus.

(iii) Except as is noted in Paragraph **(3)(d),** the most we will pay for loss or damage under Paragraph **(a)** of this Extension is $200,000 per occurrence, unless a higher limit is shown in the Declarations.

(b) Business Income

(i) We will pay for the actual loss of Business Income you sustain due to the necessary suspension of your "operations" during the "period of restoration". The suspension must be caused by direct physical loss of or damage to "hardware" or "software" while at a premises described in the Declarations, caused by or resulting from any Covered Cause of Loss.

(ii) Business Income means the:

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

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

(iii) Except as is noted in Paragraph **(3)(d),** the most we will pay for loss or damage under Paragraph **(b)** is $25,000 per occurrence, unless a higher limit is shown in the Declarations. No deductible applies to this coverage.

(c) Extra Expense

(i) We will pay the actual and necessary Extra Expense you sustain due to direct physical loss or damage to "hardware" or "software" while at a premises described in the Declarations, caused by or resulting from any Covered Cause of Loss.

(ii) Extra Expense means necessary expenses you incur during the "period of restoration" that you would

not have incurred if there had been no direct physical loss or damage to property:

(aa) To avoid or minimize the suspension of business and to continue "operations":

(1) At the described premises; or

(2) At replacement premises or temporary locations, including relocation expenses and costs to equip and operate the replacement or temporary location;

(bb) To minimize the suspension of business if you cannot continue "operations", or

(cc) To repair or replace any property.

(iii) Except as is noted in Paragraph **(3)(d),** the most we will pay for loss or damage under Paragraph **(c)** is $25,000 per occurrence, unless a higher limit is shown in the Declarations. No deductible applies to this coverage.

(d) The following Exclusions in the Causes Of Loss — Special Form do not apply to this Electronic Data Processing coverage:

(i) **B.1.b.** Earth Movement; **B.1.e.** Utility Services; **B.1.g.** Water; and

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

(e) The following additional Exclusions apply to this Electronic Data Processing coverage:

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

(i) "Computer Virus" or "Computer Hacking". Except as provided under the Virus And Hacking Coverage in Paragraph **(3),** we will not pay for:

(aa) any direct or indirect loss or damage; or

(bb) loss of access, loss of use, or loss of functionality

caused by a "computer virus" or by "computer hacking".

(ii) Deterioration, depreciation or obsolescence.

(f) Under this Electronic Data Processing coverage:

(i) "Computer hacking" means an unauthorized intrusion by an individual or group of individuals, whether employed by you or not, into "hardware", "software", or a computer network that results in:

(aa) deletion, destruction, generation, or modification of "software";

(bb) alteration, contamination, corruption, degradation, or destruction of the integrity, quality, or performance of "software";

(cc) observation, scanning, or copying of "electronic data", "programs and applications", and "proprietary programs";

(dd) damage, destruction, inadequacy, malfunction, degradation, or corruption of any "hardware" or "media" used with "hardware"; or

(ee) denial of access to or denial of services from your "hardware" or your computer network.

(ii) "Computer virus" means the introduction of any malicious, self-replicating electronic data processing code or other code into "hardware" or "software" that is intended to result in:

(aa) deletion, destruction, generation, or modification of "software";

(bb) alteration, contamination, corruption, degradation, or destruction of the integrity, quality, or performance of "software";

(cc) damage, destruction, inadequacy, malfunction, degradation, or corruption of any "hardware" or "media" used with "hardware"; or

(dd) denial of access to or denial of services from your "hardware" or your computer network.

(iii) "Pollutants" means:

(aa) any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste. Waste includes materials to be recycled, reconditioned or reclaimed.

(bb) electrical or magnetic emissions, whether visible or invisible, and sound emissions.

But we will pay for direct loss or damage caused by lightning.

(2) Away From Your Premises

(a) Subject to Paragraphs **(1)(d)** through **(1)(f),** you may extend the insurance that applies to Business Personal Property to cover direct physical loss or damage to "hardware" or "software" caused by a Covered Cause of Loss while it is in the custody of you, your officers, your partners, or your employees:

(i) at your residence or the residence of your officers, partners, or employees;

(ii) temporarily at a premises that is not described in the Declarations; or

(iii) in transit.

(b) Covered Property under this Extension does not include "stock" or computerized production equipment or apparatus.

(c) We will not pay for loss or damage to property that is voluntarily released to the care, custody or control of anyone else including property while in transit as checked baggage.

(d) The most we will pay for loss or damage under Paragraph **(2)** is $100,000 per occurrence, unless a higher limit is shown in the Declarations. This Away From Your Premises coverage is subject to a separate deductible of $1,000 in any one occurrence. No other deductible applies.

(3) Virus And Hacking Coverage

(a) We cover direct physical loss of or damage to covered "hardware" and "software" while at a premises described in the Declarations caused by a "computer virus" or by "computer hacking".

(b) We cover loss of Business Income and/or Extra Expense caused by a "computer virus" or by "computer hacking". Coverage begins 12 hours after

the time of direct physical loss for Business Income coverage.

(c) We do not cover:

(i) loss of exclusive use of, or loss of or reduction in economic or market value of, any "electronic data" or "proprietary programs" that have been copied, scanned, or altered;

(ii) "theft" from your "electronic data" or "proprietary programs" of confidential information through the observation of the "electronic data" or "proprietary programs" by accessing covered "hardware" or your computer network without any alteration or other physical loss or damage to the records or programs. Confidential information includes, but is not limited to, customer information, processing methods, or trade secrets; and

(iii) denial of access to or services from your "hardware" or your computer network.

(d) The most we will pay during one policy year for all covered losses described in Paragraphs **(1)(a), (1)(b)** and **(1)(c)** under the Virus And Hacking Coverage **(3)(a)** and **(3)(b)** combined is $100,000, unless a higher limit is shown in the Declarations. With respect to an occurrence which begins in one policy year and continues or results in additional loss or damage in a subsequent policy year(s), all loss or damage is deemed to be sustained in the policy year in which the occurrence began.

Payments under this Coverage Extension are separate from the Limit(s) of Insurance shown in the Declarations for any other coverage.

If Electronic Data Processing coverage is provided for any premises under the Inland Marine Coverage Part of this policy, that coverage replaces the Electronic Data Processing coverage provided by this Coverage Extension as respects that premises. The provisions of this Coverage Extension would apply to all other premises, including Away From Your Premises coverage, except for the location that is covered for Electronic Data Processing under the Inland Marine Coverage Part.

i. Exhibitions

(1) You may extend the insurance that applies to Business Personal Property while en route to or from, or temporarily on display, at exhibitions, fairs or trade shows.

(2) Exclusions **B.1.b.,** Earth Movement, and **B.1.g.,** Water, of the Causes Of Loss — Special Form do not apply to this Exhibitions coverage.

(3) Under this Coverage Extension, we will not pay for "theft" from an unattended vehicle except when it is securely locked, its windows are fully closed, and there is visible evidence that entry into the vehicle was forced. This exclusion does not apply to Covered Property in the custody of a carrier for hire.

(4) The most we will pay for loss or damage under this Extension is $50,000, unless a higher limit is shown in the Declarations.

Payments under this Coverage Extension are separate from the Limit(s) of Insurance shown in the Declarations for any other coverage.

This Coverage Extension is subject to a separate deductible of $1,000 in any one occurrence. No other deductible applies.

(5) If Exhibition coverage is provided under the Inland Marine Coverage Part of this policy, that coverage replaces the Exhibition coverage provided by this Coverage Extension. The provisions of this Coverage Extension would no longer apply.

j. Fine Arts

(1) On Your Premises

(a) You may extend the insurance that applies to Business Personal Property to cover "fine arts" at the premises described in the Declarations.

(b) Exclusions **B.1.b.,** Earth Movement, and **B.1.g.,** Water, of the Causes Of Loss — Special Form do not apply to this Fine Arts coverage.

(c) In the event of total loss of an article or articles which are part of a pair or set, you may choose to have us pay the market value of the whole set and surrender the remaining pieces to us.

(d) This Extension does not cover:

(i) numismatic or philatelic objects or collections;

(ii) furs or fur-trimmed garments; or

(iii) jewelry, precious or semi-precious stones, gold, silver, platinum, or other precious metals or alloys.

(e) We will not pay for loss caused directly or indirectly by breakage of art glass windows, statuary, marbles, glassware, bric-a-brac, porcelains and similar fragile articles, unless caused by fire, lightning, aircraft, theft or attempted theft, weather conditions, earthquake, flood, explosion malicious damage, or collision, derailment or overturn of the transporting conveyance.

(f) The most we will pay for loss or damage under this Coverage Extension is $50,000 per premises, unless a higher limit is shown in the Declarations.

(2) Property On Exhibit

Subject to Paragraphs **(1)(b)** through **(1)(e),** you may extend the insurance that applies to Business Personal Property to cover "fine arts" while temporarily on exhibit in a premises not owned or occupied by you. The most we will pay for loss or damage to property on exhibition is $10,000 per occurrence.

(3) Property Off Premises For Framing, Renovating, Packing, Or Appraising

Subject to Paragraphs **(1)(b)** through **(1)(e),** you may extend the insurance that applies to Business Personal Property to cover "fine arts" while temporarily in a premises not owned, occupied, or operated by you for framing, renovating, packing, or appraising. The most we will pay for loss or damage to property off premises for framing, renovating, packing, or appraising is $10,000 per occurrence.

(4) Transit

Subject to Paragraphs **(1)(b)** through **(1)(e),** you may extend the insurance that applies to Business Personal Property to cover "fine arts" while in transit. The most we will pay for loss or damage to property in transit is $10,000 per occurrence.

Payments under this Coverage Extension are separate from the Limit(s) of Insurance shown in the Declarations for any other coverage.

If Commercial Fine Arts coverage is provided under the Inland Marine Coverage Part of this policy, that coverage replaces the Fine Arts coverage provided by this Coverage Extension. The provisions of this Coverage Extension would no longer apply.

k. Inflation Guard

If Building or Business Personal Property coverage is shown in the Declarations and Replacement Cost coverage applies, then this Coverage Extension applies to that property as follows:

(1) The Limit of Insurance for property to which this Coverage Extension applies will automatically increase by up to 6%.

(2) The amount of increase will be:

(a) the Limit of Insurance that applied on the most recent of the policy inception date, the policy anniversary date, or any other

policy change amending the Limit of Insurance, times

(b) the 6%, expressed as a decimal (example: 6% is .06), times

(c) the number of days since the beginning of the current policy year or the effective date of the most recent policy change amending the Limit of Insurance, divided by 365.

(3) The insured may purchase a higher percentage under this Coverage Extension. If the insured chooses a higher percentage, it will be reflected in the Declarations.

EXAMPLE:

If: The applicable Limit of Insurance is	$100,000
The annual percentage increase is	6%
The number of days since the beginning of the policy year (or last policy change) is	146
The amount of increase is $100,000 x .06 x 146 ÷ 365 =	$ 2,400

l. Inventory, Appraisals And Other Claims Expenses

(1) You may extend the insurance that applies to Business Personal Property to pay the necessary and reasonable costs for taking inventories, making appraisals, and preparing other documents that we require when loss or damage occurs to Covered Property. This coverage does not apply to your expenses for appraisals to resolve disputes involving value or loss as described in Loss Condition **E.2. Appraisal.**

(2) The most we will pay under this Coverage Extension is $50,000, unless a higher limit is shown in the Declarations.

Payments under this Coverage Extension will not increase the applicable Limit of Insurance.

m. Newly Acquired Or Constructed Property

(1) Buildings

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

(a) Your new buildings while being built on the described premises; and

(b) Buildings you acquire at locations, other than the described premises, intended for:

(i) Similar use as the building described in the Declarations; or

(ii) Use as a warehouse.

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

(2) Business Personal Property

If this policy covers Business Personal Property, you may extend that insurance to apply to:

(a) Business personal property, including such property that you newly acquire, at any location you acquire other than at fairs, trade shows or exhibitions;

(b) Business personal property, including such property that you newly acquire, located at your newly constructed or acquired buildings at the location described in the Declarations; or

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

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

This Extension does not apply to:

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

(b) Personal property of others that is temporarily in your possession in the course of your

manufacturing or wholesaling activities.

(3) Period of Coverage

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

(a) This policy expires;

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

(c) You report values to us.

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

n. Non-owned Detached Trailers

(1) You may extend the insurance that applies to Business Personal Property to apply to loss or damage to trailers that you do not own, provided that:

(a) The trailer is used in your business;

(b) The trailer is in your care, custody or control at the premises described in the Declarations; and

(c) You have a contractual responsibility to pay for loss or damage to the trailer.

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

(a) While the trailer is attached to any motor vehicle or motorized conveyance, whether or not the motor vehicle or motorized conveyance is in motion;

(b) During hitching or unhitching operations, or when a trailer becomes accidentally unhitched from a motor vehicle or motorized conveyance.

(3) The most we will pay for loss or damage under this Extension is $10,000, unless a higher limit is shown in the Declarations.

Payments under this Coverage Extension are separate from the Limit(s) of Insurance shown in the Declarations for any other coverage.

(4) This insurance is excess over the amount due (whether you can collect on it or not) from any other insurance covering such property.

o. Outdoor Trees, Shrubs, Plants, Sod And Lawns

You may extend the insurance provided by this Coverage Form to apply to your outdoor trees, shrubs, plants, sod and lawns (other than "stock" of trees, shrubs, plants or sod), including debris removal expense. Loss or damage must be caused by or result from any of the following causes of loss:

(1) Fire;

(2) Lightning;

(3) Explosion;

(4) Riot or Civil Commotion;

(5) Aircraft; or

(6) Vehicles operated by other than you or an employee.

The most we will pay for loss or damage under this Coverage Extension is $50,000, but not more than $10,000 for any one tree, shrub or plant. The $10,000 limitation to individual plants does not apply to sod or lawns. These limits apply to any one occurrence, regardless of the types or number of items lost or damaged in that occurrence.

Payments under this Coverage Extension are separate from the Limit(s) of Insurance shown in the Declarations for any other coverage.

The Limits of Insurance applicable to this Coverage Extension includes their debris removal expense. Such debris removal expense is not included in the Additional Coverage **A.4.f.** for Debris Removal.

p. Personal Effects

(1) You may extend the insurance that applies to Business Personal Property to personal effects owned by you, your officers, your partners or members, your managers or your employees. This extension does not

apply to loss or damage by "theft". Our payment for loss of or damage to personal effects of others will only be for the account of the owner of the property.

(2) Personal effects do not include tools and equipment owned by your employees that are used in your business operations.

(3) The most we will pay under this Coverage Extension is $50,000, unless a higher limit is shown in the Declarations.

Payments under this Coverage Extension are separate from the Limit(s) of Insurance shown in the Declarations for any other coverage.

q. Property In Transit

(1) You may extend the insurance provided by this Coverage Part to apply to covered Business Personal Property in or on a vehicle or in transit, including loading and unloading, more than 1,000 feet from a covered premises while:

(a) In or on a vehicle you own, rent or lease;

(b) In the custody of a carrier for hire; or

(c) In the custody of an air or rail carrier

within the United States of America, its territories and possessions, Canada, and Puerto Rico.

(2) Exclusions **B.1.b.,** Earth Movement, and **B.1.g.,** Water, of the Causes Of Loss — Special Form do not apply to this Property In Transit coverage.

(3) Except as is noted in Paragraph **(4)** below, the reference to property while airborne or waterborne in **A.2.i.** of Property Not Covered does not apply to this Coverage Extension.

(4) There is no coverage for exported or imported property:

(a) That is covered under any ocean marine cargo policy that anyone has obtained to cover exports or imports; or

(b) While on an ocean or air conveyance.

(5) There is no coverage under this Extension for loss to property that you become legally obligated to pay as a common or contract carrier under a bill of lading, contract of carriage, or shipping receipt that is issued by you or that is issued on your behalf.

(6) There is no coverage under this Extension for:

(a) Sales representatives' samples (including containers);

(b) Property of any type while en route to or from a trade show, exhibition, or fair;

(c) "Fine arts", "antiques", fur garments, jewelry, precious or semiprecious stones, gold, silver, platinum, or other precious metals or alloys;

(d) Mail shipments in the custody of the U.S. Postal Service;

(e) Electronic data processing "hardware" or "software", except for "stock";

(f) "Valuable papers and records"; or

(g) Accounts receivable.

(7) The most we will pay in any occurrence under this Coverage Extension is $50,000, unless a higher limit is shown in the Declarations.

Payments under this Coverage Extension are separate from the Limit(s) of Insurance shown in the Declarations for any other coverage.

This Coverage Extension is subject to a separate deductible of $1,000 in any one occurrence. No other deductible applies.

(8) If either Motor Truck Cargo Owners coverage or Transportation coverage are provided under the Inland Marine Coverage Part of this policy, that coverage replaces this Property In Transit Coverage Extension. The provisions of this Coverage Extension would no longer apply.

r. Property Off-premises

(1) You may extend the insurance provided to Business Personal Property to apply to your Covered Property while it is away from the described premises, if it is:

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

(b) In storage at a location you lease.

(2) This Coverage Extension does not apply to:

(a) Property in or on a vehicle or otherwise in transit;

(b) Property at any fair, trade show or exhibition;

(c) Property in the care, custody or control of your sales representatives, or you while acting as a sales representative;

(d) "Contractors' equipment";

(e) Materials, supplies, machinery, fixtures, and equipment that you are installing, constructing, or rigging as part of your installation or construction project, or will become a permanent part of your installation or construction project while they are at a storage location away from the described premises;

(f) Property covered under the Deferred Payments Additional Coverage;

(g) Electronic data processing "hardware" or "software", except for "stock";

(h) "Valuable papers and records"; or

(i) Accounts receivable.

(3) There is no coverage under this Coverage Extension for loss caused by or resulting from:

(a) Earth movement; or

(b) Flood, whether arising from natural or external forces; surface water; waves; tides; tidal waves; overflow of any body of water, or their spray, all whether driven by wind or not.

This exclusion applies whether or not coverage is provided under this policy by any endorsement to Business Personal Property for the causes of loss described in **(3)(a)** or **(3)(b)** above.

(4) The most we will pay for loss or damage under this Coverage Extension is $100,000, unless a higher limit is shown in the Declarations.

Payments under this Coverage Extension are separate from the Limit(s) of Insurance shown in the Declarations for any other coverage.

s. Sales Representatives Samples

(1) You may extend the insurance that applies to Business Personal Property to samples of your stock in trade (including containers) while the property is in the custody of:

(a) your sales representatives and agents; or

(b) your custody while acting as a sales representative

if more than 1,000 feet from a premises described in the Declarations, not including any other premises that is owned, operated, or leased by you.

(2) Exclusions **B.1.b.,** Earth Movement, and **B.1.g.,** Water, of the Causes Of Loss — Special Form do not apply to this Sales Representatives Samples coverage.

(3) Under this Coverage Extension, we will not pay for "theft" from an unattended vehicle except when it is securely locked, its windows are fully closed, and there is visible evidence that entry into the vehicle was forced.

(4) There is no coverage under this Extension for jewelry, precious or semiprecious stones, gold, silver, platinum, or other precious metals or alloys.

(5) The most we will pay for loss or damage under this Coverage Extension is $50,000, unless a higher limit is shown in the Declarations.

Payments under this Coverage Extension are separate from the Limit(s) of Insurance shown in the Declarations for any other coverage.

This Coverage Extension is subject to a separate deductible of $1,000 in any one occurrence. No other deductible applies.

(6) If Salespersons Samples coverage is provided under the Inland Marine Coverage Part of this policy, that coverage replaces the Sales Representatives Samples coverage provided by this Coverage Extension. The provisions of this Coverage Extension would no longer apply.

t. Signs — Supplemental Coverage

(1) You may extend the insurance that applies to Business Personal Property to apply to direct physical loss of or damage to signs (other than signs covered under **A.1.a.** Buildings) located at a premises described in the Declarations:

(a) Owned by you; or

(b) That you have a contractual responsibility to insure as a building tenant.

(2) The most we will pay for loss or damage under this Coverage Extension is $50,000, unless a higher limit is shown in the Declarations.

Payments under this Coverage Extension are separate from the Limit(s) of Insurance shown in the Declarations for any other coverage.

u. Spoilage Due To Power Outage, Mechanical Breakdown, Or Contamination — Direct Damage

(1) You may extend the insurance that applies to Business Personal Property to apply to spoilage of "perishable stock" caused by:

(a) Breakdown or Contamination, meaning:

(i) Change in temperature or humidity caused by mechanical breakdown or mechanical failure of refrigerating, cooling, or humidity control apparatus or equipment, only while such equipment or apparatus is at the described premises; and

(ii) Contamination by the refrigerant.

(b) Power Outage, meaning change in temperature or humidity resulting from complete or partial interruption of electrical power, either on or off the described premises, due to conditions beyond your control.

(2) With respect to the coverage provided by this extension, property located outside of a building or in or on a vehicle is considered to be Property Not Covered unless the stock is being moved to prevent or reduce loss covered by this policy.

(3) We will also pay any necessary expenses you incur to reduce the amount of loss under this coverage. We will pay for such expenses to the extent that they do not exceed the amount of loss that otherwise would have been payable under this Coverage Extension.

(4) Only the following Exclusions contained in Paragraph **B.1.** of the Causes Of Loss — Special Form apply to this Spoilage Due To Power Outage, Mechanical Breakdown, Or Contamination — Direct Damage coverage:

(a) **B.1.b.** Earth Movement;

(b) **B.1.c.** Governmental Action;

(c) **B.1.d.** Nuclear Hazard;

(d) **B.1.f.** War And Military Action; and

(e) **B.1.g.** Water.

(5) The following additional Exclusions are added:

We will not pay for loss or damage caused by:

(a) The disconnecting of any refrigerating, cooling or humidity control system from the source of power.

(b) The deactivation of electrical power caused by the manipulation of any switch or other device used to control the flow of electrical power or current.

(c) The inability of an Electrical Utility Company or other power source to provide sufficient power due to:

(i) Lack of fuel; or

(ii) Governmental order.

(d) The inability of a power source at the described premises to provide sufficient power due to lack of generating capacity to meet demand.

(e) Breaking of any glass that is a permanent part of any refrigerating, cooling or humidity control unit.

(6) The provisions of this Coverage Extension are superseded if the Spoilage Coverage endorsement is attached to and made a part of this policy.

(7) The most we will pay for loss or damage under this Coverage Extension is $50,000 per building, unless a higher limit is shown in the Declarations.

Payments under this Coverage Extension will not increase the applicable Limits of Insurance.

v. Theft Damage To Buildings For Tenants

(1) You may extend the insurance that applies to Business Personal Property to apply to damage to the building caused by or resulting from "theft" or attempted "theft" where you are a tenant and are contractually responsible for such damages.

(2) There is no coverage under this Extension for signs that are covered under Paragraph **A.5.t.**

(3) The most we will pay for loss or damage under this Extension is $50,000.

Payments under this Coverage Extension are separate from the Limit(s) of Insurance shown in the Declarations for any other coverage.

(4) This insurance is excess over any other insurance under this policy covering such property.

w. Utility Services — Direct Damage

(1) You may extend the insurance that applies to Covered Property to apply to loss of or damage to Covered Property, other than "perishable stock", caused by the interruption in utility service to premises described in the Declarations. The interruption in utility service must result from direct physical loss or damage by a Covered Cause of Loss to the following property:

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

(i) Pumping stations; and

(ii) Water mains.

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

(i) Communication transmission lines, including optic fiber transmission lines;

(ii) Coaxial cables; and

(iii) Microwave radio relays except satellites.

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

(i) Utility generating plants;

(ii) Switching stations;

(iii) Substations;

(iv) Transformers; and

(v) Transmission lines.

(2) The Utility Services exclusion in **B.1.e.** of the Causes Of Loss — Special Form does not apply to this Utility Services — Direct Damage coverage.

(3) The provisions of this Coverage Extension are superseded if the Utility Services — Direct Damage endorsement is attached to and made a part of this policy.

(4) The most we will pay for loss or damage under this Coverage Extension is $50,000 at each covered building, unless a higher limit is shown in the Declarations.

Payments under this Coverage Extension will not increase the applicable Limit of Insurance.

x. Valuable Papers And Records

(1) On Your Premises

(a) You may extend the insurance that applies to Business Personal Property at the premises described in the Declarations to apply to the cost to replace or restore the lost information on "valuable papers and records" for which duplicates do not exist.

(b) The following Exclusions in the Causes Of Loss — Special Form do not apply to this Valuable Papers And Records coverage:

(i) **B.1.b.** Earth Movement; **B.1.e.** Utility Services; **B.1.g.** Water; and

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

(c) The following additional Exclusion applies to this Valuable Papers And Records coverage:

We will not pay for loss or damage caused by or resulting from electrical or magnetic injury, disturbance or erasure of electronic recordings.

But we will pay for direct loss or damage caused by lightning.

(d) We will also pay for the cost of blank material for reproducing the records (whether or not duplicates exist), and (when there is a duplicate) for the cost of labor to transcribe or copy the records. The costs of blank material and labor are subject to the applicable Limit of Insurance on Business Personal Property and therefore coverage of such costs in not additional insurance.

(e) The most we will pay under this Coverage Extension to replace or restore the lost information is $250,000 per premises, unless a higher limit is shown in the Declarations.

(2) Away From Your Premises

(a) Subject to Paragraphs **(b)** through **(d),** we will pay up to $25,000 per occurrence to apply to the cost to replace or restore the lost information on "valuable papers and records" for which duplicates do not exist, while they are away from premises described in the Declarations.

(b) This coverage while away from described premises is not increased by the Flex Additional Coverage — Blanket Limit Of Insurance.

Payments under this Coverage Extension are separate from the Limit(s) of Insurance shown in the Declarations for any other coverage.

If Valuable Papers And Records coverage is provided for any premises under the Inland Marine Coverage Part of this policy, that coverage replaces the Valuable Papers And Records coverage provided by this Coverage Extension as respects that premises. The provisions of this Coverage Extension would apply to all other premises, including Away From Your Premises coverage, except for the location that is covered for Valuable Papers And Records under the Inland Marine Coverage Part.

y. Worldwide Personal Property

(1) You may extend the insurance that applies to Business Personal Property to apply to property while it is:

(a) in the course of transit; or

(b) at a premises

located in any part of the world other than the United States of America (including its territories and possessions), Puerto Rico or Canada.

(2) There is no coverage under this Extension for:

(a) "stock" other than sales representatives' samples;

(b) "money"; or

(c) "securities" other than airline tickets.

(3) We will not pay for loss or damage caused by or resulting from "theft"

to property that is voluntarily released to the care, custody or control of anyone else including property released as checked baggage.

(4) The most we will pay for under this Coverage Extension is $10,000 per occurrence.

Payments under this Coverage Extension are separate from the Limit(s) of Insurance shown in the Declarations for any other coverage.

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

6. Flex Additional Coverage — Blanket Limit Of Insurance

a. In the event that covered loss or damage exceeds the specific Limits of Insurance provided in the Coverage Extensions described in **6.b.** plus the applicable deductible, we will pay up to $250,000 to apply in any one occurrence caused by a Covered Cause of Loss only while at a premises described in the Declarations.

You may apportion this Limit among these coverages as you choose.

Payments under the Flex Additional Coverage — Blanket Limit Of Insurance are separate from the Limit(s) of Insurance shown in the Declarations for any other coverage, and will apply in excess of the specific Coverage Extension limits of insurance plus any deductible applying to them.

b. The Coverages Extensions applicable to this Flex Additional Coverage — Blanket Limit Of Insurance include:

(1) Coverage Extension **A.5.a. Accounts Receivable**

(2) Coverage Extension **A.5.c. Brands And Labels**

(3) Coverage Extension **A.5.n. Non-owned Detached Trailers**

(4) Coverage Extension **A.5.o. Outdoor Trees, Shrubs, Plants, Sod And Lawns**

The $10,000 limit for any one tree, shrub or plant described in **A.5.o.** applies to coverage provided by this Flex Additional Coverage — Blanket Limit Of Insurance.

(5) Coverage Extension **A.5.p. Personal Effects**

(6) Coverage Extension **A.5.x. Valuable Papers and Records**

c. The Away From Your Premises coverage for Coverage Extensions **A.5.a.(2) Accounts Receivable** and **A.5.x.(2) Valuable Papers And Records** do not apply to this Flex Additional Coverage — Blanket Limit Of Insurance.

B. Exclusions And Limitations

See applicable Causes Of Loss Form(s) as shown in the Declarations.

C. Limits Of Insurance

1. The most we will pay for loss or damage in any one occurrence is the applicable Limit of Insurance shown in the Declarations, plus additional limit(s) provided by the Additional Coverages, Coverage Extensions, and the Flex Additional Coverage — Blanket Limit Of Insurance, other than those outlined in Paragraph **C.5.**

2. Building Limit — Annual Adjustment: We will adjust the Limit of Insurance for Buildings on each anniversary and/or the renewal of the policy. The amount of the adjustment will be the percent of increase or decrease as that which has occurred during the preceding policy year in the cost-of-construction factor, as reported in the publication of a recognized independent appraisal company.

3. Business Personal Property — Annual Adjustment: We will adjust the Limit of Insurance for Business Personal Property on each anniversary and/or renewal of the policy. The amount of the adjustment will be based on inflation and the economic factors for the preceding year.

4. Except as noted in Paragraph **C.5.,** the limits applicable to the Additional Coverages and Coverage Extensions are separate from the Limit(s) of Insurance shown in the Declarations for any other coverages.

5. Payments under the following Additional Coverages and Coverage Extensions will not increase the applicable Limits of Insurance:

a. Additional Coverage **A.4.o. Ordinance Or Law — Coverage A**

b. Additional Coverage **A.4.q. Preservation Of Property**

c. Coverage Extension **A.5.c. Brands And Labels**

d. Coverage Extension **A.5.f. Consequential Damage To Pairs Or Sets**

e. Coverage Extension **A.5.g. Deferred Payments**

f. Coverage Extension **A.5.l. Inventory, Appraisals And Other Claims Expenses**

g. Coverage Extension **A.5.u. Spoilage Due To Power Outage, Mechanical Breakdown, Or Contamination — Direct Damage**

h. Coverage Extension **A.5.w. Utility Service — Direct Damage**

D. Deductible

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

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

EXAMPLE #1:

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

The amount of loss to Building #1 ($60,100) is less than the sum ($61,000) of the Limit of Insurance applicable to Building #1 plus the Deductible.

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

$ 60,100	
- $ 1,000	
$ 59,100	Loss Payable — Building #1

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

Total amount of loss payable: $59,100 + $80,000 = $139,100

EXAMPLE #2:

The Deductible and Limits of Insurance are the same as those in Example #1.

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

No deductible applies to the following:

a. Additional Coverage **A.4.a. Additional Living Expense**

b. Additional Coverage **A.4.b. Arson, Vandalism Or Theft Reward**

c. Additional Coverage **A.4.c. Business Income**

d. Additional Coverage **A.4.d. Computer Fraud**

e. Additional Coverage **A.4.g. Employee Theft**

f. Additional Coverage **A.4.h. Extra Expense**

g. Additional Coverage **A.4.i. Fire Department Service Charge**

h. Additional Coverage **A.4.j. Fire Extinguisher Systems Recharge**

i. Additional Coverage **A.4.l. Lock And Key Replacement**

j. Additional Coverage **A.4.m. Money And Securities**

k. Additional Coverage **A.5.a. Accounts Receivable**

E. Loss Conditions

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

1. Abandonment

There can be no abandonment of any property to us.

2. Appraisal

If we and you disagree on the value of the property or the amount of loss, either may

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

a. Pay its chosen appraiser; and

b. Bear the other expenses of the appraisal and umpire equally.

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

3. Duties In the Event Of Loss Or Damage

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

(1) Notify the police if a law may have been broken.

(2) Give us prompt notice of the loss or damage. Include a description of the property involved.

(3) As soon as possible, give us a description of how, when and where the loss or damage occurred.

(4) Take all reasonable steps to protect the Covered Property from further damage, and keep a record of your expenses necessary to protect the Covered Property, for consideration in the settlement of the claim. This will not increase the Limit of Insurance. However, we will not pay for any subsequent loss or damage resulting from a cause of loss that is not a Covered Cause of Loss. Also, if feasible, set the damaged property aside and in the best possible order for examination.

(5) At our request, give us complete inventories of the damaged and undamaged property. Include quantities, costs, values and amount of loss claimed.

(6) As often as may be reasonably required, permit us to inspect the property proving the loss or damage and examine your books and records.

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

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

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

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

4. Loss Payment

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

(1) Pay the value of lost or damaged property;

(2) Pay the cost of repairing or replacing the lost or damaged property, subject to **b.** below;

(3) Take all or any part of the property at an agreed or appraised value; or

(4) Repair, rebuild or replace the property with other property of like kind and quality, subject to **b.** below.

We will determine the value of lost or damaged property, or the cost of its repair or replacement, in accordance with the applicable terms of the Valuation Condition in this Coverage Form or any applicable provision which amends or supersedes the Valuation Condition.

b. The cost to repair, rebuild or replace does not include the increased cost attributable to enforcement of any ordinance or law regulating the construction, use or repair of any property.

c. We will give notice of our intentions within 30 days after we receive the sworn proof of loss.

d. We will not pay you more than your financial interest in the Covered Property.

e. We may adjust losses with the owners of lost or damaged property if other than you. If we pay the owners, such payments will satisfy your claims against us for the owners' property. We will not pay the owners more than their financial interest in the Covered Property.

f. We may elect to defend you against suits arising from claims of owners of property. We will do this at our expense.

g. We will pay for covered loss or damage within 30 days after we receive the sworn proof of loss, if you have complied with all of the terms of this Coverage Part and:

(1) We have reached agreement with you on the amount of loss; or

(2) An appraisal award has been made.

h. A party wall is a wall that separates and is common to adjoining buildings that are owned by different parties. In settling covered losses involving a party wall, we will pay a proportion of the loss to the party wall based on your interest in the wall in proportion to the interest of the owner of the adjoining building. However, if you elect to repair or replace your building and the owner of the adjoining building elects not to repair or replace that building, we will pay you the full value of the loss to the party wall, subject to all applicable policy provisions including Limits of Insurance, the Valuation Condition and all other provisions of this Loss Payment Condition. Our payment under the provisions of this paragraph does not alter any right of subrogation we may have against any entity, including the owner or insurer of the adjoining building, and does not alter the terms of the Transfer Of Rights Of Recovery Against Others To Us Condition in this policy.

5. Recovered Property

If either you or we recover any property after loss settlement, that party must give the other prompt notice. At your option, the property will be returned to you. You must then return to us the amount we paid to you for the property. We will pay recovery expenses and the expenses to repair the recovered property, subject to the Limit of Insurance.

6. Vacancy

a. Description of Terms

(1) As used in this Vacancy Condition, the term building and the term vacant have the meanings set forth in **(1)(a)** and **(1)(b)** below:

(a) When this policy is issued to a tenant, and with respect to that tenant's interest in Covered Property, building means the unit or suite rented or leased to the tenant. Such building is vacant when it does not contain enough business personal property to conduct customary operations.

(b) When this policy is issued to the owner or general lessee of a building, building means the entire building. Such building is vacant unless at least 31% of its total square footage is:

(i) Rented to a lessee or sub-lessee and used by the lessee or sub-lessee to conduct its customary operations; and/or

(ii) Used by the building owner to conduct customary operations.

(2) Buildings under construction or renovation are not considered vacant.

b. Vacancy Provisions

If the building where loss or damage occurs has been vacant for more than 60 consecutive days before that loss or damage occurs:

(1) We will not pay for any loss or damage caused by any of the following even if they are Covered Causes of Loss:

(a) Fire caused by acts of vandalism;

(b) Vandalism, including fire caused by acts of vandalism;

(c) Sprinkler leakage, unless you have protected the system against freezing;

(d) Building glass breakage;

(e) Water damage;

(f) "Theft"; or

(g) Attempted "theft".

(2) With respect to Covered Causes of Loss other than those listed in **b.(1)(a)** through **b.(1)(g)** above, we will reduce the amount we would otherwise pay for the loss or damage by 15%.

7. Valuation

a. We will determine the value of Covered Property in the event of loss or damage at replacement cost (without deduction for depreciation) of the time of loss or damage, except as provided in **c.** through **f.** below.

b. We will not pay more for loss or damage on a replacement cost basis than the least of **(1), (2)** or **(3),** subject to **c.** below:

(1) The Limit of Insurance applicable to the lost or damaged property;

(2) The cost to replace the lost or damaged property with other property:

(a) Of comparable material and quality; and

(b) Used for the same purpose; or

(3) The amount actually spent that is necessary to repair or replace the lost or damaged property.

If a building is rebuilt at a new premises, the cost described in **b.(2)** above is limited to the cost which would have been incurred if the building had been rebuilt at the original premises.

c. The cost of repair or replacement does not include the increased cost attributable to enforcement of any ordinance or law regulating the construction, use or repair of any property.

d. You may make a claim for loss or damage covered by this insurance on an "actual cash value" basis instead of on a replacement cost basis. In the event you elect to have loss or damage settled on an "actual cash value" basis, you may still make a claim for the additional coverage on a replacement cost basis if you notify us of your intent to do so within 180 days after the loss or damage.

e. With respect to replacement cost on the personal property of others, the following limitation applies:

If an item(s) of personal property of others is subject to a written contract which governs your liability for loss or damage to that item(s), then valuation of that item(s) will be based on the amount for which you are liable under such contract, but not to exceed the lesser of the replacement cost of the property or the applicable Limit of Insurance.

f. The following types of property are valued as follows:

(1) Contents of a residence at "actual cash value".

(2) Subject to the exceptions in Paragraphs **(a)** and **(b)** below, "stock" at "actual cash value", unless Replacement Cost is shown in the Declarations as Including "Stock".

The following types of "stock" are valued as follows:

(a) "Stock" you have sold but not delivered at the selling price less discounts and expenses you otherwise would have had.

(b) Used or second-hand merchandise held in storage or for sale at "actual cash value".

(3) "Fine arts" at market value at the time of loss.

(4) "Money" up to and including its face value.

(5) "Securities" up to and including their value at the close of business on the day the loss occurred. We may, at our option:

(a) Pay the market value of such "securities" or replace them in kind, in which event you must assign to us all your rights, title and interest in and to those "securities"; or

(b) Pay the cost of any Lost Securities Bond required in connection with issuing duplicates of the "securities". However, we will be liable only for the payment of so much of the cost

of the bond as would be charged for a bond having a penalty not exceeding the lesser of the:

(i) market value of the "securities" at the close of business on the day the loss was discovered; or

(ii) Limit of Insurance applicable to the "securities".

(6) Electronic data processing "hardware":

(a) That is replaced — at the cost of replacing the "hardware" with new equipment that is functionally comparable to the "hardware" that is being replaced;

(b) That is not repaired or replaced — at "actual cash value";

(c) In no event will we pay more than the reasonable cost of restoring partially damaged "hardware" to its condition directly prior to the damage.

(7) Electronic data processing "software":

(a) "Programs and applications"

(i) At the cost to reinstall the "programs or applications" from the licensed discs that were originally used to install the programs or applications.

(ii) If the original licensed discs are lost, damaged, or can no longer be obtained, the value of "programs and applications" will be based on the cost of the most current version of the "programs or applications".

(b) "Proprietary programs":

(i) At the cost of reproduction from duplicate copies. The cost of reproduction includes, but is not limited to, the cost of labor to copy or transcribe from duplicate copies.

(ii) If duplicate copies do not exist, at the cost of research or other expenses necessary to reproduce, replace, or restore loss "proprietary programs".

(c) "Electronic data":

(i) At the cost of reproduction from duplicate copies. The cost of reproduction includes, but is not limited to, the cost of labor to copy or transcribe from duplicate copies.

(ii) If duplicate copies do not exist, at the cost of research or other expenses necessary to reproduce, replace, or restore lost files, documents, and records.

(d) "Media" at the cost to repair or replace the "media" with material of the same kind or quality.

(8) Glass at the cost of replacement with safety-glazing material if required by law.

(9) Tenant's Improvements and Betterments at:

(a) Replacement Cost of the lost or damaged property if you make repairs promptly.

(b) A proportion of your original cost if you do not make repairs promptly. We will determine the proportionate value as follows:

(i) Multiply the original cost by the number of days from the loss or damage to the expiration of the lease; and

(ii) Divide the amount determined in **(i)** above by the number of days from the installation of improvements to the expiration of the lease.

If your lease contains a renewal option, the expiration of the renewal option period will replace the expiration of the lease in this procedure.

(c) Nothing if others pay for repairs or replacement.

8. **Company's Right of Subrogation**

   We waive our right to recovery for accidental loss to property insured under this coverage form from members of the Named Insured, unpaid volunteer workers or not-for-profit charitable organizations using the premises with your permission.

F. Additional Condition — Mortgageholders

The following condition applies in addition to the Common Policy Conditions and the Commercial Property Conditions.

1. The term mortgageholder includes trustee.
2. We will pay for covered loss of or damage to buildings or structures to each mortgageholder shown in the Declarations in their order of precedence, as interests may appear.
3. The mortgageholder has the right to receive loss payment even if the mortgageholder has started foreclosure or similar action on the building or structure.
4. If we deny your claim because of your acts or because you have failed to comply with the terms of this Coverage Part, the mortgageholder will still have the right to receive loss payment if the mortgageholder:
   a. Pays any premium due under this Coverage Part at our request if you have failed to do so;
   b. Submits a signed, sworn proof of loss within 60 days after receiving notice from us of your failure to do so; and
   c. Has notified us of any change in ownership, occupancy or substantial change in risk known to the mortgageholder.

   All of the terms of this Coverage Part will then apply directly to the mortgageholder.
5. If we pay the mortgageholder for any loss or damage and deny payment to you because of your acts or because you have failed to comply with the terms of this Coverage Part:
   a. The mortgageholder's rights under the mortgage will be transferred to us to the extent of the amount we pay; and
   b. The mortgageholder's right to recover the full amount of the mortgageholder's claim will not be impaired.

   At our option, we may pay to the mortgageholder the whole principal on the mortgage plus any accrued interest. In this event, your mortgage and note will be transferred to us and you will pay your remaining mortgage debt to us.
6. If we cancel this policy, we will give written notice to the mortgageholder at least:
   a. 10 days before the effective date of cancellation if we cancel for your nonpayment of premium; or
   b. 30 days before the effective date of cancellation if we cancel for any other reason.
7. If we elect not to renew this policy, we will give written notice to the mortgageholder at least 10 days before the expiration date of this policy.

G. Optional Coverage — Actual Cash Value

If shown as applicable in the Declarations, the Optional Coverage — Actual Cash Value applies separately to each item.

1. "Actual cash value" replaces Replacement Cost in the Valuation Loss Condition of this Coverage Form.
2. If the cost to repair or replace the damaged building property is $5,000 or less, we will pay the cost of building repairs or replacement.

   The cost of building repairs or replacement does not include the increased cost attributable to enforcement of any ordinance or law regulating the construction, use or repair of any property. However, the following property will be valued at the "actual cash value" even when attached to the building:
   a. Awnings or floor coverings;
   b. Appliances for refrigerating, ventilating, cooking, dishwashing or laundering; or
   c. Outdoor equipment or furniture.

H. Definitions

1. "Actual cash value" means:
   a. When the damage to property is economically repairable, "actual cash value" means the cost of repairing the damage with like kind and quality, less reasonable deduction for wear and tear, deterioration and obsolescence.
   b. When the loss or damage to property creates a total loss, "actual cash value" means the market value of the property in a condition equal to that of the destroyed property, if reasonably available on the used market.

c. Otherwise, "actual cash value" shall mean the market value of new property of like kind and quality, less reasonable deductible for wear or tear, deterioration and obsolescence.

2. "Antique" means an object having value because its:

a. craftsmanship is in the style or fashion of former times; and

b. age is 100 years old or older.

3. "Banking premises" means the interior of that portion of any building occupied by a banking institution or similar safe depository.

4. "Contractors' equipment" means machinery, equipment, and tools of a mobile nature that you use in your contracting, installation, erection, repair, or moving operations or projects.

"Contractors' equipment" also means:

a. self-propelled vehicles designed and used primarily to carry mounted equipment; or

b. vehicles designed for highway use that are unlicensed and not operated on public roads.

5. "Electronic data" means information, facts or computer programs stored as or on, created or used on, or transmitted to or from computer software (including systems and applications software), on hard or floppy disks, CD-ROMs, tapes, drives, cells, data processing devices or any other repositories of computer software which are used with electronically controlled equipment. The term computer programs, referred to in the foregoing description of "electronic data", means a set of related electronic instructions which direct the operations and functions of a computer or device connected to it, which enable the computer or device to receive, process, store, retrieve or send data.

6. "Employee":

a. "Employee" means:

(1) Any natural person

(a) While in your service and for the first 30 days immediately after termination of service, unless such termination is due to "theft" or any dishonest act committed by the "employee";

(b) Who you compensate directly by salary, wages, or commissions; and

(c) Who you have the right to direct and control while performing services for you;

(2) Any natural person who is furnished temporarily to you:

(a) To substitute for a permanent "employee" as defined in Paragraph **(1),** who is on leave; or

(b) To meet seasonal or short-term work load conditions;

while that person is subject to your direction and control and performing services for you, excluding, however, any such person while having care and custody of property outside the "premises";

(3) Any natural person who is leased to you under a written agreement between you and a labor leasing firm, to perform duties related to the conduct of your business, but does not mean a temporary employee as defined in Paragraph **(2);**

(4) Any natural person who is:

(a) A trustee, officer, employee, administrator or manager, except an administrator or manager who is an independent contractor, of any "employee benefit plan"; and

(b) A director or trustee of yours while that person is engaged in handling "funds" or "other property" of any "employee benefit plan";

(5) Any natural person who is a former "employee", partner, "member", "manager", director or trustee retained as a consultant while performing services for you;

(6) Any natural person who is a guest student or intern pursuing studies or duties, excluding, however, any such person while having care and custody of property outside the "premises";

(7) Any "employee" of an entity merged or consolidated with you

prior to the effective date of this policy; or

(8) Any of your "managers", directors or trustees while:

(a) Performing acts within the scope of the usual duties of an "employee"; or

(b) Acting as a member of any committee duly elected or appointed by resolution of your board of directors or board of trustees to perform specific, as distinguished from general, directorial acts on your behalf.

b. "Employee" does not mean any agent, broker, factor, commission merchant, consignee, independent contractor or representative of the same general character not specified in Paragraph **6.a.**

7. "Employee benefit plan" means any welfare or pension benefit plan shown in the Declarations that you sponsor and which is subject to the Employee Retirement Income Security Act of 1974 (ERISA) and any amendments thereto.

8. "Fine arts" means paintings; etchings; pictures; tapestries; rare or art glass; art glass windows; valuable rugs; statuary; sculptures; "antique" furniture; bric-a-brac; porcelains; and similar property of rarity, historical value, or artistic merit.

"Fine arts" does not mean "valuable papers and records".

9. "Forgery" means the signing of the name of another person or organization with intent to deceive; it does not mean a signature which consists in whole or in part of one's own name signed with or without authority, in any capacity, for any purpose.

10. "Funds" means "money" and "securities".

11. "Fungus" means any type or form of fungus, including mold or mildew, and any mycotoxins, spores, scents or by-products produced or released by fungi.

12. "Hardware" means a network of electronic machine components (microprocessors) capable of accepting instructions and information, processing the information according to the instructions, and producing desired results.

a. "Hardware" includes but is not limited to:

(1) mainframe and mid-range computers and network servers;

(2) personal computers and workstations;

(3) laptops, palmtops, notebook PCs, other portable computer devices and accessories including, but not limited to, multimedia projectors; and

(4) peripheral data processing equipment, including but not limited to, printers, keyboards, monitors, and modems.

b. "Hardware" does not include "software".

13. "Manager" means a person serving in a directorial capacity for a limited liability company.

14. "Media" means processing, recording, or storage media used with "hardware". This includes but is not limited to films, tapes, cards, discs, drums, cartridges, cells, or flashdrives.

15. "Member" means an owner of a limited liability company represented by its membership interest, who also may serve as a "manager".

16. "Messenger" means you, or a relative of yours, or any of your partners or "members", or any "employee" while having care and custody of property outside the "premises".

17. "Money" means:

a. Currency, coins and bank notes in current use and having a face value; and

b. Travelers checks, register checks and money orders held for sale to the public.

18. "Operations" means the type of your business activities occurring at the described premises.

19. "Other property" means any tangible property other than "money" or "securities" that has intrinsic value.

"Other property" does not include computer programs, electronic data or any property specifically excluded under this insurance.

20. "Period of Restoration" means the period of time that:

a. Begins:

(1) 72 hours after the time of direct physical loss or damage for Business Income coverage; or

(2) Immediately after the time of direct physical loss or damage for Extra Expense coverage;

caused by or resulting from any Covered Cause of Loss at the described premises; and

b. Ends on the earlier of:

(1) The date when the property at the described premises should be repaired, rebuilt or replaced with reasonable speed and similar quality; or

(2) The date when business is resumed at a new permanent location.

"Period of restoration" does not include any increased period required due to the enforcement of any ordinance or law that

(1) Regulates the construction, use or repair, or requires the tearing down of any property; or

(2) Requires any insured or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of "pollutants".

The expiration date of this policy will not cut short the "period of restoration".

21. "Perishable stock" means personal property maintained under controlled conditions for its preservation and susceptible to loss or damage if the controlled conditions change.

22. "Pollutants" means any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste. Waste includes materials to be recycled, reconditioned or reclaimed.

23. "Premises" means the interior of that portion of any building you occupy in conducting your business. This definition applies whenever this term appears in quotation marks in this coverage form.

24. "Programs and applications" means operating programs and applications that you purchase and that are:

a. stored on "media"; or

b. pre-installed and stored in "hardware".

25. "Proprietary programs" means proprietary applications or programs that are developed in-house or that you had developed specifically for you and that are:

a. stored on "media"; or

b. installed and stored in "hardware".

26. "Securities" means negotiable and nonnegotiable instruments or contracts representing either "money" or other property and includes:

a. Tokens, tickets, revenue and other stamps (whether represented by actual stamps or unused value in a meter) in current use; and

b. Evidences of debt issued in connection with credit or charge cards, which cards are not issued by you;

but does not include "money".

27. "Software" means "media", "electronic data", "programs and applications", and "proprietary programs".

28. "Stock" means merchandise held in storage or for sale, raw materials and in-process or finished goods, including supplies used in their packing or shipping.

29. "Theft" means the unlawful taking of property to the deprivation of the Insured.

30. "Valuable papers and records" means inscribed, printed or written documents, manuscripts or records, including abstracts, books, deeds, drawings, films, maps or mortgages.

But "valuable papers and records" does not mean "money" or "securities", converted data, programs or instructions used in your data processing operations, including the materials on which the data is recorded.

Safeco Optimum Property ™ for Religious Institutions
CAUSES OF LOSS — SPECIAL FORM

Words and phrases that appear in quotation marks have special meaning. Refer to Section **H.** Definitions.

A. Covered Causes Of Loss

Covered Causes of Loss means Risks Of Direct Physical Loss unless the loss is:

1. Excluded in Section **B.,** Exclusions; or

2. Limited in Section **C.,** Limitations;

that follow.

B. Exclusions

1. We will not pay for loss or damage caused directly or indirectly by any of the following. Such loss or damage is excluded regardless of the cause of the loss, or any other cause or event that contributes concurrently or in any sequence to the loss.

a. Ordinance Or Law

The enforcement of any ordinance or law:

(1) Regulating the construction, use or repair of any property; or

(2) Requiring the tearing down of any property, including the cost of removing its debris.

This exclusion, Ordinance Or Law, applies whether the loss results from:

(a) An ordinance or law that is enforced even if the property has not been damaged; or

(b) The increased costs incurred to comply with an ordinance or law in the course of construction, repair, renovation, remodeling or demolition of property, or removal of its debris, following a physical loss to that property.

b. Earth Movement

(1) Earthquake, including any earth sinking, rising or shifting related to such event;

(2) Landslide, including any earth sinking, rising or shifting related to such event;

(3) Mine subsidence, meaning subsidence of a man-made mine, whether or not mining activity has ceased;

(4) Earth sinking (other than sinkhole collapse), rising or shifting including soil conditions which cause settling, cracking or other disarrangement of foundations or other parts of realty. Soil conditions include contraction, expansion, freezing, thawing, erosion, improperly compacted soil and the action of water under the ground surface.

But if Earth Movement, as described in **b.(1)** through **(4)** above, results in fire or explosion, we will pay for the loss or damage caused by that fire or explosion.

(5) Volcanic eruption, explosion or effusion. But if volcanic eruption, explosion or effusion results in fire, building glass breakage or Volcanic Action, we will pay for the loss or damage caused by that fire, building glass breakage or Volcanic Action.

Volcanic action means direct loss or damage resulting from the eruption of a volcano when the loss or damage is caused by:

(a) Airborne volcanic blast or airborne shock waves;

(b) Ash, dust or particulate matter; or

(c) Lava flow.

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All volcanic eruptions that occur within any 168-hour period will constitute a single occurrence.

Volcanic Action does not include the cost to remove ash, dust or particulate matter that does not cause direct physical loss or damage to the described property.

(6) This Exclusion does not apply to the following coverages from the Building And Personal Property Coverage Form:

(a) Coverage Extension **A.5.a. Accounts Receivable**

(b) Coverage Extension **A.5.e. Electronic Data Processing**

(c) Coverage Extension **A.5.f. Exhibitions**

(d) Coverage Extension **A.5.g. Fine Arts**

(e) Coverage Extension **A.5.n. Property In Transit**

(f) Coverage Extension **A.5.p. Sales Representatives Samples**

(g) Coverage Extension **A.5.u. Valuable Papers And Records**

c. Governmental Action

Seizure or destruction of property by order of governmental authority.

But we will pay for loss or damage caused by or resulting from acts of destruction ordered by governmental authority and taken at the time of a fire to prevent its spread, if the fire would be covered under this Coverage Part.

d. Nuclear Hazard

Nuclear reaction or radiation, or radioactive contamination, however caused.

But if nuclear reaction or radiation, or radioactive contamination, results in fire, we will pay for the loss or damage caused by that fire.

e. Utility Services

The failure of power, communication, water or other utility service supplied to the described premises, however caused, if the failure:

(1) Originates away from the described premises; or

(2) Originates at the described premises, but only if such failure involves equipment used to supply the utility service to the described premises from a source away from the described premises.

Failure of any utility service includes lack of sufficient capacity and reduction in supply.

Loss or damage caused by a surge of power is also excluded, if the surge would not have occurred but for an event causing a failure of power.

But if the failure or surge of power, or the failure of communication, water or other utility service, results in a Covered Cause of Loss, we will pay for the loss or damage caused by that Covered Cause of Loss.

Communication services include but are not limited to service relating to Internet access or access to any electronic, cellular or satellite network.

f. War And Military Action

(1) War, including undeclared or civil war;

(2) Warlike action by a military force, including action in hindering or defending against an actual or expected attack, by any government, sovereign or other authority using military personnel or other agents; or

(3) Insurrection, rebellion, revolution, usurped power, or action taken by governmental authority in hindering or defending against any of these.

g. Water

(1) (a) Flood, whether or not arising from natural forces;

(b) Surface water;

(c) Waves;

(d) Tides;

(e) Tidal waves; or

(f) Overflow of any body of water

or their spray, all whether or not driven by wind;

(2) Release of water held by a dam, levee or dike, or by a water or flood control device;

(3) Mudslide or mudflow;

(4) Water that backs up or overflows from a sewer, drain or sump, except as provided below in the Additional Coverage for Back Up of Sewer, Drain or Sump; or

(5) Water under the ground surface pressing on, or flowing or seeping through:

(a) Foundations, walls, floors or paved surfaces;

(b) Basements, whether paved or not; or

(c) Doors, windows or other openings.

But if Water, as described in **g.(1)** through **g.(5)** above, results in fire, explosion or sprinkler leakage, we will pay for the loss or damage caused by that fire, explosion or sprinkler leakage.

(6) This Exclusion does not apply to the following coverages from the Building And Personal Property Coverage Form:

(a) Coverage Extension **A.5.a. Accounts Receivable**

(b) Coverage Extension **A.5.e. Electronic Data Processing**

(c) Coverage Extension **A.5.f. Exhibitions**

(d) Coverage Extension **A.5.g. Fine Arts**

(e) Coverage Extension **A.5.n. Property In Transit**

(f) Coverage Extension **A.5.p. Sales Representatives Samples**

(g) Coverage Extension **A.5.u. Valuable Papers And Records**

h. "Fungus", Wet Rot, Dry Rot And Bacteria

Presence, growth, proliferation, spread or any activity of "fungus", wet or dry rot or bacteria.

But if "fungus", wet or dry rot or bacteria results in a "specified cause of loss", we will pay for the loss or damage caused by that "specified cause of loss".

This exclusion does not apply:

1. When "fungus", wet or dry rot or bacteria results from fire or lightning; or

2. To the extent that coverage is provided in the Additional Coverage — Limited Coverage for "Fungus", Wet Rot, Dry Rot And Bacteria with respect to loss or damage by a cause of loss other than fire or lightning.

Exclusions **B.1.a.** through **B.1.h.** apply whether or not the loss event results in widespread damage or affects a substantial area.

2. We will not pay for loss or damage caused by or resulting from any of the following:

a. Electrical, Magnetic Or Electromagnetic Energy: Artificially generated electrical, magnetic or electromagnetic energy that damages, disturbs, disrupts or otherwise interferes with any:

(1) Electrical or electronic wire, device, appliance, system or network; or

(2) Device, appliance, system or network utilizing cellular or satellite technology.

For the purpose of this exclusion, electrical, magnetic or electromagnetic energy includes but is not limited to:

(1) Electrical current, including arcing;

(2) Electrical charge produced or conducted by a magnetic or electromagnetic field;

(3) Pulse of electromagnetic energy; or

(4) Electromagnetic waves or microwaves.

But if fire results, we will pay for the loss or damage caused by that fire.

b. Consequential Loss: Delay, loss of use or loss of market.

c. Smoke, Vapor, Gas: Smoke, vapor or gas from agricultural smudging or industrial operations.

d. Other Types Of Loss:

(1) Wear and tear;

(2) Rust or other corrosion, decay, deterioration, hidden or latent defect or any quality in property that causes it to damage or destroy itself;

(3) Smog;

(4) Settling, cracking, shrinking or expansion;

(5) Nesting or infestation, or discharge or release of waste products or secretions, by insects, birds, rodents or other animals.

(6) Mechanical breakdown, including rupture or bursting caused by centrifugal force. But if mechanical breakdown results in elevator collision, we will pay for the loss or damage caused by that elevator collision.

(7) The following causes of loss to personal property:

(a) Dampness or dryness of atmosphere;

(b) Changes in or extremes of temperature; or

(c) Marring or scratching.

But if an excluded cause of loss that is listed in **2.d.(1)** through **(7)** results in a "specified cause of loss" or building glass breakage, we will pay for the loss or damage caused by that "specified cause of loss" or building glass breakage.

e. Steam Apparatus: Explosion of steam boilers, steam pipes, steam engines or steam turbines owned or leased by you, or operated under your control. But if explosion of steam boilers, steam pipes, steam engines or steam turbines results in fire or combustion explosion, we will pay for the loss or damage caused by that fire or combustion explosion. We will also pay for loss or damage caused by or resulting from the explosion of gases or fuel within the furnace of any fired vessel or within the flues or passages through which the gases of combustion pass.

f. Continuous Seepage Or Leakage: Continuous or repeated seepage or leakage of water, or the presence or condensation of humidity, moisture or vapor, that occurs over a period of 14 days or more.

g. Dishonesty: Dishonest or criminal act by you, any of your partners, members, officers, managers, employees (including leased employees), directors, trustees, authorized representatives or anyone to whom you entrust the property for any purpose:

(1) Acting alone or in collusion with others; or

(2) Whether or not occurring during the hours of employment.

This exclusion does not apply to acts of destruction by your employees (including leased employees); but theft by employees (including leased employees) is not covered.

h. False Pretense: Voluntary parting with any property by you or anyone else to whom you have entrusted the property if induced to do so by any fraudulent scheme, trick, device or false pretense.

i. Exposed Property: Rain, snow, ice or sleet to personal property in the open.

j. Collapse: Collapse, including any of the following conditions of property or any part of the property:

(1) An abrupt falling down or caving in;

(2) Loss of structural integrity, including separation of parts of the property or property in danger of falling down or caving in; or

(3) Any cracking, bulging, sagging, bending, leaning, settling, shrinkage or expansion as such condition relates to **(1)** or **(2)** above.

But if collapse results in a Covered Cause of Loss at the described premises, we will pay for the loss or damage caused by that Covered Cause of Loss.

This exclusion, **j.,** does not apply:

(a) To the extent that coverage is provided under the Additional Coverage — Collapse; or

(b) To collapse caused by one or more of the following:

(i) The "specified causes of loss";

(ii) Breakage of building glass;

(iii) Weight of rain that collects on a roof; or

(iv) Weight of people or personal property.

k. Pollution: Discharge, dispersal, seepage, migration, release or escape of "pollutants" unless the discharge, dispersal, seepage, migration, release or escape is itself caused by any of the "specified causes of loss". But if the discharge, dispersal, seepage, migration, release or escape of "pollutants" results in a "specified cause of loss", we will pay for the loss or damage caused by that "specified cause of loss".

This exclusion, **k.,** does not apply to damage to glass caused by chemicals applied to the glass.

l. Neglect: Neglect of an insured to use all reasonable means to save and preserve property from further damage at and after the time of loss.

3. We will not pay for loss or damage caused by or resulting from any of the following, **3.a.** through **3.c.** But if an excluded cause of loss that is listed in **3.a.** through **3.c.** results in a Covered Cause of Loss, we will pay for the loss or damage caused by that Covered Cause of Loss.

a. Weather Conditions: Weather conditions. But this exclusion only applies if weather conditions contribute in any way with a cause or event excluded in Paragraph **1.** above to produce the loss or damage.

b. Acts Or Decisions: Acts or decisions, including the failure to act or decide, of any person, group, organization or governmental body.

c. Negligent Work: Faulty, inadequate or defective:

(1) Planning, zoning, development, surveying, siting;

(2) Design, specifications, workmanship, repair, construction, renovation, remodeling, grading, compaction;

(3) Materials used in repair, construction, renovation or remodeling; or

(4) Maintenance;

of part or all of any property on or off the described premises.

4. Special Exclusions

The following provisions apply only to the specified Coverage Forms.

a. Business Income (And Extra Expense) Coverage Form, Business Income (Without Extra Expense) Coverage Form, Business Income (And Extra Expense) Actual Loss Sustained Coverage Form, Or Extra Expense Coverage Form

We will not pay for:

(1) Any loss caused by or resulting from:

(a) Damage or destruction of "finished stock"; or

(b) The time required to reproduce "finished stock".

This exclusion does not apply to Extra Expense.

(2) Any increase of loss caused by or resulting from:

(a) Delay in rebuilding, repairing or replacing the property or resuming "operations", due to interference at the location of the rebuilding, repair or replacement by strikers or other persons; or

(b) Suspension, lapse or cancellation of any license, lease or contract. But if the suspension, lapse or cancellation is directly caused by the "suspension" of "operations", we will cover such loss that affects your Business Income during the "period of restoration" and any extension of the "period of restoration" in accordance with the terms of the Extended Business Income Additional Coverage.

(3) Any Extra Expense caused by or resulting from suspension, lapse or cancellation of any license, lease or contract beyond the "period of restoration".

(4) Any other consequential loss.

b. Leasehold Interest Coverage Form

(1) Paragraph **B.1.a.** Ordinance Or Law, does not apply to insurance under this Coverage Form.

(2) We will not pay for any loss caused by:

(a) Your canceling the lease;

(b) The suspension, lapse or cancellation of any license; or

(c) Any other consequential loss.

c. Legal Liability Coverage Form

(1) The following exclusions do not apply to insurance under this Coverage Form:

(a) Paragraph **B.1.a.,** Ordinance Or Law;

(b) Paragraph **B.1.c.,** Governmental Action;

(c) Paragraph **B.1.d.,** Nuclear Hazard;

(d) Paragraph **B.1.e.,** Utility Services; and

(e) Paragraph **B.1.f.,** War And Military Action.

(2) The following additional exclusions apply to insurance under this Coverage Form:

(a) Contractual Liability

We will not defend any claim or "suit", or pay damages that you are legally liable to pay, solely by reason of your assumption of liability in a contract or agreement. But this exclusion does not apply to a written lease agreement in which you have assumed liability for building damage resulting from an actual or attempted burglary or robbery, provided that:

(i) Your assumption of liability was executed prior to the accident; and

(ii) The building is Covered Property under this Coverage Form.

(b) Nuclear Hazard

We will not defend any claim or "suit", or pay any damages, loss, expense or obligation, resulting from nuclear reaction or radiation, or radioactive contamination, however caused.

5. Additional Exclusion

The following provisions apply only to the specified property.

LOSS OR DAMAGE TO PRODUCTS

We will not pay for loss or damage to any merchandise, goods or other product caused by or resulting from error or omission by any person or entity (including those having possession under an arrangement where work or a portion of the work is outsourced) in any stage of the development, production or use of the product, including planning, testing, processing, packaging, installation, maintenance or repair. This exclusion applies to any effect that compromises the form, substance or quality of the product. But if such error or omission results in a Covered Cause of Loss, we will pay for the loss or damage caused by that Covered Cause of Loss.

C. Limitations

The following limitations apply to all policy forms and endorsements, unless otherwise stated.

1. We will not pay for loss of or damage to property, as described and limited in this section. In addition, we will not pay for any loss that is a consequence of loss or damage as described and limited in this section.

a. Steam boilers, steam pipes, steam engines or steam turbines caused by or resulting from any condition or event inside such equipment. But we will pay for loss of or damage to such equipment caused by or resulting from an explosion of gases or fuel within the furnace of any fired vessel or within the flues or passages through which the gases of combustion pass.

b. Hot water boilers or other water heating equipment caused by or resulting from any condition or event inside such boilers or equipment, other than an explosion.

c. The interior of any building or structure, or to personal property in the building or structure, caused by or resulting from

rain, snow, sleet, ice, sand or dust, whether driven by wind or not, unless:

(1) The building or structure first sustains damage by a Covered Cause of Loss to its roof or walls through which the rain, snow, sleet, ice, sand or dust enters; or

(2) The loss or damage is caused by or results from thawing of snow, sleet or ice on the building or structure.

d. Property that is missing, where the only evidence of the loss or damage is a shortage disclosed on taking inventory, or other instances where there is no physical evidence to show what happened to the property.

e. Property that has been transferred to a person or to a place outside the described premises on the basis of unauthorized instructions.

2. We will not pay for loss of or damage to the following types of property unless caused by the "specified causes of loss" or building glass breakage:

a. Animals, and then only if they are killed or their destruction is made necessary.

b. Fragile articles such as statuary, marbles, chinaware and porcelains, if broken. This restriction does not apply to:

(1) Glass; or

(2) Containers of property held for sale.

3. The special limit shown for each category, **a.** through **c.,** is the total limit for loss of or damage to all property in that category. The special limit applies to any one occurrence of theft, regardless of the types or number of articles that are lost or damaged in that occurrence. The special limits are:

a. $5,000 for furs, fur garments and garments trimmed with fur.

b. $5,000 for jewelry, watches, watch movements, jewels, pearls, precious and semi-precious stones, bullion, gold, silver, platinum and other precious alloys or metals. This limit does not apply to jewelry and watches worth $100 or less per item.

c. $250 for stamps, tickets, including lottery tickets held for sale, and letters of credit.

These special limits are part of, not in addition to, the Limit of Insurance applicable to the Covered Property.

This limitation, **C.3.,** does not apply to Business Income coverage or to Extra Expense coverage.

4. We will not pay the cost to repair any defect to a system or appliance from which water, other liquid, powder or molten material escapes. But we will pay the cost to repair or replace damaged parts of fire extinguishing equipment if the damage:

a. Results in discharge of any substance from an automatic fire protection system; or

b. Is directly caused by freezing.

However, this limitation does not apply to Business Income coverage or to Extra Expense coverage.

D. Additional Coverage — Collapse

The coverage provided under this Additional Coverage — Collapse applies only to an abrupt collapse as described and limited in **D.1.** through **D.7.**

1. For the purpose of this Additional Coverage — Collapse, abrupt collapse means an abrupt falling down or caving in of a building or any part of a building with the result that the building or part of the building cannot be occupied for its intended purpose.

2. We will pay for direct physical loss or damage to Covered Property, caused by abrupt collapse of a building or any part of a building that is insured under this Coverage Form or that contains Covered Property insured under this Coverage Form, if such collapse is caused by one or more of the following:

a. Building decay that is hidden from view, unless the presence of such decay is known to an insured prior to collapse;

b. Insect or vermin damage that is hidden from view, unless the presence of such damage is known to an insured prior to collapse;

c. Use of defective material or methods in construction, remodeling or renovation if the abrupt collapse occurs during the course of the construction, remodeling or renovation.

d. Use of defective material or methods in construction, remodeling or renovation if the abrupt collapse occurs after the

construction, remodeling or renovation is complete, but only if the collapse is caused in part by:

(1) A cause of loss listed in **2.a.** or **2.b.**;

(2) One or more of the "specified causes of loss";

(3) Breakage of building glass;

(4) Weight of people or personal property; or

(5) Weight of rain that collects on a roof.

3. This **Additional Coverage — Collapse** does **not** apply to:

a. A building or any part of a building that is in danger of falling down or caving in;

b. A part of a building that is standing, even if it has separated from another part of the building; or

c. A building that is standing or any part of a building that is standing, even if it shows evidence of cracking, bulging, sagging, bending, leaning, settling, shrinkage or expansion.

4. With respect to the following property:

a. Outdoor radio or television antennas (including satellite dishes) and their lead-in wiring, masts or towers;

b. Awnings, gutters and downspouts;

c. Yard fixtures;

d. Outdoor swimming pools;

e. Fences;

f. Piers, wharves and docks;

g. Beach or diving platforms or appurtenances;

h. Retaining walls; and

i. Walks, roadways and other paved surfaces;

if an abrupt collapse is caused by a cause of loss listed in **2.a.** through **2.d.,** we will pay for loss or damage to that property only if:

(1) Such loss or damage is a direct result of the abrupt collapse of a building insured under this Coverage Form; and

(2) The property is Covered Property under this Coverage Form.

5. If personal property abruptly falls down or caves in and such collapse is not the result of abrupt collapse of a building, we will pay for loss or damage to Covered Property caused by such collapse of personal property only if:

a. The collapse of personal property was caused by a cause of loss listed in **2.a.** through **2.d.;**

b. The personal property which collapses is inside a building; and

c. The property which collapses is not of a kind listed in **4.,** regardless of whether that kind of property is considered to be personal property or real property.

The coverage stated in this Paragraph **5.** does not apply to personal property if marring and/or scratching is the only damage to that personal property caused by the collapse.

6. This Additional Coverage — Collapse does not apply to personal property that has not abruptly fallen down or caved in, even if the personal property shows evidence of cracking, bulging, sagging, bending, leaning, settling, shrinkage or expansion.

7. This Additional Coverage — Collapse will not increase the Limits of Insurance provided in this Coverage Part.

8. The term Covered Cause of Loss includes the Additional Coverage — Collapse as described and limited in **D.1.** through **D.7.**

E. Additional Coverage — Limited Coverage For "Fungus", Wet Rot, Dry Rot And Bacteria

1. The coverage described in **E.2.** and **E.6.** only applies when the "fungus", wet or dry rot or bacteria is the result of one or more of the following causes that occurs during the policy period and only if all reasonable means were used to save and preserve the property from further damage at the time of and after that occurrence.

a. A "specified cause of loss" other than fire or lightning; or

b. Flood, if the Flood Coverage Endorsement applies to the affected premises.

2. We will pay for loss or damage by "fungus", wet or dry rot or bacteria. As used in this Limited Coverage, the term loss or damage means:

a. Direct physical loss or damage to Covered Property caused by "fungus", wet

or dry rot or bacteria, including the cost of removal of the "fungus", wet or dry rot or bacteria;

b. The cost to tear out and replace any part of the building or other property as needed to gain access to the "fungus", wet or dry rot or bacteria; and

c. The cost of testing performed after removal, repair, replacement or restoration of the damaged property is completed, provided there is a reason to believe that "fungus", wet or dry rot or bacteria are present.

3. The coverage described under **E.2.** of this Limited Coverage is limited to $15,000. Regardless of the number of claims, this limit is the most we will pay for the total of all loss or damage arising out of all occurrences of "specified causes of loss" (other than fire or lightning) and Flood which take place in a 12-month period (starting with the beginning of the present annual policy period). With respect to a particular occurrence of loss which results in "fungus", wet or dry rot or bacteria, we will not pay more than a total of $15,000 even if the "fungus", wet or dry rot or bacteria continues to be present or active, or recurs, in a later policy period.

4. The coverage provided under this Limited Coverage does not increase the applicable Limit of Insurance on any Covered Property. If a particular occurrence results in loss or damage by "fungus", wet or dry rot or bacteria, and other loss or damage, we will not pay more, for the total of all loss or damage, than the applicable Limit of Insurance on the affected Covered Property.

If there is covered loss or damage to Covered Property, not caused by "fungus", wet or dry rot or bacteria, loss payment will not be limited by the terms of this Limited Coverage, except to the extent that "fungus", wet or dry rot or bacteria causes an increase in the loss. Any such increase in the loss will be subject to the terms of this Limited Coverage.

5. The terms of this Limited Coverage do not increase or reduce the coverage provided under Paragraph **F.2.** (Water Damage, Other Liquids, Powder Or Molten Material Damage) of this Causes of Loss Form or under the Additional Coverage — Collapse.

6. The following, **6.a.** or **6.b.,** applies only if Business Income and/or Extra Expense Coverage applies to the described premises and only if the "suspension" of "operations" satisfies all terms and conditions of the applicable Business Income and/or Extra Expense Coverage Form.

a. If the loss which resulted in "fungus", wet or dry rot or bacteria does not in itself necessitate a "suspension" of "operations", but such "suspension" is necessary due to loss or damage to property caused by "fungus", wet or dry rot or bacteria, then our payment under Business Income and/or Extra Expense is limited to the amount of loss and/or expense sustained in a period of not more than 30 days. The days need not be consecutive.

b. If a covered "suspension" of "operations" was caused by loss or damage other than "fungus", wet or dry rot or bacteria but remediation of "fungus", wet or dry rot or bacteria prolongs the "period of restoration", we will pay for loss and/or expense sustained during the delay (regardless of when such a delay occurs during the "period of restoration"), but such coverage is limited to 30 days. The days need not be consecutive.

F. Additional Coverage — Back Up Of Sewer, Drain Or Sump

1. We will pay for

a. direct physical loss of or damage to Covered Property at the premises described in the Declarations; or

b. if Business Income and/or Extra Expense Coverage applies to the described premises, the loss of Business Income you sustain and/or necessary Extra Expense you incur at premises which are described in the Declarations

solely caused by water that backs up from a sewer, drain or sump.

2. We will not pay for water or other materials that back up from any sewer, drain or sump when it is caused by any flood.

3. Coverage under **F.1.b.** above applies only if the "suspension" of "operations" satisfies all terms and conditions of the applicable Business Income and/or Extra Expense Coverage Form.

4. The most we will pay in any one occurrence for this Additional Coverage under **F.1.a.** and **F.1.b.** combined is $50,000 per premises.

This coverage is included within the Limits of Insurance.

G. Additional Coverage Extensions

1. Water Damage, Other Liquids, Powder Or Molten Material Damage

If loss or damage caused by or resulting from covered water or other liquid, powder or molten material occurs, we will also pay the cost to tear out and replace any part of the building or structure to repair damage to the system or appliance from which the water or other substance escapes. This Coverage Extension does not increase the Limit of Insurance.

2. Glass

a. We will pay for expenses incurred to put up temporary plates or board up openings if repair or replacement of damaged glass is delayed.

b. We will pay for expenses incurred to remove or replace obstructions when repairing or replacing glass that is part of a building. This does not include removing or replacing window displays.

This Coverage Extension, **G.2.,** does not increase the Limit of Insurance.

H. Definitions

1. "Fungus" means any type or form of fungus, including mold or mildew, and any mycotoxins, spores, scents or by-products produced or released by fungi.

2. "Operations" means:

a. Your business activities occurring at the described premises; and

b. The tenantability of the described premises.

3. "Specified causes of loss" means the following: Fire; lightning; explosion; windstorm or hail; smoke; aircraft or vehicles; riot or civil commotion; vandalism; leakage from fire-extinguishing equipment; sinkhole collapse; volcanic action; falling objects; weight of snow, ice or sleet; water damage.

a. Sinkhole collapse means the sudden sinking or collapse of land into underground empty spaces created by the action of water on limestone or dolomite. This cause of loss does not include:

(1) The cost of filling sinkholes; or

(2) Sinking or collapse of land into man-made underground cavities.

b. Falling objects does not include loss or damage to:

(1) Personal property in the open; or

(2) The interior of a building or structure, or property inside a building or structure, unless the roof or an outside wall of the building or structure is first damaged by a falling object.

c. Water damage means accidental discharge or leakage of water or steam as the direct result of the breaking apart or cracking of a plumbing, heating, air conditioning or other system or appliance (other than a sump system including its related equipment and parts), that is located on the described premises and contains water or steam.

4. "Suspension" means:

a. The slowdown or cessation of your business activities; or

b. That a part or all of the described premises is rendered untenantable.

Safeco Optimum Property ™ for Religious Institutions
BUSINESS INCOME (AND EXTRA EXPENSE) COVERAGE FORM

Various provisions in this policy restrict coverage. Read the entire policy carefully to determine rights, duties and what is and is not covered.

Throughout this policy the words "you" and "your" refer to the Named Insured shown in the Declarations. The words "we", "us" and "our" refer to the Company providing this insurance.

Other words and phrases that appear in quotation marks have special meaning. Refer to Section **F.** Definitions.

A. Coverage

1. Business Income

Business Income means the:

a. Net Income (Net Profit or Loss before income taxes) that would have been earned or incurred; and

b. Continuing normal operating expenses incurred, including payroll.

For manufacturing risks, Net Income includes the net sales value of production.

Coverage is provided as described and limited below for one or more of the following options for which a Limit of Insurance is shown in the Declarations:

(1) Business Income Including "Rental Value".

(2) Business Income Other Than "Rental Value".

(3) "Rental Value".

If option **(1)** above is selected, the term Business Income will include "Rental Value". If option **(3)** above is selected, the term Business Income will mean "Rental Value" only.

If Limits of Insurance are shown under more than one of the above options, the provisions of this Coverage Part apply separately to each.

We will pay for the actual loss of Business Income you sustain due to the necessary "suspension" of your "operations" during the "period of restoration". The "suspension" must be caused by direct physical loss of or damage to property at premises which are described in the Declarations and for which a Business Income Limit of Insurance is shown in the Declarations. The loss or damage must be caused by or result from a Covered Cause of Loss. With respect to loss of or damage to personal property in the open or personal property in a vehicle, the described premises include the area within 1,000 feet of the site at which the described premises are located.

With respect to the requirements set forth in the preceding paragraph, if you occupy only part of the site at which the described premises are located, your premises means:

a. The portion of the building which you rent, lease or occupy; and

b. Any area within the building or on the site at which the described premises are located, if that area services, or is used to gain access to, the described premises.

2. Extra Expense

a. Extra Expense coverage is provided at the premises described in the Declarations only if the Declarations show that Business Income coverage applies at that premises.

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b. Extra Expense means necessary expenses you incur during the "period of restoration" that you would not have incurred if there had been no direct physical loss or damage to property caused by or resulting from a Covered Cause of Loss.

We will pay Extra Expense (other than the expense to repair or replace property) to:

(1) Avoid or minimize the "suspension" of business and to continue operations at the described premises or at replacement premises or temporary locations, including relocation expenses and costs to equip and operate the replacement location or temporary location.

(2) Minimize the "suspension" of business if you cannot continue "operations".

We will also pay Extra Expense to repair or replace property, but only to the extent it reduces the amount of loss that otherwise would have been payable under this Coverage Form.

3. Covered Causes Of Loss, Exclusions And Limitations

See applicable Causes Of Loss Form as shown in the Declarations.

4. Additional Limitation — Interruption Of Computer Operations

a. Coverage for Business Income does not apply when a "suspension" of "operations" is caused by destruction or corruption of "electronic data", or any loss or damage to "electronic data", except as provided under the Coverage Extension for Electronic Data Processing found in the Building And Personal Property Coverage Form.

b. Coverage for Extra Expense does not apply when action is taken to avoid or minimize a "suspension" of "operations" caused by destruction or corruption of "electronic data", or any loss or damage to "electronic data", except as provided under the Coverage Extension for Electronic Data Processing found in the Building And Personal Property Coverage Form.

5. Additional Coverages

a. Civil Authority

In this Additional Coverage — Civil Authority, the described premises are premises to which this Coverage Form applies, as shown in the Declarations.

When a Covered Cause of Loss causes damage to property other than property at the described premises, we will pay for the actual loss of Business Income you sustain and necessary Extra Expense caused by action of civil authority that prohibits access to the described premises, provided that both of the following apply:

(1) Access to the area immediately surrounding the damaged property is prohibited by civil authority as a result of the damage, and the described premises are within that area but are not more than one mile from the damaged property; and

(2) The action of civil authority is taken in response to dangerous physical conditions resulting from the damage or continuation of the Covered Cause of Loss that caused the damage, or the action is taken to enable a civil authority to have unimpeded access to the damaged property.

Civil Authority coverage for Business Income will begin 72 hours after the time of the first action of civil authority that prohibits access to the described premises and will apply for a period of up to thirty consecutive days from the date on which such coverage began.

Civil Authority coverage for Extra Expense will begin immediately after the time of the first action of civil authority that prohibits access to the described premises and will end:

(1) 30 consecutive days after the date of that action; or

(2) When your Civil Authority coverage for Business Income ends;

whichever is later.

b. Alterations And New Buildings

We will pay for the actual loss of Business Income you sustain and necessary Extra Expense you incur due to direct physical loss or damage at the described premises caused by or resulting from any Covered Cause of Loss to:

(1) New buildings or structures, whether complete or under construction;

(2) Alterations or additions to existing buildings or structures; and

(3) Machinery, equipment, supplies or building materials located on or within 1,000 feet of the described premises and:

(a) Used in the construction, alterations or additions; or

(b) Incidental to the occupancy of new buildings.

If such direct physical loss or damage delays the start of "operations", the "period of restoration" for Business Income Coverage will begin on the date "operations" would have begun if the direct physical loss or damage had not occurred.

c. Extended Business Income

(1) Business Income Other Than "Rental Value"

If the necessary "suspension" of your "operations" produces a Business Income loss payable under this policy, we will pay for the actual loss of Business Income you incur during the period that:

(a) Begins on the date property (except "finished stock") is actually repaired, rebuilt or replaced and "operations" are resumed; and

(b) Ends on the earlier of:

(i) The date you could restore your "operations", with reasonable speed, to the level which would generate the business income amount that would have existed if no direct physical loss or damage had occurred; or

(ii) 180 consecutive days after the date determined in **(1)(a)** above, unless "180" is replaced in the Declarations by a different number of days.

However, Extended Business Income does not apply to loss of Business Income incurred as a result of unfavorable business conditions caused by the impact of the Covered Cause of Loss in the area where the described premises are located.

Loss of Business Income must be caused by direct physical loss or damage at the described premises caused by or resulting from any Covered Cause of Loss.

(2) "Rental Value"

If the necessary "suspension" of your "operations" produces a "Rental Value" loss payable under this policy, we will pay for the actual loss of "Rental Value" you incur during the period that:

(a) Begins on the date property is actually repaired, rebuilt or replaced and tenantability is restored; and

(b) Ends on the earlier of:

(i) The date you could restore tenant occupancy, with reasonable speed, to the level which would generate the "Rental Value" that would have existed if no direct physical loss or damage had occurred; or

(ii) 180 consecutive days after the date determined in **(2)(a)** above, unless "180" is replaced in the Declarations by a different number of days.

However, Extended Business Income does not apply to loss of "Rental Value" incurred as a result of unfavorable business conditions caused by the impact of the Covered Cause of Loss in the area where the described premises are located.

Loss of "Rental Value" must be caused by direct physical loss or damage at the described premises caused by or resulting from any Covered Cause of Loss.

d. Dependent Properties — Time Element

(1) Your coverage for Business Income and Extra Expense, as provided and limited in this form, is extended to apply to the actual loss of Business Income you sustain, and the actual and necessary Extra Expense you incur, due to direct physical loss of or damage to "dependent property" caused by or resulting from a Covered Cause of Loss.

However this Additional Coverage does not apply when the only loss to dependent property is loss or damage to "electronic data", including destruction or corruption of "electronic data". If the dependent property sustains loss or damage to "electronic data" and other property, coverage under this Additional Coverage will not continue once the other property is repaired, rebuilt or replaced.

(2) Under the Loss Determination Condition below, the following is added to the Resumption Of Operations provision:

We will reduce the amount of your Business Income loss, other than Extra Expense, to the extent you can resume "operations", in whole or in part, by using any other available source of materials or outlet for your products.

(3) The most we will pay under this Additional Coverage is $50,000 in any one occurrence regardless of the number of dependent properties.

Payments under this Additional Coverage will not increase the applicable Limit of Insurance.

(4) The provisions of this Additional Coverage are superseded by **CP 15 08** Business Income From Dependent Properties — Broad Form, or **CP 15 09** Business Income From Dependent Properties — Limited Form, if attached to and made a part of this policy.

e. Ordinance Or Law — Increased Period Of Restoration

(1) If a Covered Cause of Loss occurs to property at the premises described in the Declarations, coverage is extended to include the amount of actual and necessary loss you sustain during the increased period of "suspension" of "operations" caused by or resulting from the enforcement of any ordinance or law that:

(a) Regulates the construction or repair of any property;

(b) Requires the tearing down of parts of any property not damaged by a Covered Cause of Loss; and

(c) Is in force at the time of loss.

However, coverage is not extended under this Additional Coverage to include loss caused by or resulting from the enforcement of any ordinance or law which requires any insured or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of "pollutants".

f. Transit — Business Income

(1) This insurance is extended to apply to the actual loss of Business Income you sustain caused by direct physical loss or damage by a Covered Cause of Loss to Covered Property while in or on a vehicle or in transit more than 1,000 feet from a covered premises while:

(a) In or on a vehicle you own, rent or lease;

(b) In the custody of a public or contract trucker;

(c) In the custody of an air or rail carrier; or

(d) While waterborne on inland waterways. However, there is no coverage under this Additional Coverage for any imported or exported property that is covered under any ocean marine

cargo policy that anyone has obtained.

(2) There is no coverage under this Additional Coverage resulting from loss or damage to:

(a) "Fine arts", "antiques", fur garments, jewelry, precious or semiprecious stones, gold, silver, platinum, or other precious metals or alloys; or

(b) Mail shipments in the custody of the U.S. Postal Service.

(3) This Additional Coverage will continue to apply to such property in the due course of transit, after the expiration or cancellation of this policy, until arrival at and accepted by an authorized representative at the invoiced destination, but for no longer than 30 days after the date of the shipment origination, but this will not cut short the "period of restoration".

(4) You must retain accurate records of all shipments of Covered Property for one year.

(5) The most we will pay under this Additional Coverage is $50,000 in any one occurrence.

Payments under this Additional Coverage will not increase the applicable Limit of Insurance.

6. Coverage Extensions

a. Newly Acquired Locations

(1) You may extend your Business Income and Extra Expense Coverages to apply to property at any premises you acquire other than fairs or exhibitions.

(2) The most we will pay under this Extension, for the sum of Business Income loss and Extra Expense incurred, is $250,000 at each premises.

Payments under this Coverage Extension are separate from the Limit(s) of Insurance shown in the Declarations for any other coverage.

(3) Insurance under this Extension for each newly acquired premises will end when any of the following first occurs:

(a) This policy expires;

(b) 180 days expire after you acquire or begin to construct the property; or

(c) You report values to us.

We will charge you additional premium for values reported from the date you acquire the property.

b. Spoilage Due To Power Outage, Mechanical Breakdown, Or Contamination — Time Element

(1) You may extend your Business Income and Extra Expense Coverages to apply to loss caused by spoilage of "perishable stock" caused by:

(a) Breakdown or Contamination, meaning:

(i) Change in temperature or humidity caused by mechanical breakdown or mechanical failure of refrigerating, cooling, or humidity control equipment; and

(ii) Contamination by the refrigerant.

(b) Power Outage, meaning change in temperature or humidity caused by complete or partial interruption of electrical power due to conditions beyond your control.

(2) This coverage does not apply to loss to stock which is outside of a building or in or on a vehicle unless the stock is being moved to prevent or reduce loss covered by this policy.

(3) Only the following Exclusions contained in Paragraph **B.1.** of the Causes Of Loss — Special Form apply to this Coverage Extension:

(a) **B.1.b.** Earth Movement;

(b) **B.1.c.** Governmental Action;

(c) **B.1.d.** Nuclear Hazard;

(d) **B.1.f.** War And Military Action; and

(e) **B.1.g.** Water.

(4) The following Exclusions are added:

We will not pay for loss or damage caused by:

(a) The disconnecting of any refrigerating, cooling or humidity control system from the source of power.

(b) Shutting off electrical power by turning off the switch that controls the flow of electricity.

(c) The inability of an Electrical Utility Company or other power source to provide sufficient power due to:

(i) Lack of fuel; or

(ii) Governmental order.

(d) A power source at the described premises not having enough power to meet demand due to lack of generating capacity.

(5) For the purposes of this Coverage Extension, the "period of restoration" begins 24 hours after the time of direct physical loss for Business Income coverage, or immediately after the time of direct physical loss or damage for Extra Expense coverage.

(6) The most we will pay under this Coverage Extension is $50,000 per occurrence.

c. Utility Service —Time Element

(1) You may extend your Business Income and Extra Expense Coverages to apply to loss caused by the interruption of service to the described premises or Newly Acquired Locations. The interruption must result from direct physical loss or damage by a Covered Cause of Loss to the property described in paragraph **(2).**

(2) Utility Services

(a) Water Supply Services, meaning pumping stations and water mains supplying water to your premises.

(b) Communication Supply Services, meaning property supplying communication services, including telephone, radio, microwave or television services, to your premises, such as:

(i) Communication transmission lines, including optic fiber transmission lines;

(ii) Coaxial cables; and

(iii) Microwave radio relays except satellites.

(c) Power Supply Services, meaning the following types of property supplying electricity, steam or gas to your premises:

(i) Utility generating plants;

(ii) Switching stations;

(iii) Substations;

(iv) Transformers; and

(v) Transmission lines.

(3) For the purposes of this Coverage Extension, the "period of restoration" begins 24 hours after the time of direct physical loss for Business Income coverage, or immediately after the time of direct physical loss or damage for Extra Expense coverage.

(4) This Coverage Extension does not apply to loss caused by spoilage of "perishable stock" caused by interruption of Utility Services.

(5) The most we will pay under this Coverage Extension is $50,000 per occurrence.

Payments under this Coverage Extension will not increase the applicable Limit of Insurance.

(6) The provisions of this Coverage Extension are superseded by **CP 15 45** Utility Services — Time Element, if attached to and made a part of this policy.

B. Limits Of Insurance

1. The most we will pay for loss in any one occurrence is the applicable Limit of Insurance shown in the Declarations.

2. The amount of insurance stated in the Coverage Extension **A.6.a. Newly Acquired Locations** applies in accordance with the terms of that coverage and is separate from

the Limit(s) of Insurance shown in the Declarations for any other coverage.

3. Payments under the following Additional Coverages and Coverage Extensions will not increase the applicable Limit of Insurance:

   a. Additional Coverage **A.5.a. Civil Authority**

   b. Additional Coverage **A.5.b. Alterations And New Buildings**

   c. Additional Coverage **A.5.c. Extended Business Income**

   d. Additional Coverage **A.5.d. Dependent Properties — Time Element**

   e. Additional Coverage **A.5.e. Ordinance Or Law — Increased Period Of Restoration**

   f. Additional Coverage **A.5.f. Transit — Business Income**

   g. Coverage Extension **A.6.b. Spoilage Due To Power Outage, Mechanical Breakdown, Or Contamination — Time Element**

   h. Coverage Extension **A.6.c. Utility Service — Time Element**

C. Deductible

1. We will not pay for loss in any one occurrence until the amount of loss exceeds the Deductible shown in the Declarations. We will then pay the amount of loss in excess of the Deductible, up to the applicable Limit of Insurance.

2. When the same occurrence involves loss to insurance under this coverage form and loss under the Building And Personal Property Coverage Form, only one deductible will be applied to the occurrence.

3. Windstorm, Hail or Hurricane percentage deductibles do not apply to Business Income coverage or Extra Expense coverage.

D. Loss Conditions

The following conditions apply in addition to the Common Policy Conditions and the Commercial Property Conditions.

1. **Appraisal**

   If we and you disagree on the amount of Net Income and operating expense or the amount of loss, either may make written demand for an appraisal of the loss. In this event, each party will select a competent and impartial appraiser.

   The two appraisers will select an umpire. If they cannot agree, either may request that selection be made by a judge of a court having jurisdiction. The appraisers will state separately the amount of Net Income and operating expense or amount of loss. If they fail to agree, they will submit their differences to the umpire. A decision agreed to by any two will be binding. Each party will:

   a. Pay its chosen appraiser; and

   b. Bear the other expenses of the appraisal and umpire equally.

   If there is an appraisal, we will still retain our right to deny the claim.

2. **Duties In The Event Of Loss**

   a. You must see that the following are done in the event of loss:

      (1) Notify the police if a law may have been broken.

      (2) Give us prompt notice of the direct physical loss or damage. Include a description of the property involved.

      (3) As soon as possible, give us a description of how, when, and where the direct physical loss or damage occurred.

      (4) Take all reasonable steps to protect the Covered Property from further damage, and keep a record of your expenses necessary to protect the Covered Property, for consideration in the settlement of the claim. This will not increase the Limit of Insurance. However, we will not pay for any subsequent loss or damage resulting from a cause of loss that is not a Covered Cause of Loss. Also, if feasible, set the damaged property aside and in the best possible order for examination.

      (5) As often as may be reasonably required, permit us to inspect the property proving the loss or damage and examine your books and records.

      Also permit us to take samples of damaged and undamaged property for inspection, testing and analysis, and permit us to make copies from your books and records.

(6) Send us a signed, sworn proof of loss containing the information we request to investigate the claim. You must do this within 60 days after our request. We will supply you with the necessary forms.

(7) Cooperate with us in the investigation or settlement of the claim.

(8) If you intend to continue your business, you must resume all or part of your "operations" as quickly as possible.

b. We may examine any insured under oath, while not in the presence of any other insured and at such times as may be reasonably required, about any matter relating to this insurance or the claim, including an insured's books and records. In the event of an examination, an insured's answers must be signed.

3. Loss Determination

a. The amount of Business Income loss will be determined based on:

(1) The Net Income of the business before the direct physical loss or damage occurred;

(2) The likely Net Income of the business if no physical loss or damage had occurred, but not including any Net Income that would likely have been earned as a result of an increase in the volume of business due to favorable business conditions caused by the impact of the Covered Cause of Loss on customers or on other businesses;

(3) The operating expenses, including payroll expenses, necessary to resume "operations" with the same quality of service that existed just before the direct physical loss or damage; and

(4) Other relevant sources of information, including:

(a) Your financial records and accounting procedures;

(b) Bills, invoices and other vouchers; and

(c) Deeds, liens or contracts.

b. The amount of Extra Expense will be determined based on:

(1) All expenses that exceed the normal operating expenses that would have been incurred by "operations" during the "period of restoration" if no direct physical loss or damage had occurred. We will deduct from the total of such expenses:

(a) The salvage value that remains of any property bought for temporary use during the "period of restoration", once "operations" are resumed; and

(b) Any Extra Expense that is paid for by other insurance, except for insurance that is written subject to the same plan, terms, conditions and provisions as this insurance; and

(2) Necessary expenses that reduce the Business Income loss that otherwise would have been incurred.

c. Resumption Of Operations

We will reduce the amount of your:

(1) Business Income loss, other than Extra Expense, to the extent you can resume your "operations", in whole or in part, by using damaged or undamaged property (including merchandise or stock) at the described premises or elsewhere.

(2) Extra Expense loss to the extent you can return "operations" to normal and discontinue such Extra Expense.

d. If you do not resume "operations", or do not resume "operations" as quickly as possible, we will pay based on the length of time it would have taken to resume "operations" as quickly as possible.

4. Loss Payment

We will pay for covered loss within 30 days after we receive the sworn proof of loss, if you have complied with all of the terms of this Coverage Part and:

a. We have reached agreement with you on the amount of loss; or

b. An appraisal award has been made.

E. Optional Coverages

If shown as applicable in the Declarations, the following Optional Coverages apply separately to each item.

1. Maximum Period Of Indemnity

The most we will pay for the total of Business Income loss and Extra Expense is the lesser of:

a. The amount of loss sustained and expenses incurred during the 120 days immediately following the beginning of the "period of restoration"; or

b. The Limit of Insurance shown in the Declarations.

2. Monthly Limit Of Indemnity

The most we will pay for loss of Business Income in each period of 30 consecutive days after the beginning of the "period of restoration" is:

a. The Limit of Insurance, multiplied by

b. The fraction shown in the Declarations for this Optional Coverage.

EXAMPLE

When:	The Limit of Insurance is	$ 120,000
	The fraction shown in the Declarations for this Optional Coverage is	1/4
	The most we will pay for loss in each period of 30 consecutive days is: ($120,000 x 1/4 = $30,000)	$ 30,000
	If, in this example, the actual amount of loss is:	
	Days 1-30	$ 40,000
	Days 31-60	$ 20,000
	Days 61-90	$ 30,000
		$ 90,000
	We will pay:	
	Days 1-30	$ 30,000
	Days 31-60	$ 20,000
	Days 61-90	$ 30,000
		$ 80,000

The remaining $10,000 is not covered.

F. Definitions

1. "Antique" means an object having value because its:

a. craftsmanship is in the style or fashion of former times; and

b. age is 100 years old or older.

2. "Dependent property" means property operated by others whom you depend on to:

a. Deliver materials or services to you, or to others for your account. With respect to Contributing Locations, services does not mean water, communication or power supply services;

b. Accept your products or services;

c. Manufacture products for delivery to your customers under contract of sale; or

d. Attract customers to your business.

"Dependent property" does not include roads, bridges, tunnels, waterways, airfields, pipelines or any other similar areas or structures.

3. "Electronic data" means information, facts or computer programs stored as or on, created or used on, or transmitted to or from computer software (including systems and applications software), on hard or floppy disks, CD-ROMs, tapes, drives, cells, data processing devices or any other repositories of computer software which are used with electronically controlled equipment. The term computer programs, referred to in the foregoing description of "electronic data", means a set of related electronic instructions which direct the operations and functions of a computer or device connected to it, which enable the computer or device to receive, process, store, retrieve or send data.

4. "Fine arts" means paintings, etchings, pictures; tapestries; rare or art glass; art glass windows; valuable rugs; statuary; sculptures; "antique" furniture; bric-a-brac; porcelains; and similar property of rarity, historical value or artistic merit.

5. "Finished stock" means stock you have manufactured.

"Finished stock" also includes whiskey and alcoholic products being aged.

"Finished stock" does not include stock you have manufactured that is held for sale on the premises of any retail outlet insured under this Coverage Part.

6. "Operations" means:

   a. Your business activities occurring at the described premises; and

   b. The tenantability of the described premises, if coverage for Business Income Including "Rental Value" or "Rental Value" applies.

7. "Period of restoration" means the period of time that:

   a. Begins:

      (1) 72 hours after the time of direct physical loss or damage for Business Income coverage; or

      (2) Immediately after the time of direct physical loss or damage for Extra Expense coverage;

      caused by or resulting from any Covered Cause of Loss at the described premises; and

   b. Ends on the earlier of:

      (1) The date when the property at the described premises should be repaired, rebuilt or replaced with reasonable speed and similar quality; or

      (2) The date when business is resumed at a new permanent location.

   "Period of restoration" does not include any increased period required due to the enforcement of any ordinance or law that:

      (1) Regulates the construction, use or repair, or requires the tearing down of any property; or

      (2) Requires any insured or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of "pollutants".

   The expiration date of this policy will not cut short the "period of restoration".

8. "Perishable stock" means personal property which is maintained under controlled conditions for its preservation and which is susceptible to loss or damage if the controlled conditions change.

9. "Pollutants" means any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste. Waste includes materials to be recycled, reconditioned or reclaimed.

10. "Rental Value" means Business Income that consists of:

    a. Net Income (Net Profit or Loss before income taxes) that would have been earned or incurred as rental income from tenant occupancy of the premises described in the Declarations as furnished and equipped by you, including fair rental value of any portion of the described premises which is occupied by you; and

    b. Continuing normal operating expenses incurred in connection with that premises, including:

       (1) Payroll; and

       (2) The amount of charges which are the legal obligation of the tenant(s) but would otherwise be your obligations.

11. "Suspension" means:

    a. The slowdown or cessation of your business activities; or

    b. That a part or all of the described premises is rendered untenantable, if coverage for Business Income Including "Rental Value" or "Rental Value" applies.

Safeco Optimum Property ™ for Religious Institutions
BUSINESS INCOME (WITHOUT EXTRA EXPENSE) COVERAGE FORM

Various provisions in this policy restrict coverage. Read the entire policy carefully to determine rights, duties and what is and is not covered.

Throughout this policy the words "you" and "your" refer to the Named Insured shown in the Declarations. The words "we", "us" and "our" refer to the Company providing this insurance.

Other words and phrases that appear in quotation marks have special meaning. Refer to Section **F.** Definitions.

A. Coverage

1. Business Income

Business Income means the:

a. Net Income (Net Profit or Loss before income taxes) that would have been earned or incurred; and

b. Continuing normal operating expenses incurred, including payroll.

For manufacturing risks, Net Income includes the net sales value of production.

Coverage is provided as described and limited below for one or more of the following options for which a Limit of Insurance is shown in the Declarations:

(1) Business Income Including "Rental Value".

(2) Business Income Other Than "Rental Value".

(3) "Rental Value".

If option **(1)** above is selected, the term Business Income will include "Rental Value". If option **(3)** above is selected, the term Business Income will mean "Rental Value" only.

If Limits of Insurance are shown under more than one of the above options, the provisions of this Coverage Part apply separately to each.

We will pay for the actual loss of Business Income you sustain due to the necessary "suspension" of your "operations" during the "period of restoration". The "suspension" must be caused by direct physical loss of or damage to property at premises which are described in the Declarations and for which a Business Income Limit of Insurance is shown in the Declarations. The loss or damage must be caused by or result from a Covered Cause of Loss. With respect to loss of or damage to personal property in the open or personal property in a vehicle, the described premises include the area within 1,000 feet of the site at which the described premises are located.

With respect to the requirements set forth in the preceding paragraph, if you occupy only part of the site at which the described premises are located, your premises means:

a. The portion of the building which you rent, lease or occupy; and

b. Any area within the building or on the site at which the described premises are located, if that area services, or is used to gain access to, the described premises.

2. Covered Causes Of Loss, Exclusions And Limitations

See applicable Causes Of Loss Form as shown in the Declarations.

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3. Additional Limitation — Interruption Of Computer Operations

Coverage for Business Income does not apply when a "suspension" of "operations" is caused by destruction or corruption of "electronic data", or any loss or damage to "electronic data", except as provided under the Coverage Extension for Electronic Data Processing found in the Building And Personal Property Coverage Form.

4. Additional Coverages

a. Expenses To Reduce Loss

In the event of a covered loss of Business Income, we will pay necessary expenses you incur, except the cost of extinguishing a fire, to avoid further loss of Business Income. The total of our payment for Business Income loss and Expenses to Reduce Loss will not be more than the Business Income loss that would have been payable under this Coverage Form if the Expenses to Reduce Loss had not been incurred. This coverage does not increase the Limit of Insurance.

b. Civil Authority

In this Additional Coverage — Civil Authority, the described premises are premises to which this Coverage Form applies, as shown in the Declarations.

When a Covered Cause of Loss causes damage to property other than property at the described premises, we will pay for the actual loss of Business Income you sustain caused by action of civil authority that prohibits access to the described premises, provided that both of the following apply:

(1) Access to the area immediately surrounding the damaged property is prohibited by civil authority as a result of the damage, and the described premises are within that area but are not more than one mile from the damaged property; and

(2) The action of civil authority is taken in response to dangerous physical conditions resulting from the damage or continuation of the Covered Cause of Loss that caused the damage, or the action is taken to enable a civil authority to have unimpeded access to the damaged property.

Civil Authority coverage will begin 72 hours after the time of the first action of civil authority that prohibits access to the described premises and will apply for a period of up to thirty consecutive days from the date on which such coverage began.

c. Alterations And New Buildings

We will pay for the actual loss of Business Income you sustain due to direct physical loss or damage at the described premises caused by or resulting from any Covered Cause of Loss to:

(1) New buildings or structures, whether complete or under construction;

(2) Alterations or additions to existing buildings or structures; and

(3) Machinery, equipment, supplies or building materials located on or within 1,000 feet of the described premises and:

(a) Used in the construction, alterations or additions; or

(b) Incidental to the occupancy of new buildings.

If such direct physical loss or damage delays the start of "operations", the "period of restoration" will begin on the date "operations" would have begun if the direct physical loss or damage had not occurred.

d. Extended Business Income

(1) Business Income Other Than "Rental Value"

If the necessary "suspension" of your "operations" produces a Business Income loss payable under this policy, we will pay for the actual loss of Business Income you incur during the period that:

(a) Begins on the date property (except "finished stock") is actually repaired, rebuilt or replaced and "operations" are resumed; and

(b) Ends on the earlier of:

(i) The date you could restore your "operations", with reasonable speed, to the level which would generate

the business income amount that would have existed if no direct physical loss or damage had occurred; or

(ii) 180 consecutive days after the date determined in **(1)(a)** above, unless "180" is replaced in the Declarations by a different number of days.

However, Extended Business Income does not apply to loss of Business Income incurred as a result of unfavorable business conditions caused by the impact of the Covered Cause of Loss in the area where the described premises are located.

Loss of Business Income must be caused by direct physical loss or damage at the described premises caused by or resulting from any Covered Cause of Loss.

(2) "Rental Value"

If the necessary "suspension" of your "operations" produces a "Rental Value" loss payable under this policy, we will pay for the actual loss of "Rental Value" you incur during the period that:

(a) Begins on the date property is actually repaired, rebuilt or replaced and tenantability is restored; and

(b) Ends on the earlier of:

(i) The date you could restore tenant occupancy, with reasonable speed, to the level which would generate the "Rental Value" that would have existed if no direct physical loss or damage had occurred; or

(ii) 180 consecutive days after the date determined in **(2)(a)** above, unless "180" is replaced in the Declarations by a different number of days.

However, Extended Business Income does not apply to loss of "Rental Value" incurred as a result of unfavorable business conditions caused by the impact of the Covered Cause of Loss in the area where the described premises are located.

Loss of "Rental Value" must be caused by direct physical loss or damage at the described premises caused by or resulting from any Covered Cause of Loss.

e. Dependent Properties — Business Income

(1) Your coverage for Business Income, as provided and limited in this form, is extended to apply to the actual loss of Business Income you sustain due to direct physical loss of or damage to "dependent property" caused by or resulting from a Covered Cause of Loss.

However this Additional Coverage does not apply when the only loss to dependent property is loss or damage to "electronic data", including destruction or corruption of "electronic data". If the dependent property sustains loss or damage to "electronic data" and other property, coverage under this Additional Coverage will not continue once the other property is repaired, rebuilt or replaced.

(2) Under the Loss Determination Condition below, the following is added to the Resumption Of Operations provision:

We will reduce the amount of your Business Income loss to the extent you can resume "operations", in whole or in part, by using any other available source of materials or outlet for your products.

(3) The most we will pay under this Additional Coverage is $50,000 in any one occurrence regardless of the number of dependent properties.

Payments under this Additional Coverage will not increase the applicable Limit of Insurance.

(4) The provisions of this Additional Coverage are superseded by **CP 15 08** Business Income From Dependent Properties — Broad Form, or

CP 15 09 Business Income From Dependent Properties — Limited Form, if attached to and made a part of this policy.

f. Ordinance Or Law — Increased Period Of Restoration

(1) If a Covered Cause of Loss occurs to property at the premises described in the Declarations, coverage is extended to include the amount of actual and necessary loss you sustain during the increased period of "suspension" of "operations" caused by or resulting from the enforcement of any ordinance or law that:

(a) Regulates the construction or repair of any property;

(b) Requires the tearing down of parts of any property not damaged by a Covered Cause of Loss; and

(c) Is in force at the time of loss.

However, coverage is not extended under this Additional Coverage to include loss caused by or resulting from the enforcement of any ordinance or law which requires any insured or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of "pollutants".

g. Transit — Business Income

(1) This insurance is extended to apply to the actual loss of Business Income you sustain caused by direct physical loss or damage by a Covered Cause of Loss to Covered Property while in or on a vehicle or in transit more than 1,000 feet from a covered premises while:

(a) In or on a vehicle you own, rent or lease;

(b) In the custody of a public or contract trucker;

(c) In the custody of an air or rail carrier; or

(d) While waterborne on inland waterways. However, there is no coverage under this Additional Coverage for any imported or exported property that is covered under any ocean marine cargo policy that anyone has obtained.

(2) There is no coverage under this Additional Coverage resulting from loss or damage to:

(a) "Fine arts", "antiques", fur garments, jewelry, precious or semiprecious stones, gold, silver, platinum, or other precious metals or alloys; or

(b) Mail shipments in the custody of the U.S. Postal Service.

(3) This Additional Coverage will continue to apply to such property in the due course of transit, after the expiration or cancellation of this policy, until arrival at and accepted by an authorized representative at the invoiced destination, but for no longer than 30 days after the date of the shipment origination, but this will not cut short the "period of restoration".

(4) You must retain accurate records of all shipments of Covered Property for one year.

(5) The most we will pay under this Additional Coverage is $50,000 in any one occurrence.

Payments under this Additional Coverage will not increase the applicable Limit of Insurance.

5. Coverage Extensions

a. Newly Acquired Locations

(1) You may extend your Business Income Coverage to apply to property at any premises you acquire other than fairs or exhibitions.

(2) The most we will pay under this Extension is $250,000 at each premises.

Payments under this Coverage Extension are separate from the Limit(s) of Insurance shown in the Declarations for any other coverage.

(3) Insurance under this Extension for each newly acquired premises will end when any of the following first occurs:

(a) This policy expires;

(b) 180 days expire after you acquire or begin to construct the property; or

(c) You report values to us.

We will charge you additional premium for values reported from the date you acquire the property.

b. Spoilage Due To Power Outage, Mechanical Breakdown, Or Contamination — Business Income

(1) You may extend your Business Income Coverage to apply to loss caused by spoilage of "perishable stock" caused by:

(a) Breakdown or Contamination, meaning:

(i) Change in temperature or humidity caused by mechanical breakdown or mechanical failure of refrigerating, cooling, or humidity control equipment; and

(ii) Contamination by the refrigerant.

(b) Power Outage, meaning change in temperature or humidity caused by complete or partial interruption of electrical power due to conditions beyond your control.

(2) This coverage does not apply to loss to stock which is outside of a building or in or on a vehicle unless the stock is being moved to prevent or reduce loss covered by this policy.

(3) Only the following Exclusions contained in Paragraph **B.1.** of the Causes Of Loss — Special Form apply to this Coverage Extension:

(a) **B.1.b.** Earth Movement;

(b) **B.1.c.** Governmental Action;

(c) **B.1.d.** Nuclear Hazard;

(d) **B.1.f.** War And Military Action; and

(e) **B.1.g.** Water.

(4) The following Exclusions are added:

We will not pay for loss or damage caused by:

(a) The disconnecting of any refrigerating, cooling or humidity control system from the source of power.

(b) Shutting off electrical power by turning off the switch that controls the flow of electricity.

(c) The inability of an Electrical Utility Company or other power source to provide sufficient power due to:

(i) Lack of fuel; or

(ii) Governmental order.

(d) A power source at the described premises not having enough power to meet demand due to lack of generating capacity.

(5) For the purposes of this Coverage Extension, the "period of restoration" begins 24 hours after the time of direct physical loss.

(6) The most we will pay under this Coverage Extension is $50,000 per occurrence.

c. Utility Service — Business Income

(1) You may extend your Business Income Coverage to apply to loss caused by the interruption of service to the described premises or Newly Acquired Locations. The interruption must result from direct physical loss or damage by a Covered Cause of Loss to the property described in paragraph **(2).**

(2) Utility Services

(a) Water Supply Services, meaning pumping stations and water mains supplying water to your premises.

(b) Communication Supply Services, meaning property supplying communication services, including telephone, radio, microwave or television services, to your premises, such as:

(i) Communication transmission lines, including optic fiber transmission lines;

(ii) Coaxial cables; and

(iii) Microwave radio relays except satellites.

(c) Power Supply Services, meaning the following types of property supplying electricity, steam or gas to your premises:

(i) Utility generating plants;

(ii) Switching stations;

(iii) Substations;

(iv) Transformers; and

(v) Transmission lines.

(3) For the purposes of this Coverage Extension, the "period of restoration" begins 24 hours after the time of direct physical loss.

(4) This Coverage Extension does not apply to loss caused by spoilage of "perishable stock" caused by interruption of Utility Services.

(5) The most we will pay under this Coverage Extension is $50,000 per occurrence.

Payments under this Coverage Extension will not increase the applicable Limit of Insurance.

(6) The provisions of this Coverage Extension are superseded by **CP 15 45** Utility Services — Time Element, if attached to and made a part of this policy.

B. Limits Of Insurance

1. The most we will pay for loss in any one occurrence is the applicable Limit of Insurance shown in the Declarations.

2. The amount of insurance stated in the Coverage Extension **A.5.a. Newly Acquired Locations** applies in accordance with the terms of that coverage and is separate from the Limit(s) of Insurance shown in the Declarations for any other coverage.

3. Payments under the following Additional Coverages and Coverage Extensions will not increase the applicable Limit of Insurance:

a. Additional Coverage **A.4.a. Expenses To Reduce Loss**

b. Additional Coverage **A.4.b. Civil Authority**

c. Additional Coverage **A.4.c. Alterations And New Buildings**

d. Additional Coverage **A.4.d. Extended Business Income**

e. Additional Coverage **A.4.e. Dependent Properties — Business Income**

f. Additional Coverage **A.4.f. Ordinance Or Law — Increased Period Of Restoration**

g. Additional Coverage **A.4.g. Transit — Business Income**

h. Coverage Extension **A.5.b. Spoilage Due To Power Outage, Mechanical Breakdown, Or Contamination — Business Income**

i. Coverage Extension **A.5.c. Utility Service — Business Income**

C. Deductible

1. We will not pay for loss in any one occurrence until the amount of loss exceeds the Deductible shown in the Declarations. We will then pay the amount of loss in excess of the Deductible, up to the applicable Limit of Insurance.

2. When the same occurrence involves loss to insurance under this coverage form and loss under the Building And Personal Property Coverage Form, only one deductible will be applied to the occurrence.

3. Windstorm, Hail or Hurricane percentage deductibles do not apply to Business Income coverage.

D. Loss Conditions

The following conditions apply in addition to the Common Policy Conditions and the Commercial Property Conditions.

1. Appraisal

If we and you disagree on the amount of Net Income and operating expense or the amount of loss, either may make written demand for an appraisal of the loss. In this event, each party will select a competent and impartial appraiser.

The two appraisers will select an umpire. If they cannot agree, either may request that selection be made by a judge of a court having jurisdiction. The appraisers will state separately the amount of Net Income and operating expense or amount of loss. If they fail to agree, they will submit their differences to the umpire. A decision agreed to by any two will be binding. Each party will:

a. Pay its chosen appraiser; and

b. Bear the other expenses of the appraisal and umpire equally.

If there is an appraisal, we will still retain our right to deny the claim.

2. Duties In The Event Of Loss

a. You must see that the following are done in the event of loss:

(1) Notify the police if a law may have been broken.

(2) Give us prompt notice of the direct physical loss or damage. Include a description of the property involved.

(3) As soon as possible, give us a description of how, when, and where the direct physical loss or damage occurred.

(4) Take all reasonable steps to protect the Covered Property from further damage, and keep a record of your expenses necessary to protect the Covered Property, for consideration in the settlement of the claim. This will not increase the Limit of Insurance. However, we will not pay for any subsequent loss or damage resulting from a cause of loss that is not a Covered Cause of Loss. Also, if feasible, set the damaged property aside and in the best possible order for examination.

(5) As often as may be reasonably required, permit us to inspect the property proving the loss or damage and examine your books and records.

Also permit us to take samples of damaged and undamaged property for inspection, testing and analysis, and permit us to make copies from your books and records.

(6) Send us a signed, sworn proof of loss containing the information we request to investigate the claim. You must do this within 60 days after our request. We will supply you with the necessary forms.

(7) Cooperate with us in the investigation or settlement of the claim.

(8) If you intend to continue your business, you must resume all or part of your "operations" as quickly as possible.

b. We may examine any insured under oath, while not in the presence of any other insured and at such times as may be reasonably required, about any matter relating to this insurance or the claim, including an insured's books and records. In the event of an examination, an insured's answers must be signed.

3. Loss Determination

a. The amount of Business Income loss will be determined based on:

(1) The Net Income of the business before the direct physical loss or damage occurred;

(2) The likely Net Income of the business if no physical loss or damage had occurred, but not including any Net Income that would likely have been earned as a result of an increase in the volume of business due to favorable business conditions caused by the impact of the Covered Cause of Loss on customers or on other businesses;

(3) The operating expenses, including payroll expenses, necessary to resume "operations" with the same quality of service that existed just before the direct physical loss or damage; and

(4) Other relevant sources of information, including:

(a) Your financial records and accounting procedures;

(b) Bills, invoices and other vouchers; and

(c) Deeds, liens or contracts.

b. Resumption Of Operations

We will reduce the amount of your Business Income loss to the extent you can resume your "operations", in whole or in part, by using damaged or undamaged property (including merchandise or stock) at the described premises or elsewhere.

c. If you do not resume "operations", or do not resume "operations" as quickly as possible, we will pay based on the length of time it would have taken to resume "operations" as quickly as possible.

4. Loss Payment

We will pay for covered loss within 30 days after we receive the sworn proof of loss, if you have complied with all of the terms of this Coverage Part and:

a. We have reached agreement with you on the amount of loss; or

b. An appraisal award has been made.

E. Optional Coverages

If shown as applicable in the Declarations, the following Optional Coverages apply separately to each item.

1. Maximum Period Of Indemnity

The most we will pay for the total of Business Income loss and Extra Expense is the lesser of:

a. The amount of loss sustained and expenses incurred during the 120 days immediately following the beginning of the "period of restoration"; or

b. The Limit of Insurance shown in the Declarations.

2. Monthly Limit Of Indemnity

The most we will pay for loss of Business Income in each period of 30 consecutive days after the beginning of the "period of restoration" is:

a. The Limit of Insurance, multiplied by

b. The fraction shown in the Declarations for this Optional Coverage.

EXAMPLE

When:	The Limit of Insurance is	$ 120,000
	The fraction shown in the Declarations for this Optional Coverage is	1/4
	The most we will pay for loss in each period of 30 consecutive days is: ($120,000 x 1/4 = $30,000)	$ 30,000
	If, in this example, the actual amount of loss is:	
	Days 1-30	$ 40,000
	Days 31-60	$ 20,000
	Days 61-90	$ 30,000
		$ 90,000

We will pay:

Days 1-30	$ 30,000
Days 31-60	$ 20,000
Days 61-90	$ 30,000
	$ 80,000

The remaining $10,000 is not covered.

F. Definitions

1. "Antique" means an object having value because its:

a. craftsmanship is in the style or fashion of former times; and

b. age is 100 years old or older.

2. "Dependent property" means property operated by others whom you depend on to:

a. Deliver materials or services to you, or to others for your account. With respect to Contributing Locations, services does not mean water, communication or power supply services;

b. Accept your products or services;

c. Manufacture products for delivery to your customers under contract of sale; or

d. Attract customers to your business.

"Dependent property" does not include roads, bridges, tunnels, waterways, airfields, pipelines or any other similar areas or structures.

3. "Electronic data" means information, facts or computer programs stored as or on, created or used on, or transmitted to or from computer software (including systems and applications software), on hard or floppy disks, CD-ROMs, tapes, drives, cells, data processing devices or any other repositories of computer software which are used with electronically controlled equipment. The term computer programs, referred to in the foregoing description of "electronic data", means a set of related electronic instructions which direct the operations and functions of a computer or device connected to it, which enable the computer or device to receive, process, store, retrieve or send data.

4. "Fine arts" means paintings, etchings, pictures; tapestries; rare or art glass; art glass windows; valuable rugs; statuary; sculptures; "antique" furniture; bric-a-brac; porcelains; and similar property of rarity, historical value or artistic merit.

5. "Finished stock" means stock you have manufactured.

"Finished stock" also includes whiskey and alcoholic products being aged.

"Finished stock" does not include stock you have manufactured that is held for sale on the premises of any retail outlet insured under this Coverage Part.

6. "Operations" means:

   a. Your business activities occurring at the described premises; and

   b. The tenantability of the described premises, if coverage for Business Income Including "Rental Value" or "Rental Value" applies.

7. "Period of restoration" means the period of time that:

   a. Begins 72 hours after the time of direct physical loss or damage caused by or resulting from any Covered Cause of Loss at the described premises; and

   b. Ends on the earlier of:

      (1) The date when the property at the described premises should be repaired, rebuilt or replaced with reasonable speed and similar quality; or

      (2) The date when business is resumed at a new permanent location.

   "Period of restoration" does not include any increased period required due to the enforcement of any ordinance or law that:

      (1) Regulates the construction, use or repair, or required the tearing down of any property; or

      (2) Requires any insured or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of "pollutants".

   The expiration date of this policy will not cut short the "period of restoration".

8. "Perishable stock" means personal property which is maintained under controlled conditions for its preservation and which is susceptible to loss or damage if the controlled conditions change.

9. "Pollutants" means any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste. Waste includes materials to be recycled, reconditioned or reclaimed.

10. "Rental Value" means Business Income that consists of:

    a. Net Income (Net Profit or Loss before income taxes) that would have been earned or incurred as rental income from tenant occupancy of the premises described in the Declarations as furnished and equipped by you, including fair rental value of any portion of the described premises which is occupied by you; and

    b. Continuing normal operating expenses incurred in connection with that premises, including:

       (1) Payroll; and

       (2) The amount of charges which are the legal obligation of the tenant(s) but would otherwise be your obligations.

11. "Suspension" means:

    a. The slowdown or cessation of your business activities; or

    b. That a part or all of the described premises is rendered untenantable, if coverage for Business Income Including "Rental Value" or "Rental Value" applies.

Safeco Optimum Property ™ for Religious Institutions
EXTRA EXPENSE COVERAGE FORM

Various provisions in this policy restrict coverage. Read the entire policy carefully to determine rights, duties and what is and is not covered.

Throughout this policy the words "you" and "your" refer to the Named Insured shown in the Declarations. The words "we", "us" and "our" refer to the Company providing this insurance.

Other words and phrases that appear in quotation marks have special meaning. Refer to Section **E.** Definitions.

A. Coverage

We will pay the actual and necessary Extra Expense you sustain due to direct physical loss of or damage to property at premises which are described in the Declarations and for which an Extra Expense Limit of Insurance is shown in the Declarations. The loss or damage must be caused by or result from a Covered Cause of Loss. With respect to loss of or damage to personal property in the open or personal property in a vehicle, the described premises include the area within 1,000 feet of the site at which the described premises are located.

With respect to the requirements set forth in the preceding paragraph, if you occupy only part of the site at which the described premises are located, your premises means:

a. The portion of the building which you rent, lease or occupy; and

b. Any area within the building or on the site at which the described premises are located, if that area services, or is used to gain access to, the described premises.

1. Extra Expense

Extra Expense means necessary expenses you incur during the "period of restoration" that you would not have incurred if there had been no direct physical loss or damage to property. Coverage pertains to expenses (other than the expense to repair or replace property) which are incurred to:

a. Avoid or minimize the "suspension" of business and to continue "operations" at the described premises or at replacement premises or temporary locations, including relocation expenses and costs to equip and operate the replacement location or temporary location.

b. Minimize the "suspension" of business if you cannot continue "operations".

We will also pay Extra Expense to repair or replace property, but only to the extent it reduces the amount of loss that otherwise would have been payable under this Coverage Form.

2. Covered Causes Of Loss, Exclusions And Limitations

See applicable Causes Of Loss Form as shown in the Declarations.

3. Additional Limitation — Interruption Of Computer Operations

Coverage for Extra Expense does not apply when action is taken to avoid or minimize a "suspension" of "operations" caused by destruction or corruption of "electronic data", or any loss or damage to "electronic data", except as provided under the Coverage Extension for Electronic Data Processing found in the Building And Personal Property Coverage Form.

4. Additional Coverages

a. Alterations And New Buildings

We will pay for the actual and necessary Extra Expense you incur due to direct physical loss or damage at the described premises caused by or resulting from any Covered Cause of Loss to:

(1) New buildings or structures, whether complete or under construction;

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(2) Alterations or additions to existing buildings or structures; and

(3) Machinery, equipment, supplies or building materials located on or within 1,000 feet of the described premises and:

(a) Used in the construction, alterations or additions; or

(b) Incidental to the occupancy of new buildings.

b. Civil Authority

In this Additional Coverage — Civil Authority, the described premises are premises to which this Coverage Form applies, as shown in the Declarations.

When a Covered Cause of Loss causes damage to property other than property at the described premises, we will pay for the actual and necessary Extra Expense you incur caused by action of civil authority that prohibits access to the described premises, provided that both of the following apply:

(1) Access to the area immediately surrounding the damaged property is prohibited by civil authority as a result of the damage, and the described premises are within that area but are not more than one mile from the damaged property; and

(2) The action of civil authority is taken in response to dangerous physical conditions resulting from the damage or continuation of the Covered Cause of Loss that caused the damage, or the action is taken to enable a civil authority to have unimpeded access to the damaged property.

Civil Authority coverage will begin immediately after the time of the first action of civil authority that prohibits access to the described premises and will end 30 consecutive days after the date of that action.

c. Dependent Properties — Extra Expense

(1) Your coverage for Extra Expense, as provided and limited in this form, is extended to apply to the actual and necessary Extra Expense you incur due to direct physical loss of or damage to "dependent property" caused by or resulting from a Covered Cause of Loss.

However this Additional Coverage does not apply when the only loss to "dependent property" is loss or damage to "electronic data", including destruction or corruption of "electronic data". If the "dependent property" sustains loss or damage to "electronic data" and other property, coverage under this Additional Coverage will not continue once the other property is repaired, rebuilt or replaced.

(2) The most we will pay under this Additional Coverage is $50,000 in any one occurrence regardless of the number of dependent properties.

Payments under this Additional Coverage will not increase the applicable Limit of Insurance.

d. Ordinance Or Law — Increased Period Of Restoration

(1) If a Covered Cause of Loss occurs to property at the premises described in the Declarations, coverage is extended to include the amount of actual and necessary loss you sustain during the increased period of "suspension" of "operations" caused by or resulting from the enforcement of any ordinance or law that:

(a) Regulates the construction or repair of any property;

(b) Requires the tearing down of parts of any property not damaged by a Covered Cause of Loss; and

(c) Is in force at the time of loss.

However, coverage is not extended under this Additional Coverage to include loss caused by or resulting from the enforcement of any ordinance or law which requires any insured or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of "pollutants".

5. Coverage Extensions

a. Newly Acquired Locations

(1) You may extend your Extra Expense Coverage to apply to property at any premises you acquire other than fairs or exhibitions.

(2) The most we will pay under this Extension is $250,000 at each premises.

Payments under this Coverage Extension are separate from the Limit(s) of Insurance shown in the Declarations for any other coverage.

(3) Insurance under this Extension for each newly acquired premises will end when any of the following first occurs:

(a) This policy expires;

(b) 180 days expire after you acquire or begin to construct the property; or

(c) You report values to us.

We will charge you additional premium for values reported from the date you acquire the property.

b. Spoilage Due To Power Outage, Mechanical Breakdown, Or Contamination — Extra Expense

(1) You may extend your Extra Expense Coverage to apply to loss caused by spoilage of "perishable stock" caused by:

(a) Breakdown or Contamination, meaning:

(i) Change in temperature or humidity caused by mechanical breakdown or mechanical failure of refrigerating, cooling, or humidity control equipment; and

(ii) Contamination by the refrigerant.

(b) Power Outage, meaning change in temperature or humidity caused by complete or partial interruption of electrical power due to conditions beyond your control.

(2) This coverage does not apply to loss to stock which is outside of a building or in or on a vehicle unless the stock is being moved to prevent or reduce loss covered by this policy.

(3) Only the following Exclusions contained in Paragraph **B.1.** of the Causes Of Loss — Special Form apply to this Coverage Extension:

(a) **B.1.b.** Earth Movement;

(b) **B.1.c.** Governmental Action;

(c) **B.1.d.** Nuclear Hazard;

(d) **B.1.f.** War And Military Action; and

(e) **B.1.g.** Water.

(4) The following Exclusions are added:

We will not pay for loss or damage caused by:

(a) The disconnecting of any refrigerating, cooling or humidity control system from the source of power.

(b) Shutting off electrical power by turning off the switch that controls the flow of electricity.

(c) The inability of an Electrical Utility Company or other power source to provide sufficient power due to:

(i) Lack of fuel; or

(ii) Governmental order.

(d) A power source at the described premises not having enough power to meet demand due to lack of generating capacity.

(5) The most we will pay under this Coverage Extension is $50,000 per occurrence.

c. Utility Service — Extra Expense

(1) You may extend your Extra Expense Coverage to apply to loss at the described premises or Newly Acquired Locations caused by the interruption of service to the described premises or Newly Acquired Locations. The interruption must result from direct physical loss or damage by a Covered Cause of Loss to the property described in Paragraph **(2),**

(2) Utility Services

(a) Water Supply Services, meaning pumping stations and water mains supplying water to your premises.

(b) Communication Supply Services, meaning property supplying communication services, including telephone, radio, microwave or television

services, to your premises, such as:

(i) Communication transmission lines, including optic fiber transmission lines;

(ii) Coaxial cables; and

(iii) Microwave radio relays except satellites.

(c) Power Supply Services, meaning the following types of property supplying electricity, steam or gas to your premises:

(i) Utility generating plants;

(ii) Switching stations;

(iii) Substations;

(iv) Transformers; and

(v) Transmission lines.

(3) This Coverage Extension does not apply to loss caused by spoilage of "perishable stock" caused by interruption of Utility Services.

(4) The most we will pay under this Coverage Extension is $50,000 per occurrence.

Payments under this Coverage Extension will not increase the applicable Limit of Insurance.

(5) The provisions of this Coverage Extension are superseded by **CP 15 45** Utility Services — Time Element, if attached to and made a part of this policy.

B. Limits Of Insurance

1. The most we will pay for loss in any one occurrence is the applicable Limit of Insurance shown in the Declarations.

2. The amount of insurance stated in the Coverage Extension **A.5.a. Newly Acquired Locations** applies in accordance with the terms of that coverage and is separate from the Limit(s) of Insurance shown in the Declarations for any other coverage.

3. Payments under the following Additional Coverages and Coverage Extensions will not increase the applicable Limit of Insurance:

a. Additional Coverage **A.4.a. Alterations And New Buildings**

b. Additional Coverage **A.4.b. Civil Authority**

c. Additional Coverage **A.4.c. Dependent Properties — Extra Expense**

d. Additional Coverage **A.4.d. Ordinance Or Law — Increased Period Of Restoration**

e. Coverage Extension **A.5.b. Spoilage Due To Power Outage, Mechanical Breakdown, Or Contamination — Extra Expense**

f. Coverage Extension **A.5.c. Utility Service — Extra Expense**

C. Deductible

1. We will not pay for loss in any one occurrence until the amount of loss exceeds the Deductible shown in the Declarations. We will then pay the amount of loss in excess of the Deductible, up to the applicable Limit of Insurance.

2. When the same occurrence involves loss to insurance under this coverage form and loss under the Building And Personal Property Coverage Form, only one deductible will be applied to the occurrence.

3. Windstorm, Hail or Hurricane percentage deductibles do not apply to Extra Expense coverage.

D. Loss Conditions

The following conditions apply in addition to the Common Policy Conditions and the Commercial Property Conditions.

1. Appraisal

If we and you disagree on the amount of loss, either may make written demand for an appraisal of the loss. In this event, each party will select a competent and impartial appraiser. The two appraisers will select an umpire. If they cannot agree, either may request that selection be made by a judge of a court having jurisdiction. The appraisers will state separately the amount of loss. If they fail to agree, they will submit their differences to the umpire. A decision agreed to by any two will be binding. Each party will:

a. Pay its chosen appraiser; and

b. Bear the other expenses of the appraisal and umpire equally.

If there is an appraisal, we will still retain our right to deny the claim.

2. Duties If You Incur Extra Expense

a. You must see that the following are done if you incur Extra Expense:

(1) Notify the police if a law may have been broken.

(2) Give us prompt notice of the direct physical loss or damage. Include a description of the property involved.

(3) As soon as possible, give us a description of how, when, and where the direct physical loss or damage occurred.

(4) Take all reasonable steps to protect the Covered Property from further damage, and keep a record of your expenses necessary to protect the Covered Property, for consideration in the settlement of the claim. This will not increase the Limit of Insurance. However, we will not pay for any subsequent loss or damage resulting from a cause of loss that is not a Covered Cause of Loss. Also, if feasible, set the damaged property aside and in the best possible order for examination.

(5) As often as may be reasonably required, permit us to inspect the property proving the loss or damage and examine your books and records.

Also permit us to take samples of damaged and undamaged property for inspection, testing and analysis, and permit us to make copies from your books and records.

(6) Send us a signed, sworn proof of loss containing the information we request to investigate the claim. You must do this within 60 days after our request. We will supply you with the necessary forms.

(7) Cooperate with us in the investigation or settlement of the claim.

(8) If you intend to continue your business, you must resume all or part of your "operations" as quickly as possible.

b. We may examine any insured under oath, while not in the presence of any other insured and at such times as may be reasonably required, about any matter relating to this insurance or the claim, including an insured's books and records. In the event of an examination, an insured's answers must be signed.

3. Limits On Loss Payment

We will not pay more for Extra Expense than the percentages shown in the Declarations times the Limit of Insurance.

When the "period of restoration" is:

a. 30 days or less, the first percentage applies.

b. 60 days or less, but more than 30 days, the second percentage applies.

c. More than 60 days, the third percentage applies.

EXAMPLE:

The Limit of Insurance is	$ 100,000
The percentages shown in the Declarations are	40%-80%-100%
The "period of restoration" is	45 days
The amount of Extra Expenses incurred is	$ 90,000

We will not pay more than $100,000 times 80% (the percentage applicable for a "period of restoration" of 31-60 days), or $80,000. The remaining $10,000 is not covered.

4. Loss Determination

a. The amount of Extra Expense will be determined based on:

(1) All expenses that exceed the normal operating expenses that would have been incurred by "operations" during the "period of restoration" if no direct physical loss or damage had occurred. We will deduct from the total of such expenses:

(a) The salvage value that remains of any property bought for temporary use during the "period of restoration", once "operations" are resumed; and

(b) Any Extra Expense that is paid for by other insurance, except for insurance that is written subject to the same plan, terms, conditions and provisions as this insurance; and

(2) Necessary expenses that reduce the Extra Expense otherwise incurred.

b. We will reduce the amount of your Extra Expense loss to the extent you can return "operations" to normal and discontinue such Extra Expense.

c. If you do not resume "operations", or do not resume "operations" as quickly as possible, we will pay based on the length of time it would have taken to resume "operations" as quickly as possible.

5. **Loss Payment**

We will pay for any loss within 30 days after we receive the proof of loss, if you have complied with all of the terms of this Coverage Part and:

a. We reach agreement with you on the amount of loss; or

b. An appraisal award has been made.

E. Definitions

1. "Dependent property" means property operated by others whom you depend on to:

a. Deliver materials or services to you, or to others for your account. With respect to Contributing Locations, services does not mean water, communication or power supply services;

b. Accept your products or services;

c. Manufacture products for delivery to your customers under contract of sale; or

d. Attract customers to your business.

"Dependent property" does not include roads, bridges, tunnels, waterways, airfields, pipelines or any other similar areas or structures.

2. "Electronic data" means information, facts or computer programs stored as or on, created or used on, or transmitted to or from computer software (including systems and applications software), on hard or floppy disks, CD-ROMs, tapes, drives, cells, data processing devices or any other repositories of computer software which are used with electronically controlled equipment. The term computer programs, referred to in the foregoing description of "electronic data", means a set of related electronic instructions which direct the operations and functions of a computer or device connected to it, which enable the computer or device to receive, process, store, retrieve or send data.

3. "Operations" means your business activities occurring at the described premises.

4. "Period of restoration" means the period of time that:

a. Begins with the date of direct physical loss or damage caused by or resulting from any Covered Cause of Loss at the described premises; and

b. Ends on the earlier of:

(1) The date when the property at the described premises should be repaired, rebuilt or replaced with reasonable speed and similar quality; or

(2) The date when business is resumed at a new permanent location.

"Period of restoration" does not include any increased period required due to the enforcement of any ordinance or law that:

(1) Regulates the construction, use or repair, or requires the tearing down of any property; or

(2) Requires any insured or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of "pollutants".

The expiration date of this policy will not cut short the "period of restoration".

5. "Perishable stock" means personal property which is maintained under controlled conditions for its preservation and which is susceptible to loss or damage if the controlled conditions change.

6. "Pollutants" means any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste. Waste includes materials to be recycled, reconditioned or reclaimed.

7. "Suspension" means the slowdown or cessation of your business activities.

Safeco Optimum Property ™ for Religious Institutions
BUSINESS INCOME (AND EXTRA EXPENSE)
ACTUAL LOSS SUSTAINED COVERAGE FORM

Various provisions in this policy restrict coverage. Read the entire policy carefully to determine rights, duties and what is and is not covered.

Throughout this policy the words "you" and "your" refer to the Named Insured shown in the Declarations. The words "we", "us" and "our" refer to the Company providing this insurance.

Other words and phrases that appear in quotation marks have special meaning. Refer to Section **D.** Definitions.

A. Coverage

1. Business Income

Business Income means the:

a. Net Income (Net Profit or Loss before income taxes) that would have been earned or incurred; and

b. Continuing normal operating expenses incurred, including payroll.

For manufacturing risks, Net Income includes the net sales value of production.

Coverage is provided as described and limited below for one or more of the following options for which a Limit of Insurance is shown in the Declarations:

(1) Business Income Including "Rental Value".

(2) Business Income Other Than "Rental Value".

(3) "Rental Value".

If option **(1)** above is selected, the term Business Income will include "Rental Value". If option **(3)** above is selected, the term Business Income will mean "Rental Value" only.

If Limits of Insurance are shown under more than one of the above options, the provisions of this Coverage Part apply separately to each.

We will only pay for loss of Business Income that you sustain during the "period of restoration" and that occurs within 12 consecutive months after the date of direct physical loss or damage. With respect to loss of or damage to personal property in the open or personal property in a vehicle, the described premises include the area within 1,000 feet of the site at which the described premises are located.

With respect to the requirements set forth in the preceding paragraph, if you occupy only part of the site at which the described premises are located, your premises means:

a. The portion of the building which you rent, lease or occupy; and

b. Any area within the building or on the site at which the described premises are located, if that area services, or is used to gain access to, the described premises.

If you are operating at a Net Loss, continuing normal operating expenses will be offset by the net loss.

2. Extra Expense

a. Extra Expense coverage is provided at the premises described in the Declarations.

b. Extra Expense means necessary expenses you incur during the "period of restoration" that you would not have incurred if there had been no direct physical loss or damage to property caused by or resulting from a Covered Cause of Loss.

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We will pay Extra Expense (other than the expense to repair or replace property) to:

(1) Avoid or minimize the "suspension" of business and to continue "operations" at the described premises or at replacement premises or temporary locations, including relocation expenses and costs to equip and operate the replacement location or temporary location.

(2) Minimize the "suspension" of business if you cannot continue "operations".

We will also pay Extra Expense to repair or replace property, but only to the extent it reduces the amount of loss that otherwise would have been payable under this Coverage Form.

We will only pay Extra Expense you incur during the "period of restoration" and that occurs within 12 consecutive months after the date of direct physical loss or damage.

3. Covered Causes Of Loss, Exclusions And Limitations

See applicable Causes Of Loss Form as shown in the Declarations.

4. Additional Limitation — Interruption Of Computer Operations

a. Coverage for Business Income does not apply when a "suspension" of "operations" is caused by destruction or corruption of "electronic data", or any loss or damage to "electronic data", except as provided under the Coverage Extension for Electronic Data Processing found in the Building And Personal Property Coverage Form.

b. Coverage for Extra Expense does not apply when action is taken to avoid or minimize a "suspension" of "operations" caused by destruction or corruption of "electronic data", or any loss or damage to "electronic data", except as provided under the Coverage Extension for Electronic Data Processing found in the Building And Personal Property Coverage Form.

5. Additional Coverages

a. Civil Authority

In this Additional Coverage — Civil Authority, the described premises are premises to which this Coverage Form applies, as shown in the Declarations.

When a Covered Cause of Loss causes damage to property other than property at the described premises, we will pay for the actual loss of Business Income you sustain and necessary Extra Expense caused by action of civil authority that prohibits access to the described premises, provided that both of the following apply:

(1) Access to the area immediately surrounding the damaged property is prohibited by civil authority as a result of the damage, and the described premises are within that area but are not more than one mile from the damaged property; and

(2) The action of civil authority is taken in response to dangerous physical conditions resulting from the damage or continuation of the Covered Cause of Loss that caused the damage, or the action is taken to enable a civil authority to have unimpeded access to the damaged property.

Civil Authority coverage for Business Income will begin 72 hours after the time of the first action of civil authority that prohibits access to the described premises and will apply for a period of up to thirty consecutive days from the date on which such coverage began.

Civil Authority coverage for Extra Expense will begin immediately after the time of the first action of civil authority that prohibits access to the described premises and will end:

(1) 30 consecutive days after the date of that action; or

(2) When your Civil Authority coverage for Business Income ends;

whichever is later.

b. Alterations And New Buildings

We will pay for the actual loss of Business Income you sustain and necessary Extra Expense you incur due to direct physical loss or damage at the described premises caused by or resulting from any Covered Cause of Loss to:

(1) New buildings or structures, whether complete or under construction;

(2) Alterations or additions to existing buildings or structures; and

(3) Machinery, equipment, supplies or building materials located on or within 1,000 feet of the described premises and:

(a) Used in the construction, alterations or additions; or

(b) Incidental to the occupancy of new buildings.

If such direct physical loss or damage delays the start of "operations", the "period of restoration" for Business Income Coverage will begin on the date "operations" would have begun if the direct physical loss or damage had not occurred.

This Additional Coverage applies to losses that you incur during the "period of restoration" and that occur within 12 consecutive months after the date of direct physical loss or damage.

c. Extended Business Income

(1) Business Income Other Than "Rental Value"

If the necessary "suspension" of your "operations" produces a Business Income loss payable under this policy, we will pay for the actual loss of Business Income you incur during the period that:

(a) Begins on the date property (except "finished stock") is actually repaired, rebuilt or replaced and "operations" are resumed; and

(b) Ends on the earlier of:

(i) The date you could restore your "operations", with reasonable speed, to the level which would generate the business income amount that would have existed if no direct physical loss or damage had occurred; or

(ii) 180 consecutive days after the date determined in **(1)(a)** above, unless "180" is replaced in the Declarations by a different number of days.

However, Extended Business Income does not apply to loss of Business Income incurred as a result of unfavorable business conditions caused by the impact of the Covered Cause of Loss in the area where the described premises are located.

Loss of Business Income must be caused by direct physical loss or damage at the described premises caused by or resulting from any Covered Cause of Loss.

(2) "Rental Value"

If the necessary "suspension" of your "operations" produces a "Rental Value" loss payable under this policy, we will pay for the actual loss of "Rental Value" you incur during the period that:

(a) Begins on the date property is actually repaired, rebuilt or replaced and tenantability is restored; and

(b) Ends on the earlier of:

(i) The date you could restore tenant occupancy, with reasonable speed, to the level which would generate the "Rental Value" that would have existed if no direct physical loss or damage had occurred; or

(ii) 180 consecutive days after the date determined in **(2)(a)** above, unless "180" is replaced in the Declarations by a different number of days.

However, Extended Business Income does not apply to loss of "Rental Value" incurred as a result of unfavorable business conditions caused by the impact of the Covered Cause of Loss in the area where the described premises are located.

Loss of "Rental Value" must be caused by direct physical loss or damage at the described premises caused by or resulting from any Covered Cause of Loss.

d. Dependent Properties — Time Element

(1) Your coverage for Business Income and Extra Expense, as provided and limited in this form, is extended to apply to the actual loss of Business Income you sustain, and the actual and necessary Extra Expense you incur, due to direct physical loss of or damage to "dependent property" caused by or resulting from a Covered Cause of Loss.

However this Additional Coverage does not apply when the only loss to "dependent property" is loss or damage to "electronic data", including destruction or corruption of "electronic data". If the "dependent property" sustains loss or damage to "electronic data" and other property, coverage under this Additional Coverage will not continue once the other property is repaired, rebuilt or replaced.

(2) Under the Loss Determination Condition below, the following is added to the Resumption Of Operations provision:

We will reduce the amount of your Business Income loss, other than Extra Expense, to the extent you can resume "operations", in whole or in part, by using any other available source of materials or outlet for your products.

(3) The most we will pay under this Additional Coverage is $50,000 in any one occurrence regardless of the number of "dependent properties".

(4) The provisions of this Additional Coverage are superseded by **CP 15 08** Business Income From Dependent Properties — Broad Form, or **CP 15 09** Business Income From Dependent Properties — Limited Form, if attached to and made a part of this policy.

e. Ordinance Or Law — Increased Period Of Restoration

(1) If a Covered Cause of Loss occurs to property at the premises described in the Declarations, coverage is extended to include the amount of actual and necessary loss you sustain during the increased period of "suspension" of "operations" caused by or resulting from the enforcement of any ordinance or law that:

(a) Regulates the construction or repair of any property;

(b) Requires the tearing down of parts of any property not damaged by a Covered Cause of Loss; and

(c) Is in force at the time of loss.

However, coverage is not extended under this Additional Coverage to include loss caused by or resulting from the enforcement of any ordinance or law which requires any insured or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of "pollutants".

We will only pay for loss under this Additional Coverage that occurs within 12 consecutive months after the date of direct physical loss or damage.

f. Transit — Business Income

(1) This insurance is extended to apply to the actual loss of Business Income you sustain caused by direct physical loss or damage by a Covered Cause of Loss to Covered Property while in or on a vehicle or in transit more than 1,000 feet from a covered premises while:

(a) In or on a vehicle you own, rent or lease;

(b) In the custody of a public or contract trucker;

(c) In the custody of an air or rail carrier; or

(d) While waterborne on inland waterways. However, there is no coverage under this Additional Coverage for any imported or exported property that is covered under any ocean marine cargo policy that anyone has obtained.

(2) There is no coverage under this Additional Coverage resulting from loss or damage to:

(a) "Fine arts", "antiques", fur garments, jewelry, precious or semiprecious stones, gold, silver, platinum, or other precious metals or alloys; or

(b) Mail shipments in the custody of the U.S. Postal Service.

(3) This Additional Coverage will continue to apply to such property in the due course of transit, after the expiration or cancellation of this policy, until arrival at and accepted by an authorized representative at the invoiced destination, but for no longer than 30 days after the date of the shipment origination, but this will not cut short the "period of restoration".

(4) You must retain accurate records of all shipments of Covered Property for one year.

(5) The most we will pay under this Additional Coverage is $50,000 in any one occurrence.

6. Coverage Extensions

a. Newly Acquired Locations

(1) You may extend your Business Income and Extra Expense Coverages to apply to property at any premises you acquire other than fairs or exhibitions.

(2) The most we will pay under this Extension, for the sum of Business Income loss and Extra Expense incurred, is $250,000 at each premises.

(3) Insurance under this Extension for each newly acquired premises will end when any of the following first occurs:

(a) This policy expires;

(b) 180 days expire after you acquire or begin to construct the property; or

(c) You report values to us.

We will charge you additional premium for values reported from the date you acquire the property.

b. Spoilage Due To Power Outage, Mechanical Breakdown, Or Contamination — Time Element

(1) You may extend your Business Income and Extra Expense Coverages to apply to loss caused by spoilage of "perishable stock" caused by:

(a) Breakdown or Contamination, meaning:

(i) Change in temperature or humidity caused by mechanical breakdown or mechanical failure of refrigerating, cooling, or humidity control equipment; and

(ii) Contamination by the refrigerant.

(b) Power Outage, meaning change in temperature or humidity caused by complete or partial interruption of electrical power due to conditions beyond your control.

(2) This coverage does not apply to loss to stock which is outside of a building or in or on a vehicle unless the stock is being moved to prevent or reduce loss covered by this policy.

(3) Only the following Exclusions contained in Paragraph **B.1.** of the Causes Of Loss — Special Form apply to this Coverage Extension:

(a) **B.1.b.** Earth Movement;

(b) **B.1.c.** Governmental Action;

(c) **B.1.d.** Nuclear Hazard;

(d) **B.1.f.** War And Military Action; and

(e) **B.1.g.** Water.

(4) The following Exclusions are added:

We will not pay for loss or damage caused by:

(a) The disconnecting of any refrigerating, cooling or humidity control system from the source of power.

(b) Shutting off electrical power by turning off the switch that controls the flow of electricity.

(c) The inability of an Electrical Utility Company or other power source to provide sufficient power due to:

(i) Lack of fuel; or

(ii) Governmental order.

(d) A power source at the described premises not having enough power to meet demand due to lack of generating capacity.

(5) For the purposes of this Coverage Extension, the "period of restoration" begins 24 hours after the time of direct physical loss for Business Income coverage, or immediately after the time of direct physical loss or damage for Extra Expense coverage.

(6) The most we will pay under this Coverage Extension is $50,000 per occurrence.

c. Utility Service — Time Element

(1) You may extend your Business Income and Extra Expense Coverages to apply to loss caused by the interruption of service to the described premises or Newly Acquired Locations. The interruption must result from direct physical loss or damage by a Covered Cause of Loss to the property described in Paragraph **(2).**

(2) Utility Services

(a) Water Supply Services, meaning pumping stations and water mains supplying water to your premises.

(b) Communication Supply Services, meaning property supplying communication services, including telephone, radio, microwave or television services, to your premises, such as:

(i) Communication transmission lines, including optic fiber transmission lines;

(ii) Coaxial cables; and

(iii) Microwave radio relays except satellites.

(c) Power Supply Services, meaning the following types of property supplying electricity, steam or gas to your premises:

(i) Utility generating plants;

(ii) Switching stations;

(iii) Substations;

(iv) Transformers; and

(v) Transmission lines.

(3) For the purposes of this Coverage Extension, the "period of restoration" begins 24 hours after the time of direct physical loss for Business Income coverage, or immediately after the time of direct physical loss or damage for Extra Expense coverage.

(4) This Coverage Extension does not apply to loss caused by spoilage of "perishable stock" caused by interruption of Utility Services.

(5) The most we will pay under this Coverage Extension is $50,000 per occurrence.

(6) The provisions of this Coverage Extension are superseded by **CP 15 45** Utility Services — Time Element, if attached to and made a part of this policy.

B. Deductible

1. We will not pay for loss in any one occurrence until the amount of loss exceeds the Deductible shown in the Declarations. We will then pay the amount of covered loss in excess of the Deductible.

2. When the same occurrence involves loss to insurance under this coverage form and loss under the Building And Personal Property Coverage Form, only one deductible will be applied to the occurrence.

3. Windstorm, Hail or Hurricane percentage deductibles do not apply to Business Income coverage or Extra Expense coverage.

C. Loss Conditions

The following conditions apply in addition to the Common Policy Conditions and the Commercial Property Conditions.

1. Appraisal

If we and you disagree on the amount of Net Income and operating expense or the amount of loss, either may make written

demand for an appraisal of the loss. In this event, each party will select a competent and impartial appraiser.

The two appraisers will select an umpire. If they cannot agree, either may request that selection be made by a judge of a court having jurisdiction. The appraisers will state separately the amount of Net Income and operating expense or amount of loss. If they fail to agree, they will submit their differences to the umpire. A decision agreed to by any two will be binding. Each party will:

a. Pay its chosen appraiser; and

b. Bear the other expenses of the appraisal and umpire equally.

If there is an appraisal, we will still retain our right to deny the claim.

2. Duties In The Event Of Loss

a. You must see that the following are done in the event of loss:

(1) Notify the police if a law may have been broken.

(2) Give us prompt notice of the direct physical loss or damage. Include a description of the property involved.

(3) As soon as possible, give us a description of how, when, and where the direct physical loss or damage occurred.

(4) Take all reasonable steps to protect the Covered Property from further damage, and keep a record of your expenses necessary to protect the Covered Property, for consideration in the settlement of the claim. However, we will not pay for any subsequent loss or damage resulting from a cause of loss that is not a Covered Cause of Loss. Also, if feasible, set the damaged property aside and in the best possible order for examination.

(5) As often as may be reasonably required, permit us to inspect the property proving the loss or damage and examine your books and records.

Also permit us to take samples of damaged and undamaged property for inspection, testing and analysis, and permit us to make copies from your books and records.

(6) Send us a signed, sworn proof of loss containing the information we request to investigate the claim. You must do this within 60 days after our request. We will supply you with the necessary forms.

(7) Cooperate with us in the investigation or settlement of the claim.

(8) If you intend to continue your business, you must resume all or part of your "operations" as quickly as possible.

b. We may examine any insured under oath, while not in the presence of any other insured and at such times as may be reasonably required, about any matter relating to this insurance or the claim, including an insured's books and records. In the event of an examination, an insured's answers must be signed.

3. Loss Determination

a. The amount of Business Income loss will be determined based on:

(1) The Net Income of the business before the direct physical loss or damage occurred;

(2) The likely Net Income of the business if no physical loss or damage had occurred, but not including any Net Income that would likely have been earned as a result of an increase in the volume of business due to favorable business conditions caused by the impact of the Covered Cause of Loss on customers or on other businesses;

(3) The operating expenses, including payroll expenses, necessary to resume "operations" with the same quality of service that existed just before the direct physical loss or damage; and

(4) Other relevant sources of information, including:

(a) Your financial records and accounting procedures;

(b) Bills, invoices and other vouchers; and

(c) Deeds, liens or contracts.

b. The amount of Extra Expense will be determined based on:

(1) All expenses that exceed the normal operating expenses that would have been incurred by "operations" during the "period of restoration" if no direct physical loss or damage had

occurred. We will deduct from the total of such expenses:

(a) The salvage value that remains of any property bought for temporary use during the "period of restoration", once "operations" are resumed; and

(b) Any Extra Expense that is paid for by other insurance, except for insurance that is written subject to the same plan, terms, conditions and provisions as this insurance; and

(2) Necessary expenses that reduce the Business Income loss that otherwise would have been incurred.

c. Resumption Of Operations

We will reduce the amount of your:

(1) Business Income loss, other than Extra Expense, to the extent you can resume your "operations", in whole or in part, by using damaged or undamaged property (including merchandise or stock) at the described premises or elsewhere.

(2) Extra Expense loss to the extent you can return "operations" to normal and discontinue such Extra Expense.

d. If you do not resume "operations", or do not resume "operations" as quickly as possible, we will pay based on the length of time it would have taken to resume "operations" as quickly as possible.

4. Loss Payment

We will pay for covered loss within 30 days after we receive the sworn proof of loss, if you have complied with all of the terms of this Coverage Part and:

a. We have reached agreement with you on the amount of loss; or

b. An appraisal award has been made.

D. Definitions

1. "Antique" means an object having value because its:

a. craftsmanship is in the style or fashion of former times; and

b. age is 100 years old or older.

2. "Dependent property" means property operated by others whom you depend on to:

a. Deliver materials or services to you, or to others for your account. With respect to Contributing Locations, services does not mean water, communication or power supply services;

b. Accept your products or services;

c. Manufacture products for delivery to your customers under contract of sale; or

d. Attract customers to your business.

"Dependent property" does not include roads, bridges, tunnels, waterways, airfields, pipelines or any other similar areas or structures.

3. "Electronic data" means information, facts or computer programs stored as or on, created or used on, or transmitted to or from computer software (including systems and applications software), on hard or floppy disks, CD-ROMs, tapes, drives, cells, data processing devices or any other repositories of computer software which are used with electronically controlled equipment. The term computer programs, referred to in the foregoing description of "electronic data", means a set of related electronic instructions which direct the operations and functions of a computer or device connected to it, which enable the computer or device to receive, process, store, retrieve or send data.

4. "Fine arts" means paintings, etchings, pictures; tapestries; rare or art glass; art glass windows; valuable rugs; statuary; sculptures; "antique" furniture; bric-a-brac; porcelains; and similar property of rarity, historical value or artistic merit.

5. "Finished stock" means stock you have manufactured.

"Finished stock" also includes whiskey and alcoholic products being aged.

"Finished stock" does not include stock you have manufactured that is held for sale on the premises of any retail outlet insured under this Coverage Part.

6. "Operations" means:

a. Your business activities occurring at the described premises; and

b. The tenantability of the described premises, if coverage for Business Income

Including "Rental Value" or "Rental Value" applies.

7. "Period of restoration" means the period of time that:

a. Begins:

(1) 72 hours after the time of direct physical loss or damage for Business Income coverage; or

(2) Immediately after the time of direct physical loss or damage for Extra Expense coverage;

caused by or resulting from any Covered Cause of Loss at the described premises; and

b. Ends on the earlier of:

(1) The date when the property at the described premises should be repaired, rebuilt or replaced with reasonable speed and similar quality; or

(2) The date when business is resumed at a new permanent location.

"Period of restoration" does not include any increased period required due to the enforcement of any ordinance or law that

(1) Regulates the construction, use or repair, or requires the tearing down of any property; or

(2) Requires any insured or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of "pollutants".

The expiration date of this policy will not cut short the "period of restoration".

8. "Perishable stock" means personal property which is maintained under controlled conditions for its preservation and which is susceptible to loss or damage if the controlled conditions change.

9. "Pollutants" means any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste. Waste includes materials to be recycled, reconditioned or reclaimed.

10. "Rental Value" means Business Income that consists of:

a. Net Income (Net Profit or Loss before income taxes) that would have been earned or incurred as rental income from tenant occupancy of the premises described in the Declarations as furnished and equipped by you, including fair rental value of any portion of the described premises which is occupied by you; and

b. Continuing normal operating expenses incurred in connection with that premises, including:

(1) Payroll; and

(2) The amount of charges which are the legal obligation of the tenant(s) but would otherwise be your obligations.

11. "Suspension" means:

a. The slowdown or cessation of your business activities; or

b. That a part or all of the described premises is rendered untenantable, if coverage for Business Income Including "Rental Value" or "Rental Value" applies.

Safeco Optimum Property ™ for Golf and Country Clubs
CAUSES OF LOSS — SPECIAL FORM

Words and phrases that appear in quotation marks have special meaning. Refer to Section **H.** Definitions.

A. Covered Causes Of Loss

Covered Causes of Loss means Risks Of Direct Physical Loss unless the loss is:

1. Excluded in Section **B.,** Exclusions; or

2. Limited in Section **C.,** Limitations;

that follow.

B. Exclusions

1. We will not pay for loss or damage caused directly or indirectly by any of the following. Such loss or damage is excluded regardless of the cause of the loss, or any other cause or event that contributes concurrently or in any sequence to the loss.

a. Ordinance Or Law

The enforcement of any ordinance or law:

(1) Regulating the construction, use or repair of any property; or

(2) Requiring the tearing down of any property, including the cost of removing its debris.

This exclusion, Ordinance Or Law, applies whether the loss esults from:

(a) An ordinance or law that is enforced even if the property has not been damaged; or

(b) The increased costs incurred to comply with an ordinance or law in the course of construction, repair, renovation, remodeling or demolition of property, or removal of its debris, following a physical loss to that property.

b. Earth Movement

(1) Earthquake, including any earth sinking, rising or shifting related to such event;

(2) Landslide, including any earth sinking, rising or shifting related to such event;

(3) Mine subsidence, meaning subsidence of a man-made mine, whether or not mining activity has ceased;

(4) Earth sinking (other than sinkhole collapse), rising or shifting including soil conditions which cause settling, cracking or other disarrangement of foundations or other parts of realty. Soil conditions include contraction, expansion, freezing, thawing, erosion, improperly compacted soil and the action of water under the ground surface.

But if Earth Movement, as described in **b.(1)** through **(4)** above, results in fire or explosion, we will pay for the loss or damage caused by that fire or explosion.

(5) Volcanic eruption, explosion or effusion. But if volcanic eruption, explosion or effusion results in fire, building glass breakage or Volcanic Action, we will pay for the loss or damage caused by that fire, building glass breakage or Volcanic Action.

Volcanic action means direct loss or damage resulting from the eruption of a volcano when the loss or damage is caused by:

(a) Airborne volcanic blast or airborne shock waves;

(b) Ash, dust or particulate matter; or

(c) Lava flow.

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All volcanic eruptions that occur within any 168-hour period will constitute a single occurrence.

Volcanic Action does not include the cost to remove ash, dust or particulate matter that does not cause direct physical loss or damage to the described property.

(6) This Exclusion does not apply to the following coverages from the Building And Personal Property Coverage Form:

(a) Coverage Extension **A.5.a. Accounts Receivable**

(b) Coverage Extension **A.5.e. Electronic Data Processing**

(c) Coverage Extension **A.5.f. Exhibitions**

(d) Coverage Extension **A.5.g. Fine Arts**

(e) Coverage Extension **A.5.n. Property In Transit**

(f) Coverage Extension **A.5.p. Sales Representatives Samples**

(g) Coverage Extension **A.5.u. Valuable Papers And Records**

c. Governmental Action

Seizure or destruction of property by order of governmental authority.

But we will pay for loss or damage caused by or resulting from acts of destruction ordered by governmental authority and taken at the time of a fire to prevent its spread, if the fire would be covered under this Coverage Part.

d. Nuclear Hazard

Nuclear reaction or radiation, or radioactive contamination, however caused.

But if nuclear reaction or radiation, or radioactive contamination, results in fire, we will pay for the loss or damage caused by that fire.

e. Utility Services

The failure of power, communication, water or other utility service supplied to the described premises, however caused, if the failure:

(1) Originates away from the described premises; or

(2) Originates at the described premises, but only if such failure involves equipment used to supply the utility service to the described premises from a source away from the described premises.

Failure of any utility service includes lack of sufficient capacity and reduction in supply.

Loss or damage caused by a surge of power is also excluded, if the surge would not have occurred but for an event causing a failure of power.

But if the failure or surge of power, or the failure of communication, water or other utility service, results in a Covered Cause of Loss, we will pay for the loss or damage caused by that Covered Cause of Loss.

Communication services include but are not limited to service relating to Internet access or access to any electronic, cellular or satellite network.

f. War And Military Action

(1) War, including undeclared or civil war;

(2) Warlike action by a military force, including action in hindering or defending against an actual or expected attack, by any government, sovereign or other authority using military personnel or other agents; or

(3) Insurrection, rebellion, revolution, usurped power, or action taken by governmental authority in hindering or defending against any of these.

g. Water

(1) (a) Flood, whether or not arising from natural forces;

(b) Surface water;

(c) Waves;

(d) Tides;

(e) Tidal waves; or

(f) Overflow of any body of water

or their spray, all whether or not driven by wind;

(2) Release of water held by a dam, levee or dike, or by a water or flood control device;

(3) Mudslide or mudflow;

(4) Water that backs up or overflows from a sewer, drain or sump, except as provided below in the Additional Coverage for Back Up of Sewer, Drain or Sump; or

(5) Water under the ground surface pressing on, or flowing or seeping through:

(a) Foundations, walls, floors or paved surfaces;

(b) Basements, whether paved or not; or

(c) Doors, windows or other openings.

But if Water, as described in **g.(1)** through **g.(5)** above, results in fire, explosion or sprinkler leakage, we will pay for the loss or damage caused by that fire, explosion or sprinkler leakage.

(6) This Exclusion does not apply to the following coverages from the Building And Personal Property Coverage Form:

(a) Coverage Extension **A.5.a. Accounts Receivable**

(b) Coverage Extension **A.5.e. Electronic Data Processing**

(c) Coverage Extension **A.5.f. Exhibitions**

(d) Coverage Extension **A.5.g. Fine Arts**

(e) Coverage Extension **A.5.n. Property In Transit**

(f) Coverage Extension **A.5.p. Sales Representatives Samples**

(g) Coverage Extension **A.5.u. Valuable Papers And Records**

h. "Fungus", Wet Rot, Dry Rot And Bacteria

Presence, growth, proliferation, spread or any activity of "fungus", wet or dry rot or bacteria.

But if "fungus", wet or dry rot or bacteria results in a "specified cause of loss", we will pay for the loss or damage caused by that "specified cause of loss".

This exclusion does not apply:

1. When "fungus", wet or dry rot or bacteria results from fire or lightning; or

2. To the extent that coverage is provided in the Additional Coverage — Limited Coverage for "Fungus", Wet Rot, Dry Rot And Bacteria with respect to loss or damage by a cause of loss other than fire or lightning.

Exclusions **B.1.a.** through **B.1.h.** apply whether or not the loss event results in widespread damage or affects a substantial area.

2. We will not pay for loss or damage caused by or resulting from any of the following:

a. Electrical, Magnetic Or Electromagnetic Energy: Artificially generated electrical, magnetic or electromagnetic energy that damages, disturbs, disrupts or otherwise interferes with any:

(1) Electrical or electronic wire, device, appliance, system or network; or

(2) Device, appliance, system or network utilizing cellular or satellite technology.

For the purpose of this exclusion, electrical, magnetic or electromagnetic energy includes but is not limited to:

(1) Electrical current, including arcing;

(2) Electrical charge produced or conducted by a magnetic or electromagnetic field;

(3) Pulse of electromagnetic energy; or

(4) Electromagnetic waves or microwaves.

But if fire results, we will pay for the loss or damage caused by that fire.

b. Consequential Loss: Delay, loss of use or loss of market.

c. Smoke, Vapor, Gas: Smoke, vapor or gas from agricultural smudging or industrial operations.

d. Other Types Of Loss:

(1) Wear and tear;

(2) Rust or other corrosion, decay, deterioration, hidden or latent defect or any quality in property that causes it to damage or destroy itself;

(3) Smog;

(4) Settling, cracking, shrinking or expansion;

(5) Nesting or infestation, or discharge or release of waste products or secretions, by insects, birds, rodents or other animals.

(6) Mechanical breakdown, including rupture or bursting caused by centrifugal force. But if mechanical breakdown results in elevator collision, we will pay for the loss or damage caused by that elevator collision.

(7) The following causes of loss to personal property:

(a) Dampness or dryness of atmosphere;

(b) Changes in or extremes of temperature; or

(c) Marring or scratching.

But if an excluded cause of loss that is listed in **2.d.(1)** through **(7)** results in a "specified cause of loss" or building glass breakage, we will pay for the loss or damage caused by that "specified cause of loss" or building glass breakage.

e. Steam Apparatus: Explosion of steam boilers, steam pipes, steam engines or steam turbines owned or leased by you, or operated under your control. But if explosion of steam boilers, steam pipes, steam engines or steam turbines results in fire or combustion explosion, we will pay for the loss or damage caused by that fire or combustion explosion. We will also pay for loss or damage caused by or resulting from the explosion of gases or fuel within the furnace of any fired vessel or within the flues or passages through which the gases of combustion pass.

f. Continuous Seepage Or Leakage: Continuous or repeated seepage or leakage of water, or the presence or condensation of humidity, moisture or vapor, that occurs over a period of 14 days or more.

g. Dishonesty: Dishonest or criminal act by you, any of your partners, members, officers, managers, employees (including leased employees), directors, trustees, authorized representatives or anyone to whom you entrust the property for any purpose:

(1) Acting alone or in collusion with others; or

(2) Whether or not occurring during the hours of employment.

This exclusion does not apply to acts of destruction by your employees (including leased employees); but theft by employees (including leased employees) is not covered.

h. False Pretense: Voluntary parting with any property by you or anyone else to whom you have entrusted the property if induced to do so by any fraudulent scheme, trick, device or false pretense.

i. Exposed Property: Rain, snow, ice or sleet to personal property in the open.

j. Collapse: Collapse, including any of the following conditions of property or any part of the property:

(1) An abrupt falling down or caving in;

(2) Loss of structural integrity, including separation of parts of the property or property in danger of falling down or caving in; or

(3) Any cracking, bulging, sagging, bending, leaning, settling, shrinkage or expansion as such condition relates to **(1)** or **(2)** above.

But if collapse results in a Covered Cause of Loss at the described premises, we will pay for the loss or damage caused by that Covered Cause of Loss.

This exclusion, **j.,** does not apply:

(a) To the extent that coverage is provided under the Additional Coverage — Collapse; or

(b) To collapse caused by one or more of the following:

(i) The "specified causes of loss";

(ii) Breakage of building glass;

(iii) Weight of rain that collects on a roof; or

(iv) Weight of people or personal property.

k. Pollution: Discharge, dispersal, seepage, migration, release or escape of "pollutants" unless the discharge, dispersal, seepage, migration, release or escape is itself caused by any of the "specified causes of loss". But if the discharge, dispersal, seepage, migration, release or escape of "pollutants" results in a "specified cause of loss", we will pay for the loss or damage caused by that "specified cause of loss".

This exclusion, **k.,** does not apply to damage to glass caused by chemicals applied to the glass.

l. Neglect: Neglect of an insured to use all reasonable means to save and preserve property from further damage at and after the time of loss.

3. We will not pay for loss or damage caused by or resulting from any of the following, **3.a.** through **3.c.** But if an excluded cause of loss that is listed in **3.a.** through **3.c.** results in a Covered Cause of Loss, we will pay for the loss or damage caused by that Covered Cause of Loss.

a. Weather Conditions: Weather conditions. But this exclusion only applies if weather conditions contribute in any way with a cause or event excluded in Paragraph **1.** above to produce the loss or damage.

b. Acts Or Decisions: Acts or decisions, including the failure to act or decide, of any person, group, organization or governmental body.

c. Negligent Work: Faulty, inadequate or defective:

(1) Planning, zoning, development, surveying, siting;

(2) Design, specifications, workmanship, repair, construction, renovation, remodeling, grading, compaction;

(3) Materials used in repair, construction, renovation or remodeling; or

(4) Maintenance;

of part or all of any property on or off the described premises.

4. Special Exclusions

The following provisions apply only to the specified Coverage Forms.

a. Business Income (And Extra Expense) Coverage Form, Business Income (Without Extra Expense) Coverage Form, Business Income (And Extra Expense) Actual Loss Sustained Coverage Form, Or Extra Expense Coverage Form

We will not pay for:

(1) Any loss caused by or resulting from:

(a) Damage or destruction of "finished stock"; or

(b) The time required to reproduce "finished stock".

This exclusion does not apply to Extra Expense.

(2) Any increase of loss caused by or resulting from:

(a) Delay in rebuilding, repairing or replacing the property or resuming "operations", due to interference at the location of the rebuilding, repair or replacement by strikers or other persons; or

(b) Suspension, lapse or cancellation of any license, lease or contract. But if the suspension, lapse or cancellation is directly caused by the "suspension" of "operations", we will cover such loss that affects your Business Income during the "period of restoration" and any extension of the "period of restoration" in accordance with the terms of the Extended Business Income Additional Coverage.

(3) Any Extra Expense caused by or resulting from suspension, lapse or cancellation of any license, lease or contract beyond the "period of restoration".

(4) Any other consequential loss.

b. Leasehold Interest Coverage Form

(1) Paragraph **B.1.a.** Ordinance Or Law, does not apply to insurance under this Coverage Form.

(2) We will not pay for any loss caused by:

(a) Your canceling the lease;

(b) The suspension, lapse or cancellation of any license; or

(c) Any other consequential loss.

c. Legal Liability Coverage Form

(1) The following exclusions do not apply to insurance under this Coverage Form:

(a) Paragraph **B.1.a.,** Ordinance Or Law;

(b) Paragraph **B.1.c.,** Governmental Action;

(c) Paragraph **B.1.d.,** Nuclear Hazard;

(d) Paragraph **B.1.e.,** Utility Services; and

(e) Paragraph **B.1.f.,** War And Military Action.

(2) The following additional exclusions apply to insurance under this Coverage Form:

(a) Contractual Liability

We will not defend any claim or "suit", or pay damages that you are legally liable to pay, solely by reason of your assumption of liability in a contract or agreement. But this exclusion does not apply to a written lease agreement in which you have assumed liability for building damage resulting from an actual or attempted burglary or robbery, provided that:

(i) Your assumption of liability was executed prior to the accident; and

(ii) The building is Covered Property under this Coverage Form.

(b) Nuclear Hazard

We will not defend any claim or "suit", or pay any damages, loss, expense or obligation, resulting from nuclear reaction or radiation, or radioactive contamination, however caused.

5. Additional Exclusion

The following provisions apply only to the specified property.

LOSS OR DAMAGE TO PRODUCTS

We will not pay for loss or damage to any merchandise, goods or other product caused by or resulting from error or omission by any person or entity (including those having possession under an arrangement where work or a portion of the work is outsourced) in any stage of the development, production or use of the product, including planning, testing, processing, packaging, installation, maintenance or repair. This exclusion applies to any effect that compromises the form, substance or quality of the product. But if such error or omission results in a Covered Cause of Loss, we will pay for the loss or damage caused by that Covered Cause of Loss.

C. Limitations

The following limitations apply to all policy forms and endorsements, unless otherwise stated.

1. We will not pay for loss of or damage to property, as described and limited in this section. In addition, we will not pay for any loss that is a consequence of loss or damage as described and limited in this section.

a. Steam boilers, steam pipes, steam engines or steam turbines caused by or resulting from any condition or event inside such equipment. But we will pay for loss of or damage to such equipment caused by or resulting from an explosion of gases or fuel within the furnace of any fired vessel or within the flues or passages through which the gases of combustion pass.

b. Hot water boilers or other water heating equipment caused by or resulting from any condition or event inside such boilers or equipment, other than an explosion.

c. The interior of any building or structure, or to personal property in the building or structure, caused by or resulting from

rain, snow, sleet, ice, sand or dust, whether driven by wind or not, unless:

(1) The building or structure first sustains damage by a Covered Cause of Loss to its roof or walls through which the rain, snow, sleet, ice, sand or dust enters; or

(2) The loss or damage is caused by or results from thawing of snow, sleet or ice on the building or structure.

d. Property that is missing, where the only evidence of the loss or damage is a shortage disclosed on taking inventory, or other instances where there is no physical evidence to show what happened to the property. This limitation does not apply to personal property of others.

e. Property that has been transferred to a person or to a place outside the described premises on the basis of unauthorized instructions.

2. We will not pay for loss of or damage to the following types of property unless caused by the "specified causes of loss" or building glass breakage:

a. Animals, and then only if they are killed or their destruction is made necessary.

b. Fragile articles such as statuary, marbles, chinaware and porcelains, if broken. This restriction does not apply to:

(1) Glass; or

(2) Containers of property held for sale.

3. The special limit shown for each category, **a.** through **c.,** is the total limit for loss of or damage to all property in that category. The special limit applies to any one occurrence of theft, regardless of the types or number of articles that are lost or damaged in that occurrence. The special limits are:

a. $5,000 for furs, fur garments and garments trimmed with fur.

b. $5,000 for jewelry, watches, watch movements, jewels, pearls, precious and semi-precious stones, bullion, gold, silver, platinum and other precious alloys or metals. This limit does not apply to jewelry and watches worth $100 or less per item.

c. $250 for stamps, tickets, including lottery tickets held for sale, and letters of credit.

These special limits are part of, not in addition to, the Limit of Insurance applicable to the Covered Property.

This limitation, **C.3.,** does not apply to Business Income coverage or to Extra Expense coverage.

4. We will not pay the cost to repair any defect to a system or appliance from which water, other liquid, powder or molten material escapes. But we will pay the cost to repair or replace damaged parts of fire extinguishing equipment if the damage:

a. Results in discharge of any substance from an automatic fire protection system; or

b. Is directly caused by freezing.

However, this limitation does not apply to Business Income coverage or to Extra Expense coverage.

D. Additional Coverage — Collapse

The coverage provided under this Additional Coverage — Collapse applies only to an abrupt collapse as described and limited in **D.1.** through **D.7.**

1. For the purpose of this Additional Coverage — Collapse, abrupt collapse means an abrupt falling down or caving in of a building or any part of a building with the result that the building or part of the building cannot be occupied for its intended purpose.

2. We will pay for direct physical loss or damage to Covered Property, caused by abrupt collapse of a building or any part of a building that is insured under this Coverage Form or that contains Covered Property insured under this Coverage Form, if such collapse is caused by one or more of the following:

a. Building decay that is hidden from view, unless the presence of such decay is known to an insured prior to collapse;

b. Insect or vermin damage that is hidden from view, unless the presence of such damage is known to an insured prior to collapse;

c. Use of defective material or methods in construction, remodeling or renovation if the abrupt collapse occurs during the course of the construction, remodeling or renovation.

d. Use of defective material or methods in construction, remodeling or renovation if the abrupt collapse occurs after the

construction, remodeling or renovation is complete, but only if the collapse is caused in part by:

(1) A cause of loss listed in **2.a.** or **2.b.**;

(2) One or more of the "specified causes of loss";

(3) Breakage of building glass;

(4) Weight of people or personal property; or

(5) Weight of rain that collects on a roof.

3. This **Additional Coverage — Collapse** does **not** apply to:

a. A building or any part of a building that is in danger of falling down or caving in;

b. A part of a building that is standing, even if it has separated from another part of the building; or

c. A building that is standing or any part of a building that is standing, even if it shows evidence of cracking, bulging, sagging, bending, leaning, settling, shrinkage or expansion.

4. With respect to the following property:

a. Outdoor radio or television antennas (including satellite dishes) and their lead-in wiring, masts or towers;

b. Awnings, gutters and downspouts;

c. Yard fixtures;

d. Outdoor swimming pools;

e. Fences;

f. Piers, wharves and docks;

g. Beach or diving platforms or appurtenances;

h. Retaining walls; and

i. Walks, roadways and other paved surfaces;

if an abrupt collapse is caused by a cause of loss listed in **2.a.** through **2.d.,** we will pay for loss or damage to that property only if:

(1) Such loss or damage is a direct result of the abrupt collapse of a building insured under this Coverage Form; and

(2) The property is Covered Property under this Coverage Form.

5. If personal property abruptly falls down or caves in and such collapse is not the result of abrupt collapse of a building, we will pay for loss or damage to Covered Property caused by such collapse of personal property only if:

a. The collapse of personal property was caused by a cause of loss listed in **2.a.** through **2.d.;**

b. The personal property which collapses is inside a building; and

c. The property which collapses is not of a kind listed in **4.,** regardless of whether that kind of property is considered to be personal property or real property.

The coverage stated in this Paragraph **5.** does not apply to personal property if marring and/or scratching is the only damage to that personal property caused by the collapse.

6. This Additional Coverage — Collapse does not apply to personal property that has not abruptly fallen down or caved in, even if the personal property shows evidence of cracking, bulging, sagging, bending, leaning, settling, shrinkage or expansion.

7. This Additional Coverage — Collapse will not increase the Limits of Insurance provided in this Coverage Part.

8. The term Covered Cause of Loss includes the Additional Coverage — Collapse as described and limited in **D.1.** through **D.7.**

E. Additional Coverage — Limited Coverage For "Fungus", Wet Rot, Dry Rot And Bacteria

1. The coverage described in **E.2.** and **E.6.** only applies when the "fungus", wet or dry rot or bacteria is the result of one or more of the following causes that occurs during the policy period and only if all reasonable means were used to save and preserve the property from further damage at the time of and after that occurrence.

a. A "specified cause of loss" other than fire or lightning; or

b. Flood, if the Flood Coverage Endorsement applies to the affected premises.

2. We will pay for loss or damage by "fungus", wet or dry rot or bacteria. As used in this Limited Coverage, the term loss or damage means:

a. Direct physical loss or damage to Covered Property caused by "fungus", wet

or dry rot or bacteria, including the cost of removal of the "fungus", wet or dry rot or bacteria;

b. The cost to tear out and replace any part of the building or other property as needed to gain access to the "fungus", wet or dry rot or bacteria; and

c. The cost of testing performed after removal, repair, replacement or restoration of the damaged property is completed, provided there is a reason to believe that "fungus", wet or dry rot or bacteria are present.

3. The coverage described under **E.2.** of this Limited Coverage is limited to $15,000. Regardless of the number of claims, this limit is the most we will pay for the total of all loss or damage arising out of all occurrences of "specified causes of loss" (other than fire or lightning) and Flood which take place in a 12-month period (starting with the beginning of the present annual policy period). With respect to a particular occurrence of loss which results in "fungus", wet or dry rot or bacteria, we will not pay more than a total of $15,000 even if the "fungus", wet or dry rot or bacteria continues to be present or active, or recurs, in a later policy period.

4. The coverage provided under this Limited Coverage does not increase the applicable Limit of Insurance on any Covered Property. If a particular occurrence results in loss or damage by "fungus", wet or dry rot or bacteria, and other loss or damage, we will not pay more, for the total of all loss or damage, than the applicable Limit of Insurance on the affected Covered Property.

If there is covered loss or damage to Covered Property, not caused by "fungus", wet or dry rot or bacteria, loss payment will not be limited by the terms of this Limited Coverage, except to the extent that "fungus", wet or dry rot or bacteria causes an increase in the loss. Any such increase in the loss will be subject to the terms of this Limited Coverage.

5. The terms of this Limited Coverage do not increase or reduce the coverage provided under Paragraph **F.2.** (Water Damage, Other Liquids, Powder Or Molten Material Damage) of this Causes of Loss Form or under the Additional Coverage — Collapse.

6. The following, **6.a.** or **6.b.,** applies only if Business Income and/or Extra Expense Coverage applies to the described premises and only if the "suspension" of "operations" satisfies all terms and conditions of the applicable Business Income and/or Extra Expense Coverage Form.

a. If the loss which resulted in "fungus", wet or dry rot or bacteria does not in itself necessitate a "suspension" of "operations", but such "suspension" is necessary due to loss or damage to property caused by "fungus", wet or dry rot or bacteria, then our payment under Business Income and/or Extra Expense is limited to the amount of loss and/or expense sustained in a period of not more than 30 days. The days need not be consecutive.

b. If a covered "suspension" of "operations" was caused by loss or damage other than "fungus", wet or dry rot or bacteria but remediation of "fungus", wet or dry rot or bacteria prolongs the "period of restoration", we will pay for loss and/or expense sustained during the delay (regardless of when such a delay occurs during the "period of restoration"), but such coverage is limited to 30 days. The days need not be consecutive.

F. Additional Coverage — Back Up Of Sewer, Drain Or Sump

1. We will pay for

a. direct physical loss of or damage to Covered Property at the premises described in the Declarations; or

b. if Business Income and/or Extra Expense Coverage applies to the described premises, the loss of Business Income you sustain and/or necessary Extra Expense you incur at premises which are described in the Declarations

solely caused by water that backs up from a sewer, drain or sump.

2. We will not pay for water or other materials that back up from any sewer, drain or sump when it is caused by any flood.

3. Coverage under **F.1.b.** above applies only if the "suspension" of "operations" satisfies all terms and conditions of the applicable Business Income and/or Extra Expense Coverage Form.

4. The most we will pay in any one occurrence for this Additional Coverage under **F.1.a.** and **F.1.b.** combined is $50,000 per premises.

This coverage is included within the Limits of Insurance.

G. Additional Coverage Extensions

1. Water Damage, Other Liquids, Powder Or Molten Material Damage

If loss or damage caused by or resulting from covered water or other liquid, powder or molten material occurs, we will also pay the cost to tear out and replace any part of the building or structure to repair damage to the system or appliance from which the water or other substance escapes. This Coverage Extension does not increase the Limit of Insurance.

2. Glass

a. We will pay for expenses incurred to put up temporary plates or board up openings if repair or replacement of damaged glass is delayed.

b. We will pay for expenses incurred to remove or replace obstructions when repairing or replacing glass that is part of a building. This does not include removing or replacing window displays.

This Coverage Extension, **G.2.,** does not increase the Limit of Insurance.

H. Definitions

1. "Fungus" means any type or form of fungus, including mold or mildew, and any mycotoxins, spores, scents or by-products produced or released by fungi.

2. "Operations" means:

a. Your business activities occurring at the described premises; and

b. The tenantability of the described premises.

3. "Specified causes of loss" means the following: Fire; lightning; explosion; windstorm or hail; smoke; aircraft or vehicles; riot or civil commotion; vandalism; leakage from fire-extinguishing equipment; sinkhole collapse; volcanic action; falling objects; weight of snow, ice or sleet; water damage.

a. Sinkhole collapse means the sudden sinking or collapse of land into underground empty spaces created by the action of water on limestone or dolomite. This cause of loss does not include:

(1) The cost of filling sinkholes; or

(2) Sinking or collapse of land into man-made underground cavities.

b. Falling objects does not include loss or damage to:

(1) Personal property in the open; or

(2) The interior of a building or structure, or property inside a building or structure, unless the roof or an outside wall of the building or structure is first damaged by a falling object.

c. Water damage means accidental discharge or leakage of water or steam as the direct result of the breaking apart or cracking of a plumbing, heating, air conditioning or other system or appliance (other than a sump system including its related equipment and parts), that is located on the described premises and contains water or steam.

4. "Suspension" means:

a. The slowdown or cessation of your business activities; or

b. That a part or all of the described premises is rendered untenantable.

Safeco Optimum Property ™ for Golf and Country Clubs
BUSINESS INCOME (AND EXTRA EXPENSE) COVERAGE FORM

Various provisions in this policy restrict coverage. Read the entire policy carefully to determine rights, duties and what is and is not covered.

Throughout this policy the words "you" and "your" refer to the Named Insured shown in the Declarations. The words "we", "us" and "our" refer to the Company providing this insurance.

Other words and phrases that appear in quotation marks have special meaning. Refer to Section **F.** Definitions.

A. Coverage

1. Business Income

Business Income means the:

a. Net Income (Net Profit or Loss before income taxes) that would have been earned or incurred; and

b. Continuing normal operating expenses incurred, including payroll and employee tips.

For manufacturing risks, Net Income includes the net sales value of production.

Coverage is provided as described and limited below for one or more of the following options for which a Limit of Insurance is shown in the Declarations:

(1) Business Income Including "Rental Value".

(2) Business Income Other Than "Rental Value".

(3) "Rental Value".

If option **(1)** above is selected, the term Business Income will include "Rental Value". If option **(3)** above is selected, the term Business Income will mean "Rental Value" only.

If Limits of Insurance are shown under more than one of the above options, the provisions of this Coverage Part apply separately to each.

We will pay for the actual loss of Business Income you sustain due to the necessary "suspension" of your "operations" during the "period of restoration". The "suspension" must be caused by direct physical loss of or damage to property at premises which are described in the Declarations and for which a Business Income Limit of Insurance is shown in the Declarations. The loss or damage must be caused by or result from a Covered Cause of Loss. With respect to loss of or damage to personal property in the open or personal property in a vehicle, the described premises include the area within 1,000 feet of the site at which the described premises are located.

With respect to the requirements set forth in the preceding paragraph, if you occupy only part of the site at which the described premises are located, your premises means:

a. The portion of the building which you rent, lease or occupy; and

b. Any area within the building or on the site at which the described premises are located, if that area services, or is used to gain access to, the described premises.

2. Extra Expense

a. Extra Expense coverage is provided at the premises described in the Declarations only if the Declarations show that Business Income coverage applies at that premises.

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b. Extra Expense means necessary expenses you incur during the "period of restoration" that you would not have incurred if there had been no direct physical loss or damage to property caused by or resulting from a Covered Cause of Loss.

We will pay Extra Expense (other than the expense to repair or replace property) to:

(1) Avoid or minimize the "suspension" of business and to continue operations at the described premises or at replacement premises or temporary locations, including relocation expenses and costs to equip and operate the replacement location or temporary location.

(2) Minimize the "suspension" of business if you cannot continue "operations".

We will also pay Extra Expense to repair or replace property, but only to the extent it reduces the amount of loss that otherwise would have been payable under this Coverage Form.

3. Covered Causes Of Loss, Exclusions And Limitations

See applicable Causes Of Loss Form as shown in the Declarations.

4. Additional Limitation — Interruption Of Computer Operations

a. Coverage for Business Income does not apply when a "suspension" of "operations" is caused by destruction or corruption of "electronic data", or any loss or damage to "electronic data", except as provided under the Coverage Extension for Electronic Data Processing found in the Building And Personal Property Coverage Form.

b. Coverage for Extra Expense does not apply when action is taken to avoid or minimize a "suspension" of "operations" caused by destruction or corruption of "electronic data", or any loss or damage to "electronic data", except as provided under the Coverage Extension for Electronic Data Processing found in the Building And Personal Property Coverage Form.

5. Additional Coverages

a. Civil Authority

In this Additional Coverage — Civil Authority, the described premises are premises to which this Coverage Form applies, as shown in the Declarations.

When a Covered Cause of Loss causes damage to property other than property at the described premises, we will pay for the actual loss of Business Income you sustain and necessary Extra Expense caused by action of civil authority that prohibits access to the described premises, provided that both of the following apply:

(1) Access to the area immediately surrounding the damaged property is prohibited by civil authority as a result of the damage, and the described premises are within that area but are not more than one mile from the damaged property; and

(2) The action of civil authority is taken in response to dangerous physical conditions resulting from the damage or continuation of the Covered Cause of Loss that caused the damage, or the action is taken to enable a civil authority to have unimpeded access to the damaged property.

Civil Authority coverage for Business Income will begin 72 hours after the time of the first action of civil authority that prohibits access to the described premises and will apply for a period of up to thirty consecutive days from the date on which such coverage began.

Civil Authority coverage for Extra Expense will begin immediately after the time of the first action of civil authority that prohibits access to the described premises and will end:

(1) 30 consecutive days after the date of that action; or

(2) When your Civil Authority coverage for Business Income ends;

whichever is later.

b. Alterations And New Buildings

We will pay for the actual loss of Business Income you sustain and necessary Extra Expense due to direct physical loss or damage at the described premises caused by or resulting from any Covered Cause of Loss to:

(1) New buildings or structures, whether complete or under construction;

(2) Alterations or additions to existing buildings or structures; and

(3) Machinery, equipment, supplies or building materials located on or within 1,000 feet of the described premises and:

(a) Used in the construction, alterations or additions; or

(b) Incidental to the occupancy of new buildings.

If such direct physical loss or damage delays the start of "operations", the "period of restoration" for Business Income Coverage will begin on the date "operations" would have begun if the direct physical loss or damage had not occurred.

c. Extended Business Income

(1) Business Income Other Than "Rental Value"

If the necessary "suspension" of your "operations" produces a Business Income loss payable under this policy, we will pay for the actual loss of Business Income you incur during the period that:

(a) Begins on the date property (except "finished stock") is actually repaired, rebuilt or replaced and "operations" are resumed; and

(b) Ends on the earlier of:

(i) The date you could restore your "operations", with reasonable speed, to the level which would generate the business income amount that would have existed if no direct physical loss or damage had occurred; or

(ii) 180 consecutive days after the date determined in **(1)(a)** above, unless "180" is replaced in the Declarations by a different number of days.

However, Extended Business Income does not apply to loss of Business Income incurred as a result of unfavorable business conditions caused by the impact of the Covered Cause of Loss in the area where the described premises are located.

Loss of Business Income must be caused by direct physical loss or damage at the described premises caused by or resulting from any Covered Cause of Loss.

(2) "Rental Value"

If the necessary "suspension" of your "operations" produces a "Rental Value" loss payable under this policy, we will pay for the actual loss of "Rental Value" you incur during the period that:

(a) Begins on the date property is actually repaired, rebuilt or replaced and tenantability is restored; and

(b) Ends on the earlier of:

(i) The date you could restore tenant occupancy, with reasonable speed, to the level which would generate the "Rental Value" that would have existed if no direct physical loss or damage had occurred; or

(ii) 180 consecutive days after the date determined in **(2)(a)** above, unless "180" is replaced in the Declarations by a different number of days.

However, Extended Business Income does not apply to loss of "Rental Value" incurred as a result of unfavorable business conditions caused by the impact of the Covered Cause of Loss in the area where the described premises are located.

Loss of "Rental Value" must be caused by direct physical loss or damage at the described premises caused by or resulting from any Covered Cause of Loss.

d. Dependent Properties — Time Element

(1) Your coverage for Business Income and Extra Expense, as provided and limited in this form, is extended to apply to the actual loss of Business Income you sustain, and the actual and necessary Extra Expense you incur, due to direct physical loss of or damage to "dependent property" caused by or resulting from a Covered Cause of Loss.

However this Additional Coverage does not apply when the only loss to dependent property is loss or damage to "electronic data", including destruction or corruption of "electronic data". If the dependent property sustains loss or damage to "electronic data" and other property, coverage under this Additional Coverage will not continue once the other property is repaired, rebuilt or replaced.

(2) Under the Loss Determination Condition below, the following is added to the Resumption Of Operations provision:

We will reduce the amount of your Business Income loss, other than Extra Expense, to the extent you can resume "operations", in whole or in part, by using any other available source of materials or outlet for your products.

(3) The most we will pay under this Additional Coverage is $50,000 in any one occurrence regardless of the number of dependent properties.

Payments under this Additional Coverage will not increase the applicable Limit of Insurance.

(4) The provisions of this Additional Coverage are superseded by **CP 15 08** Business Income From Dependent Properties — Broad Form, or **CP 15 09** Business Income From Dependent Properties — Limited Form, if attached to and made a part of this policy.

e. Ordinance Or Law — Increased Period Of Restoration

(1) If a Covered Cause of Loss occurs to property at the premises described in the Declarations, coverage is extended to include the amount of actual and necessary loss you sustain during the increased period of "suspension" of "operations" caused by or resulting from the enforcement of any ordinance or law that:

(a) Regulates the construction or repair of any property;

(b) Requires the tearing down of parts of any property not damaged by a Covered Cause of Loss; and

(c) Is in force at the time of loss.

However, coverage is not extended under this Additional Coverage to include loss caused by or resulting from the enforcement of any ordinance or law which requires any insured or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of "pollutants".

f. Transit — Business Income

(1) This insurance is extended to apply to the actual loss of Business Income you sustain caused by direct physical loss or damage by a Covered Cause of Loss to Covered Property while in or on a vehicle or in transit more than 1,000 feet from a covered premises while:

(a) In or on a vehicle you own, rent or lease;

(b) In the custody of a public or contract trucker;

(c) In the custody of an air or rail carrier; or

(d) While waterborne on inland waterways. However, there is no coverage under this Additional Coverage for any imported or exported property that is covered under any ocean marine

cargo policy that anyone has obtained.

(2) There is no coverage under this Additional Coverage resulting from loss or damage to:

(a) "Fine arts", "antiques", fur garments, jewelry, precious or semiprecious stones, gold, silver, platinum, or other precious metals or alloys; or

(b) Mail shipments in the custody of the U.S. Postal Service.

(3) This Additional Coverage will continue to apply to such property in the due course of transit, after the expiration or cancellation of this policy, until arrival at and accepted by an authorized representative at the invoiced destination, but for no longer than 30 days after the date of the shipment origination, but this will not cut short the "period of restoration".

(4) You must retain accurate records of all shipments of Covered Property for one year.

(5) The most we will pay under this Additional Coverage is $50,000 in any one occurrence.

Payments under this Additional Coverage will not increase the applicable Limit of Insurance.

6. Coverage Extensions

a. Newly Acquired Locations

(1) You may extend your Business Income and Extra Expense Coverages to apply to property at any premises you acquire other than fairs or exhibitions.

(2) The most we will pay under this Extension, for the sum of Business Income loss and Extra Expense incurred, is $250,000 at each premises.

Payments under this Coverage Extension are separate from the Limit(s) of Insurance shown in the Declarations for any other coverage.

(3) Insurance under this Extension for each newly acquired premises will end when any of the following first occurs:

(a) This policy expires;

(b) 180 days expire after you acquire or begin to construct the property; or

(c) You report values to us.

We will charge you additional premium for values reported from the date you acquire the property.

b. Spoilage Due To Power Outage, Mechanical Breakdown, Or Contamination — Time Element

(1) You may extend your Business Income and Extra Expense Coverages to apply to loss caused by spoilage of "perishable stock" caused by:

(a) Breakdown or Contamination, meaning:

(i) Change in temperature or humidity caused by mechanical breakdown or mechanical failure of refrigerating, cooling, or humidity control equipment; and

(ii) Contamination by the refrigerant.

(b) Power Outage, meaning change in temperature or humidity caused by complete or partial interruption of electrical power due to conditions beyond your control.

(2) This coverage does not apply to loss to stock which is outside of a building or in or on a vehicle unless the stock is being moved to prevent or reduce loss covered by this policy.

(3) Only the following Exclusions contained in Paragraph **B.1.** of the Causes Of Loss — Special Form apply to this Coverage Extension:

(a) **B.1.b.** Earth Movement;

(b) **B.1.c.** Governmental Action;

(c) **B.1.d.** Nuclear Hazard;

(d) **B.1.f.** War And Military Action; and

(e) **B.1.g.** Water.

(4) The following Exclusions are added:

We will not pay for loss or damage caused by:

(a) The disconnecting of any refrigerating, cooling or humidity control system from the source of power.

(b) Shutting off electrical power by turning off the switch that controls the flow of electricity.

(c) The inability of an Electrical Utility Company or other power source to provide sufficient power due to:

(i) Lack of fuel; or

(ii) Governmental order.

(d) A power source at the described premises not having enough power to meet demand due to lack of generating capacity.

(5) For the purposes of this Coverage Extension, the "period of restoration" begins 24 hours after the time of direct physical loss for Business Income coverage, or immediately after the time of direct physical loss or damage for Extra Expense coverage.

(6) The most we will pay under this Coverage Extension is $50,000 per occurrence.

c. Utility Service —Time Element

(1) You may extend your Business Income and Extra Expense Coverages to apply to loss caused by the interruption of service to the described premises or Newly Acquired Locations. The interruption must result from direct physical loss or damage by a Covered Cause of Loss to the property described in paragraph **(2).**

(2) Utility Services

(a) Water Supply Services, meaning pumping stations and water mains supplying water to your premises.

(b) Communication Supply Services, meaning property supplying communication services, including telephone, radio, microwave or television services, to your premises, such as:

(i) Communication transmission lines, including optic fiber transmission lines;

(ii) Coaxial cables; and

(iii) Microwave radio relays except satellites.

(c) Power Supply Services, meaning the following types of property supplying electricity, steam or gas to your premises:

(i) Utility generating plants;

(ii) Switching stations;

(iii) Substations;

(iv) Transformers; and

(v) Transmission lines.

(3) For the purposes of this Coverage Extension, the "period of restoration" begins 24 hours after the time of direct physical loss for Business Income coverage, or immediately after the time of direct physical loss or damage for Extra Expense coverage.

(4) This Coverage Extension does not apply to loss caused by spoilage of "perishable stock" caused by interruption of Utility Services.

(5) The most we will pay under this Coverage Extension is $50,000 per occurrence.

Payments under this Coverage Extension will not increase the applicable Limit of Insurance.

(6) The provisions of this Coverage Extension are superseded by **CP 15 45** Utility Services — Time Element, if attached to and made a part of this policy.

B. Limits Of Insurance

1. The most we will pay for loss in any one occurrence is the applicable Limit of Insurance shown in the Declarations.

2. The amount of insurance stated in the Coverage Extension **A.6.a. Newly Acquired Locations** applies in accordance with the terms of that coverage and is separate from

the Limit(s) of Insurance shown in the Declarations for any other coverage.

3. Payments under the following Additional Coverages and Coverage Extensions will not increase the applicable Limit of Insurance:

   a. Additional Coverage **A.5.a. Civil Authority**

   b. Additional Coverage **A.5.b. Alterations And New Buildings**

   c. Additional Coverage **A.5.c. Extended Business Income**

   d. Additional Coverage **A.5.d. Dependent Properties — Time Element**

   e. Additional Coverage **A.5.e. Ordinance Or Law — Increased Period Of Restoration**

   f. Additional Coverage **A.5.f. Transit — Business Income**

   g. Coverage Extension **A.6.b. Spoilage Due To Power Outage, Mechanical Breakdown, Or Contamination — Time Element**

   h. Coverage Extension **A.6.c. Utility Service — Time Element**

C. Deductible

1. We will not pay for loss in any one occurrence until the amount of loss exceeds the Deductible shown in the Declarations. We will then pay the amount of loss in excess of the Deductible, up to the applicable Limit of Insurance.

2. When the same occurrence involves loss to insurance under this coverage form and loss under the Building And Personal Property Coverage Form, only one deductible will be applied to the occurrence.

3. Windstorm, Hail or Hurricane percentage deductibles do not apply to Business Income coverage or Extra Expense coverage.

D. Loss Conditions

The following conditions apply in addition to the Common Policy Conditions and the Commercial Property Conditions.

1. **Appraisal**

   If we and you disagree on the amount of Net Income and operating expense or the amount of loss, either may make written demand for an appraisal of the loss. In this event, each party will select a competent and impartial appraiser.

   The two appraisers will select an umpire. If they cannot agree, either may request that selection be made by a judge of a court having jurisdiction. The appraisers will state separately the amount of Net Income and operating expense or amount of loss. If they fail to agree, they will submit their differences to the umpire. A decision agreed to by any two will be binding. Each party will:

   a. Pay its chosen appraiser; and

   b. Bear the other expenses of the appraisal and umpire equally.

   If there is an appraisal, we will still retain our right to deny the claim.

2. **Duties In The Event Of Loss**

   a. You must see that the following are done in the event of loss:

      (1) Notify the police if a law may have been broken.

      (2) Give us prompt notice of the direct physical loss or damage. Include a description of the property involved.

      (3) As soon as possible, give us a description of how, when, and where the direct physical loss or damage occurred.

      (4) Take all reasonable steps to protect the Covered Property from further damage, and keep a record of your expenses necessary to protect the Covered Property, for consideration in the settlement of the claim. This will not increase the Limit of Insurance. However, we will not pay for any subsequent loss or damage resulting from a cause of loss that is not a Covered Cause of Loss. Also, if feasible, set the damaged property aside and in the best possible order for examination.

      (5) As often as may be reasonably required, permit us to inspect the property proving the loss or damage and examine your books and records.

      Also permit us to take samples of damaged and undamaged property for inspection, testing and analysis, and permit us to make copies from your books and records.

(6) Send us a signed, sworn proof of loss containing the information we request to investigate the claim. You must do this within 60 days after our request. We will supply you with the necessary forms.

(7) Cooperate with us in the investigation or settlement of the claim.

(8) If you intend to continue your business, you must resume all or part of your "operations" as quickly as possible.

b. We may examine any insured under oath, while not in the presence of any other insured and at such times as may be reasonably required, about any matter relating to this insurance or the claim, including an insured's books and records. In the event of an examination, an insured's answers must be signed.

3. Loss Determination

a. The amount of Business Income loss will be determined based on:

(1) The Net Income of the business before the direct physical loss or damage occurred;

(2) The likely Net Income of the business if no physical loss or damage had occurred, but not including any Net Income that would likely have been earned as a result of an increase in the volume of business due to favorable business conditions caused by the impact of the Covered Cause of Loss on customers or on other businesses;

(3) The operating expenses, including payroll expenses, necessary to resume "operations" with the same quality of service that existed just before the direct physical loss or damage; and

(4) Other relevant sources of information, including:

(a) Your financial records and accounting procedures;

(b) Bills, invoices and other vouchers; and

(c) Deeds, liens or contracts.

b. The amount of Extra Expense will be determined based on:

(1) All expenses that exceed the normal operating expenses that would have been incurred by "operations" during the "period of restoration" if no direct physical loss or damage had occurred. We will deduct from the total of such expenses:

(a) The salvage value that remains of any property bought for temporary use during the "period of restoration", once "operations" are resumed; and

(b) Any Extra Expense that is paid for by other insurance, except for insurance that is written subject to the same plan, terms, conditions and provisions as this insurance; and

(2) Necessary expenses that reduce the Business Income loss that otherwise would have been incurred.

c. Resumption Of Operations

We will reduce the amount of your:

(1) Business Income loss, other than Extra Expense, to the extent you can resume your "operations", in whole or in part, by using damaged or undamaged property (including merchandise or stock) at the described premises or elsewhere.

(2) Extra Expense loss to the extent you can return "operations" to normal and discontinue such Extra Expense.

d. If you do not resume "operations", or do not resume "operations" as quickly as possible, we will pay based on the length of time it would have taken to resume "operations" as quickly as possible.

4. Loss Payment

We will pay for covered loss within 30 days after we receive the sworn proof of loss, if you have complied with all of the terms of this Coverage Part and:

a. We have reached agreement with you on the amount of loss; or

b. An appraisal award has been made.

E. Optional Coverages

If shown as applicable in the Declarations, the following Optional Coverages apply separately to each item.

1. Maximum Period Of Indemnity

The most we will pay for the total of Business Income loss and Extra Expense is the lesser of:

a. The amount of loss sustained and expenses incurred during the 120 days immediately following the beginning of the "period of restoration"; or

b. The Limit of Insurance shown in the Declarations.

2. Monthly Limit Of Indemnity

The most we will pay for loss of Business Income in each period of 30 consecutive days after the beginning of the "period of restoration" is:

a. The Limit of Insurance, multiplied by

b. The fraction shown in the Declarations for this Optional Coverage.

EXAMPLE

When:	The Limit of Insurance is	$ 120,000
	The fraction shown in the Declarations for this Optional Coverage is	1/4
	The most we will pay for loss in each period of 30 consecutive days is: ($120,000 x 1/4 = $30,000)	$ 30,000
	If, in this example, the actual amount of loss is:	
	Days 1-30	$ 40,000
	Days 31-60	$ 20,000
	Days 61-90	$ 30,000
		$ 90,000
	We will pay:	
	Days 1-30	$ 30,000
	Days 31-60	$ 20,000
	Days 61-90	$ 30,000
		$ 80,000

The remaining $10,000 is not covered.

F. Definitions

1. "Antique" means an object having value because its:

a. craftsmanship is in the style or fashion of former times; and

b. age is 100 years old or older.

2. "Dependent property" means property operated by others whom you depend on to:

a. Deliver materials or services to you, or to others for your account. With respect to Contributing Locations, services does not mean water, communication or power supply services;

b. Accept your products or services;

c. Manufacture products for delivery to your customers under contract of sale; or

d. Attract customers to your business.

"Dependent property" does not include roads, bridges, tunnels, waterways, airfields, pipelines or any other similar areas or structures.

3. "Electronic data" means information, facts or computer programs stored as or on, created or used on, or transmitted to or from computer software (including systems and applications software), on hard or floppy disks, CD-ROMs, tapes, drives, cells, data processing devices or any other repositories of computer software which are used with electronically controlled equipment. The term computer programs, referred to in the foregoing description of "electronic data", means a set of related electronic instructions which direct the operations and functions of a computer or device connected to it, which enable the computer or device to receive, process, store, retrieve or send data.

4. "Fine arts" means paintings, etchings, pictures; tapestries; rare or art glass; art glass windows; valuable rugs; statuary; sculptures; "antique" furniture; bric-a-brac; porcelains; and similar property of rarity, historical value or artistic merit.

5. "Finished stock" means stock you have manufactured.

"Finished stock" also includes whiskey and alcoholic products being aged.

"Finished stock" does not include stock you have manufactured that is held for sale on the premises of any retail outlet insured under this Coverage Part.

6. "Operations" means:

   a. Your business activities occurring at the described premises; and

   b. The tenantability of the described premises, if coverage for Business Income Including "Rental Value" or "Rental Value" applies.

7. "Period of restoration" means the period of time that:

   a. Begins:

      (1) 72 hours after the time of direct physical loss or damage for Business Income coverage; or

      (2) Immediately after the time of direct physical loss or damage for Extra Expense coverage;

      caused by or resulting from any Covered Cause of Loss at the described premises; and

   b. Ends on the earlier of:

      (1) The date when the property at the described premises should be repaired, rebuilt or replaced with reasonable speed and similar quality; or

      (2) The date when business is resumed at a new permanent location.

   "Period of restoration" does not include any increased period required due to the enforcement of any ordinance or law that:

      (1) Regulates the construction, use or repair, or requires the tearing down of any property; or

      (2) Requires any insured or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of "pollutants"

   The expiration date of this policy will not cut short the "period of restoration".

8. "Perishable stock" means personal property which is maintained under controlled conditions for its preservation and which is susceptible to loss or damage if the controlled conditions change.

9. "Pollutants" means any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste. Waste includes materials to be recycled, reconditioned or reclaimed.

10. "Rental Value" means Business Income that consists of:

    a. Net Income (Net Profit or Loss before income taxes) that would have been earned or incurred as rental income from tenant occupancy of the premises described in the Declarations as furnished and equipped by you, including fair rental value of any portion of the described premises which is occupied by you; and

    b. Continuing normal operating expenses incurred in connection with that premises, including:

       (1) Payroll; and

       (2) The amount of charges which are the legal obligation of the tenant(s) but would otherwise be your obligations.

11. "Suspension" means:

    a. The slowdown or cessation of your business activities; or

    b. That a part or all of the described premises is rendered untenantable, if coverage for Business Income Including "Rental Value" or "Rental Value" applies.

Safeco Optimum Property ™ for Golf and Country Clubs
BUSINESS INCOME (WITHOUT EXTRA EXPENSE) COVERAGE FORM

Various provisions in this policy restrict coverage. Read the entire policy carefully to determine rights, duties and what is and is not covered.

Throughout this policy the words "you" and "your" refer to the Named Insured shown in the Declarations. The words "we", "us" and "our" refer to the Company providing this insurance.

Other words and phrases that appear in quotation marks have special meaning. Refer to Section **F.** Definitions.

A. Coverage

1. Business Income

Business Income means the:

a. Net Income (Net Profit or Loss before income taxes) that would have been earned or incurred; and

b. Continuing normal operating expenses incurred, including payroll and employee tips.

For manufacturing risks, Net Income includes the net sales value of production.

Coverage is provided as described and limited below for one or more of the following options for which a Limit of Insurance is shown in the Declarations:

(1) Business Income Including "Rental Value".

(2) Business Income Other Than "Rental Value".

(3) "Rental Value".

If option **(1)** above is selected, the term Business Income will include "Rental Value". If option **(3)** above is selected, the term Business Income will mean "Rental Value" only.

If Limits of Insurance are shown under more than one of the above options, the provisions of this Coverage Part apply separately to each.

We will pay for the actual loss of Business Income you sustain due to the necessary "suspension" of your "operations" during the "period of restoration". The "suspension" must be caused by direct physical loss of or damage to property at premises which are described in the Declarations and for which a Business Income Limit of Insurance is shown in the Declarations. The loss or damage must be caused by or result from a Covered Cause of Loss. With respect to loss of or damage to personal property in the open or personal property in a vehicle, the described premises include the area within 1,000 feet of the site at which the described premises are located.

With respect to the requirements set forth in the preceding paragraph, if you occupy only part of the site at which the described premises are located, your premises means:

a. The portion of the building which you rent, lease or occupy; and

b. Any area within the building or on the site at which the described premises are located, if that area services, or is used to gain access to, the described premises.

2. Covered Causes Of Loss, Exclusions And Limitations

See applicable Causes Of Loss Form as shown in the Declarations.

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3. Additional Limitation — Interruption Of Computer Operations

Coverage for Business Income does not apply when a "suspension" of "operations" is caused by destruction or corruption of "electronic data", or any loss or damage to "electronic data", except as provided under the Coverage Extension for Electronic Data Processing found in the Building And Personal Property Coverage Form.

4. Additional Coverages

a. Expenses To Reduce Loss

In the event of a covered loss of Business Income, we will pay necessary expenses you incur, except the cost of extinguishing a fire, to avoid further loss of Business Income. The total of our payment for Business Income loss and Expenses to Reduce Loss will not be more than the Business Income loss that would have been payable under this Coverage Form if the Expenses to Reduce Loss had not been incurred. This coverage does not increase the Limit of Insurance.

b. Civil Authority

In this Additional Coverage — Civil Authority, the described premises are premises to which this Coverage Form applies, as shown in the Declarations.

When a Covered Cause of Loss causes damage to property other than property at the described premises, we will pay for the actual loss of Business Income you sustain caused by action of civil authority that prohibits access to the described premises, provided that both of the following apply:

(1) Access to the area immediately surrounding the damaged property is prohibited by civil authority as a result of the damage, and the described premises are within that area but are not more than one mile from the damaged property; and

(2) The action of civil authority is taken in response to dangerous physical conditions resulting from the damage or continuation of the Covered Cause of Loss that caused the damage, or the action is taken to enable a civil authority to have unimpeded access to the damaged property.

Civil Authority coverage will begin 72 hours after the time of the first action of civil authority that prohibits access to the described premises and will apply for a period of up to thirty consecutive days from the date on which such coverage began.

c. Alterations And New Buildings

We will pay for the actual loss of Business Income you sustain due to direct physical loss or damage at the described premises caused by or resulting from any Covered Cause of Loss to:

(1) New buildings or structures, whether complete or under construction;

(2) Alterations or additions to existing buildings or structures; and

(3) Machinery, equipment, supplies or building materials located on or within 1,000 feet of the described premises and:

(a) Used in the construction, alterations or additions; or

(b) Incidental to the occupancy of new buildings.

If such direct physical loss or damage delays the start of "operations", the "period of restoration" will begin on the date "operations" would have begun if the direct physical loss or damage had not occurred.

d. Extended Business Income

(1) Business Income Other Than "Rental Value"

If the necessary "suspension" of your "operations" produces a Business Income loss payable under this policy, we will pay for the actual loss of Business Income you incur during the period that:

(a) Begins on the date property (except "finished stock") is actually repaired, rebuilt or replaced and "operations" are resumed; and

(b) Ends on the earlier of:

(i) The date you could restore your "operations", with reasonable speed, to the level which would generate

the business income amount that would have existed if no direct physical loss or damage had occurred; or

(ii) 180 consecutive days after the date determined in **(1)(a)** above, unless "180" is replaced in the Declarations by a different number of days.

However, Extended Business Income does not apply to loss of Business Income incurred as a result of unfavorable business conditions caused by the impact of the Covered Cause of Loss in the area where the described premises are located.

Loss of Business Income must be caused by direct physical loss or damage at the described premises caused by or resulting from any Covered Cause of Loss.

(2) "Rental Value"

If the necessary "suspension" of your "operations" produces a "Rental Value" loss payable under this policy, we will pay for the actual loss of "Rental Value" you incur during the period that:

(a) Begins on the date property is actually repaired, rebuilt or replaced and tenantability is restored; and

(b) Ends on the earlier of:

(i) The date you could restore tenant occupancy, with reasonable speed, to the level which would generate the "Rental Value" that would have existed if no direct physical loss or damage had occurred; or

(ii) 180 consecutive days after the date determined in **(2)(a)** above, unless "180" is replaced in the Declarations by a different number of days.

However, Extended Business Income does not apply to loss of "Rental Value" incurred as a result of unfavorable business conditions caused by the impact of the Covered Cause of Loss in the area where the described premises are located.

Loss of "Rental Value" must be caused by direct physical loss or damage at the described premises caused by or resulting from any Covered Cause of Loss.

e. Dependent Properties — Business Income

(1) Your coverage for Business Income, as provided and limited in this form, is extended to apply to the actual loss of Business Income you sustain due to direct physical loss of or damage to "dependent property" caused by or resulting from a Covered Cause of Loss.

However this Additional Coverage does not apply when the only loss to dependent property is loss or damage to "electronic data", including destruction or corruption of "electronic data". If the dependent property sustains loss or damage to "electronic data" and other property, coverage under this Additional Coverage will not continue once the other property is repaired, rebuilt or replaced.

(2) Under the Loss Determination Condition below, the following is added to the Resumption Of Operations provision:

We will reduce the amount of your Business Income loss to the extent you can resume "operations", in whole or in part, by using any other available source of materials or outlet for your products.

(3) The most we will pay under this Additional Coverage is $50,000 in any one occurrence regardless of the number of dependent properties.

Payments under this Additional Coverage will not increase the applicable Limit of Insurance.

(4) The provisions of this Additional Coverage are superseded by **CP 15 08** Business Income From Dependent Properties — Broad Form, or

CP 15 09 Business Income From Dependent Properties — Limited Form, if attached to and made a part of this policy.

f. Ordinance Or Law — Increased Period Of Restoration

(1) If a Covered Cause of Loss occurs to property at the premises described in the Declarations, coverage is extended to include the amount of actual and necessary loss you sustain during the increased period of "suspension" of "operations" caused by or resulting from the enforcement of any ordinance or law that:

(a) Regulates the construction or repair of any property;

(b) Requires the tearing down of parts of any property not damaged by a Covered Cause of Loss; and

(c) Is in force at the time of loss.

However, coverage is not extended under this Additional Coverage to include loss caused by or resulting from the enforcement of any ordinance or law which requires any insured or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of "pollutants".

g. Transit — Business Income

(1) This insurance is extended to apply to the actual loss of Business Income you sustain caused by direct physical loss or damage by a Covered Cause of Loss to Covered Property while in or on a vehicle or in transit more than 1,000 feet from a covered premises while:

(a) In or on a vehicle you own, rent or lease;

(b) In the custody of a public or contract trucker;

(c) In the custody of an air or rail carrier; or

(d) While waterborne on inland waterways. However, there is no coverage under this Additional Coverage for any imported or exported property that is covered under any ocean marine cargo policy that anyone has obtained.

(2) There is no coverage under this Additional Coverage resulting from loss or damage to:

(a) "Fine arts", "antiques", fur garments, jewelry, precious or semiprecious stones, gold, silver, platinum, or other precious metals or alloys; or

(b) Mail shipments in the custody of the U.S. Postal Service.

(3) This Additional Coverage will continue to apply to such property in the due course of transit, after the expiration or cancellation of this policy, until arrival at and accepted by an authorized representative at the invoiced destination, but for no longer than 30 days after the date of the shipment origination, but this will not cut short the "period of restoration".

(4) You must retain accurate records of all shipments of Covered Property for one year.

(5) The most we will pay under this Additional Coverage is $50,000 in any one occurrence.

Payments under this Additional Coverage will not increase the applicable Limit of Insurance.

5. Coverage Extensions

a. Newly Acquired Locations

(1) You may extend your Business Income Coverage to apply to property at any premises you acquire other than fairs or exhibitions.

(2) The most we will pay under this Extension is $250,000 at each premises.

Payments under this Coverage Extension are separate from the Limit(s) of Insurance shown in the Declarations for any other coverage.

(3) Insurance under this Extension for each newly acquired premises will end when any of the following first occurs:

(a) This policy expires;

(b) 180 days expire after you acquire or begin to construct the property; or

(c) You report values to us.

We will charge you additional premium for values reported from the date you acquire the property.

b. Spoilage Due To Power Outage, Mechanical Breakdown, Or Contamination — Business Income

(1) You may extend your Business Income Coverage to apply to loss caused by spoilage of "perishable stock" caused by:

(a) Breakdown or Contamination, meaning:

(i) Change in temperature or humidity caused by mechanical breakdown or mechanical failure of refrigerating, cooling, or humidity control equipment; and

(ii) Contamination by the refrigerant.

(b) Power Outage, meaning change in temperature or humidity caused by complete or partial interruption of electrical power due to conditions beyond your control.

(2) This coverage does not apply to loss to stock which is outside of a building or in or on a vehicle unless the stock is being moved to prevent or reduce loss covered by this policy.

(3) Only the following Exclusions contained in Paragraph **B.1.** of the Causes Of Loss — Special Form apply to this Coverage Extension:

(a) **B.1.b.** Earth Movement;

(b) **B.1.c.** Governmental Action;

(c) **B.1.d.** Nuclear Hazard;

(d) **B.1.f.** War And Military Action; and

(e) **B.1.g.** Water.

(4) The following Exclusions are added:

We will not pay for loss or damage caused by:

(a) The disconnecting of any refrigerating, cooling or humidity control system from the source of power.

(b) Shutting off electrical power by turning off the switch that controls the flow of electricity.

(c) The inability of an Electrical Utility Company or other power source to provide sufficient power due to:

(i) Lack of fuel; or

(ii) Governmental order.

(d) A power source at the described premises not having enough power to meet demand due to lack of generating capacity.

(5) For the purposes of this Coverage Extension, the "period of restoration" begins 24 hours after the time of direct physical loss.

(6) The most we will pay under this Coverage Extension is $50,000 per occurrence.

c. Utility Service — Business Income

(1) You may extend your Business Income Coverage to apply to loss caused by the interruption of service to the described premises or Newly Acquired Locations. The interruption must result from direct physical loss or damage by a Covered Cause of Loss to the property described in paragraph **(2).**

(2) Utility Services

(a) Water Supply Services, meaning pumping stations and water mains supplying water to your premises.

(b) Communication Supply Services, meaning property supplying communication services, including telephone, radio, microwave or television services, to your premises, such as:

(i) Communication transmission lines, including optic fiber transmission lines;

(ii) Coaxial cables; and

(iii) Microwave radio relays except satellites.

(c) Power Supply Services, meaning the following types of property supplying electricity, steam or gas to your premises:

(i) Utility generating plants;

(ii) Switching stations;

(iii) Substations;

(iv) Transformers; and

(v) Transmission lines.

(3) For the purposes of this Coverage Extension, the "period of restoration" begins 24 hours after the time of direct physical loss.

(4) This Coverage Extension does not apply to loss caused by spoilage of "perishable stock" caused by interruption of Utility Services.

(5) The most we will pay under this Coverage Extension is $50,000 per occurrence.

Payments under this Coverage Extension will not increase the applicable Limit of Insurance.

(6) The provisions of this Coverage Extension are superseded by **CP 15 45** Utility Services — Time Element, if attached to and made a part of this policy.

B. Limits Of Insurance

1. The most we will pay for loss in any one occurrence is the applicable Limit of Insurance shown in the Declarations.

2. The amount of insurance stated in the Coverage Extension **A.5.a. Newly Acquired Locations** applies in accordance with the terms of that coverage and is separate from the Limit(s) of Insurance shown in the Declarations for any other coverage.

3. Payments under the following Additional Coverages and Coverage Extensions will not increase the applicable Limit of Insurance:

a. Additional Coverage **A.4.a. Expenses To Reduce Loss**

b. Additional Coverage **A.4.b. Civil Authority**

c. Additional Coverage **A.4.c. Alterations And New Buildings**

d. Additional Coverage **A.4.d. Extended Business Income**

e. Additional Coverage **A.4.e. Dependent Properties — Business Income**

f. Additional Coverage **A.4.f. Ordinance Or Law — Increased Period Of Restoration**

g. Additional Coverage **A.4.g. Transit — Business Income**

h. Coverage Extension **A.5.b. Spoilage Due To Power Outage, Mechanical Breakdown, Or Contamination — Business Income**

i. Coverage Extension **A.5.c. Utility Service — Business Income**

C. Deductible

1. We will not pay for loss in any one occurrence until the amount of loss exceeds the Deductible shown in the Declarations. We will then pay the amount of loss in excess of the Deductible, up to the applicable Limit of Insurance.

2. When the same occurrence involves loss to insurance under this coverage form and loss under the Building And Personal Property Coverage Form, only one deductible will be applied to the occurrence.

3. Windstorm, Hail or Hurricane percentage deductibles do not apply to Business Income coverage.

D. Loss Conditions

The following conditions apply in addition to the Common Policy Conditions and the Commercial Property Conditions.

1. Appraisal

If we and you disagree on the amount of Net Income and operating expense or the amount of loss, either may make written demand for an appraisal of the loss. In this event, each party will select a competent and impartial appraiser.

The two appraisers will select an umpire. If they cannot agree, either may request that selection be made by a judge of a court having jurisdiction. The appraisers will state separately the amount of Net Income and operating expense or amount of loss. If they fail to agree, they will submit their differences to the umpire. A decision agreed to by any two will be binding. Each party will:

a. Pay its chosen appraiser; and

b. Bear the other expenses of the appraisal and umpire equally.

If there is an appraisal, we will still retain our right to deny the claim.

2. Duties In The Event Of Loss

a. You must see that the following are done in the event of loss:

(1) Notify the police if a law may have been broken.

(2) Give us prompt notice of the direct physical loss or damage. Include a description of the property involved.

(3) As soon as possible, give us a description of how, when, and where the direct physical loss or damage occurred.

(4) Take all reasonable steps to protect the Covered Property from further damage, and keep a record of your expenses necessary to protect the Covered Property, for consideration in the settlement of the claim. This will not increase the Limit of Insurance. However, we will not pay for any subsequent loss or damage resulting from a cause of loss that is not a Covered Cause of Loss. Also, if feasible, set the damaged property aside and in the best possible order for examination.

(5) As often as may be reasonably required, permit us to inspect the property proving the loss or damage and examine your books and records.

Also permit us to take samples of damaged and undamaged property for inspection, testing and analysis, and permit us to make copies from your books and records.

(6) Send us a signed, sworn proof of loss containing the information we request to investigate the claim. You must do this within 60 days after our request. We will supply you with the necessary forms.

(7) Cooperate with us in the investigation or settlement of the claim.

(8) If you intend to continue your business, you must resume all or part of your "operations" as quickly as possible.

b. We may examine any insured under oath, while not in the presence of any other insured and at such times as may be reasonably required, about any matter relating to this insurance or the claim, including an insured's books and records. In the event of an examination, an insured's answers must be signed.

3. Loss Determination

a. The amount of Business Income loss will be determined based on:

(1) The Net Income of the business before the direct physical loss or damage occurred;

(2) The likely Net Income of the business if no physical loss or damage had occurred, but not including any Net Income that would likely have been earned as a result of an increase in the volume of business due to favorable business conditions caused by the impact of the Covered Cause of Loss on customers or on other businesses;

(3) The operating expenses, including payroll expenses, necessary to resume "operations" with the same quality of service that existed just before the direct physical loss or damage; and

(4) Other relevant sources of information, including:

(a) Your financial records and accounting procedures;

(b) Bills, invoices and other vouchers; and

(c) Deeds, liens or contracts.

b. Resumption Of Operations

We will reduce the amount of your Business Income loss to the extent you can resume your "operations", in whole or in part, by using damaged or undamaged property (including merchandise or stock) at the described premises or elsewhere.

c. If you do not resume "operations", or do not resume "operations" as quickly as possible, we will pay based on the length of time it would have taken to resume "operations" as quickly as possible.

4. Loss Payment

We will pay for covered loss within 30 days after we receive the sworn proof of loss, if you have complied with all of the terms of this Coverage Part and:

a. We have reached agreement with you on the amount of loss; or

b. An appraisal award has been made.

E. Optional Coverages

If shown as applicable in the Declarations, the following Optional Coverages apply separately to each item.

1. Maximum Period Of Indemnity

The most we will pay for the total of Business Income loss and Extra Expense is the lesser of:

a. The amount of loss sustained and expenses incurred during the 120 days immediately following the beginning of the "period of restoration"; or

b. The Limit of Insurance shown in the Declarations.

2. Monthly Limit Of Indemnity

The most we will pay for loss of Business Income in each period of 30 consecutive days after the beginning of the "period of restoration" is:

a. The Limit of Insurance, multiplied by

b. The fraction shown in the Declarations for this Optional Coverage.

EXAMPLE

When:	The Limit of Insurance	$ 120,000
	is The fraction shown in the Declarations for this Optional Coverage is	1/4
	The most we will pay for loss in each period of 30 consecutive days is: ($120,000 x 1/4 = $30,000)	$ 30,000
	If, in this example, the actual amount of loss is:	
	Days 1-30	$ 40,000
	Days 31-60	$ 20,000
	Days 61-90	$ 30,000
		$ 90,000

We will pay:	
Days 1-30	$ 30,000
Days 31-60	$ 20,000
Days 61-90	$ 30,000
	$ 80,000

The remaining $10,000 is not covered.

F. Definitions

1. "Antique" means an object having value because its:

a. craftsmanship is in the style or fashion of former times; and

b. age is 100 years old or older.

2. "Dependent property" means property operated by others whom you depend on to:

a. Deliver materials or services to you, or to others for your account. With respect to Contributing Locations, services does not mean water, communication or power supply services;

b. Accept your products or services;

c. Manufacture products for delivery to your customers under contract of sale; or

d. Attract customers to your business.

"Dependent property" does not include roads, bridges, tunnels, waterways, airfields, pipelines or any other similar areas or structures.

3. "Electronic data" means information, facts or computer programs stored as or on, created or used on, or transmitted to or from computer software (including systems and applications software), on hard or floppy disks, CD-ROMs, tapes, drives, cells, data processing devices or any other repositories of computer software which are used with electronically controlled equipment. The term computer programs, referred to in the foregoing description of "electronic data", means a set of related electronic instructions which direct the operations and functions of a computer or device connected to it, which enable the computer or device to receive, process, store, retrieve or send data.

4. "Fine arts" means paintings, etchings, pictures; tapestries; rare or art glass; art glass windows; valuable rugs; statuary; sculptures; "antique" furniture; bric-a-brac; porcelains; and similar property of rarity, historical value or artistic merit.

5. "Finished stock" means stock you have manufactured.

"Finished stock" also includes whiskey and alcoholic products being aged.

"Finished stock" does not include stock you have manufactured that is held for sale on the premises of any retail outlet insured under this Coverage Part.

6. "Operations" means:

   a. Your business activities occurring at the described premises; and

   b. The tenantability of the described premises, if coverage for Business Income Including "Rental Value" or "Rental Value" applies.

7. "Period of restoration" means the period of time that:

   a. Begins 72 hours after the time of direct physical loss or damage caused by or resulting from any Covered Cause of Loss at the described premises; and

   b. Ends on the earlier of:

      (1) The date when the property at the described premises should be repaired, rebuilt or replaced with reasonable speed and similar quality; or

      (2) The date when business is resumed at a new permanent location.

   "Period of restoration" does not include any increased period required due to the enforcement of any ordinance or law that:

      (1) Regulates the construction, use or repair, or required the tearing down of any property; or

      (2) Requires any insured or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of "pollutants".

   The expiration date of this policy will not cut short the "period of restoration".

8. "Perishable stock" means personal property which is maintained under controlled conditions for its preservation and which is susceptible to loss or damage if the controlled conditions change.

9. "Pollutants" means any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste. Waste includes materials to be recycled, reconditioned or reclaimed.

10. "Rental Value" means Business Income that consists of:

    a. Net Income (Net Profit or Loss before income taxes) that would have been earned or incurred as rental income from tenant occupancy of the premises described in the Declarations as furnished and equipped by you, including fair rental value of any portion of the described premises which is occupied by you; and

    b. Continuing normal operating expenses incurred in connection with that premises, including:

       (1) Payroll; and

       (2) The amount of charges which are the legal obligation of the tenant(s) but would otherwise be your obligations.

11. "Suspension" means:

    a. The slowdown or cessation of your business activities; or

    b. That a part or all of the described premises is rendered untenantable, if coverage for Business Income Including "Rental Value" or "Rental Value" applies.

Safeco Optimum Property ™ for Golf and Country Clubs
EXTRA EXPENSE COVERAGE FORM

Various provisions in this policy restrict coverage. Read the entire policy carefully to determine rights, duties and what is and is not covered.

Throughout this policy the words "you" and "your" refer to the Named Insured shown in the Declarations. The words "we", "us" and "our" refer to the Company providing this insurance.

Other words and phrases that appear in quotation marks have special meaning. Refer to Section **E.** Definitions.

A. Coverage

We will pay the actual and necessary Extra Expense you sustain due to direct physical loss of or damage to property at premises which are described in the Declarations and for which an Extra Expense Limit of Insurance is shown in the Declarations. The loss or damage must be caused by or result from a Covered Cause of Loss. With respect to loss of or damage to personal property in the open or personal property in a vehicle, the described premises include the area within 1,000 feet of the site at which the described premises are located.

With respect to the requirements set forth in the preceding paragraph, if you occupy only part of the site at which the described premises are located, your premises means:

a. The portion of the building which you rent, lease or occupy; and

b. Any area within the building or on the site at which the described premises are located, if that area services, or is used to gain access to, the described premises.

1. Extra Expense

Extra Expense means necessary expenses you incur during the "period of restoration" that you would not have incurred if there had been no direct physical loss or damage to property. Coverage pertains to expenses (other than the expense to repair or replace property) which are incurred to:

a. Avoid or minimize the "suspension" of business and to continue "operations" at the described premises or at replacement premises or temporary locations, including relocation expenses and costs to equip and operate the replacement location or temporary location.

b. Minimize the "suspension" of business if you cannot continue "operations".

We will also pay Extra Expense to repair or replace property, but only to the extent it reduces the amount of loss that otherwise would have been payable under this Coverage Form.

2. Covered Causes Of Loss, Exclusions And Limitations

See applicable Causes Of Loss Form as shown in the Declarations.

3. Additional Limitation — Interruption Of Computer Operations

Coverage for Extra Expense does not apply when action is taken to avoid or minimize a "suspension" of "operations" caused by destruction or corruption of "electronic data", or any loss or damage to "electronic data", except as provided under the Coverage Extension for Electronic Data Processing found in the Building And Personal Property Coverage Form.

4. Additional Coverages

a. Alterations And New Buildings

We will pay for the actual and necessary Extra Expense you incur due to direct physical loss or damage at the described premises caused by or resulting from any Covered Cause of Loss to:

(1) New buildings or structures, whether complete or under construction;

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(2) Alterations or additions to existing buildings or structures; and

(3) Machinery, equipment, supplies or building materials located on or within 1,000 feet of the described premises and:

(a) Used in the construction, alterations or additions; or

(b) Incidental to the occupancy of new buildings.

b. Civil Authority

In this Additional Coverage — Civil Authority, the described premises are premises to which this Coverage Form applies, as shown in the Declarations.

When a Covered Cause of Loss causes damage to property other than property at the described premises, we will pay for the actual and necessary Extra Expense you incur caused by action of civil authority that prohibits access to the described premises, provided that both of the following apply:

(1) Access to the area immediately surrounding the damaged property is prohibited by civil authority as a result of the damage, and the described premises are within that area but are not more than one mile from the damaged property; and

(2) The action of civil authority is taken in response to dangerous physical conditions resulting from the damage or continuation of the Covered Cause of Loss that caused the damage, or the action is taken to enable a civil authority to have unimpeded access to the damaged property.

Civil Authority coverage will begin immediately after the time of the first action of civil authority that prohibits access to the described premises and will end 30 consecutive days after the date of that action.

c. Dependent Properties — Extra Expense

(1) Your coverage for Extra Expense, as provided and limited in this form, is extended to apply to the actual and necessary Extra Expense you incur due to direct physical loss of or damage to "dependent property" caused by or resulting from a Covered Cause of Loss.

However this Additional Coverage does not apply when the only loss to "dependent property" is loss or damage to "electronic data", including destruction or corruption of "electronic data". If the "dependent property" sustains loss or damage to "electronic data" and other property, coverage under this Additional Coverage will not continue once the other property is repaired, rebuilt or replaced.

(2) The most we will pay under this Additional Coverage is $50,000 in any one occurrence regardless of the number of dependent properties.

Payments under this Additional Coverage will not increase the applicable Limit of Insurance.

d. Ordinance Or Law — Increased Period Of Restoration

(1) If a Covered Cause of Loss occurs to property at the premises described in the Declarations, coverage is extended to include the amount of actual and necessary loss you sustain during the increased period of "suspension" of "operations" caused by or resulting from the enforcement of any ordinance or law that:

(a) Regulates the construction or repair of any property;

(b) Requires the tearing down of parts of any property not damaged by a Covered Cause of Loss; and

(c) Is in force at the time of loss.

However, coverage is not extended under this Additional Coverage to include loss caused by or resulting from the enforcement of any ordinance or law which requires any insured or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of "pollutants".

5. Coverage Extensions

a. Newly Acquired Locations

(1) You may extend your Extra Expense Coverage to apply to property at any premises you acquire other than fairs or exhibitions.

(2) The most we will pay under this Extension is $250,000 at each premises.

Payments under this Coverage Extension are separate from the Limit(s) of Insurance shown in the Declarations for any other coverage.

(3) Insurance under this Extension for each newly acquired premises will end when any of the following first occurs:

(a) This policy expires;

(b) 180 days expire after you acquire or begin to construct the property; or

(c) You report values to us.

We will charge you additional premium for values reported from the date you acquire the property.

b. Spoilage Due To Power Outage, Mechanical Breakdown, Or Contamination — Extra Expense

(1) You may extend your Extra Expense Coverage to apply to loss caused by spoilage of "perishable stock" caused by:

(a) Breakdown or Contamination, meaning:

(i) Change in temperature or humidity caused by mechanical breakdown or mechanical failure of refrigerating, cooling, or humidity control equipment; and

(ii) Contamination by the refrigerant.

(b) Power Outage, meaning change in temperature or humidity caused by complete or partial interruption of electrical power due to conditions beyond your control.

(2) This coverage does not apply to loss to stock which is outside of a building or in or on a vehicle unless the stock is being moved to prevent or reduce loss covered by this policy.

(3) Only the following Exclusions contained in Paragraph **B.1.** of the Causes Of Loss — Special Form apply to this Coverage Extension:

(a) **B.1.b.** Earth Movement;

(b) **B.1.c.** Governmental Action;

(c) **B.1.d.** Nuclear Hazard;

(d) **B.1.f.** War And Military Action; and

(e) **B.1.g.** Water.

(4) The following Exclusions are added:

We will not pay for loss or damage caused by:

(a) The disconnecting of any refrigerating, cooling or humidity control system from the source of power.

(b) Shutting off electrical power by turning off the switch that controls the flow of electricity.

(c) The inability of an Electrical Utility Company or other power source to provide sufficient power due to:

(i) Lack of fuel; or

(ii) Governmental order.

(d) A power source at the described premises not having enough power to meet demand due to lack of generating capacity.

(5) The most we will pay under this Coverage Extension is $50,000 per occurrence.

c. Utility Service — Extra Expense

(1) You may extend your Extra Expense Coverage to apply to loss at the described premises or Newly Acquired Locations caused by the interruption of service to the described premises or Newly Acquired Locations. The interruption must result from direct physical loss or damage by a Covered Cause of Loss to the property described in Paragraph **(2),**

(2) Utility Services

(a) Water Supply Services, meaning pumping stations and water mains supplying water to your premises.

(b) Communication Supply Services, meaning property supplying communication services, including telephone, radio, microwave or television

services, to your premises, such as:

(i) Communication transmission lines, including optic fiber transmission lines;

(ii) Coaxial cables; and

(iii) Microwave radio relays except satellites.

(c) Power Supply Services, meaning the following types of property supplying electricity, steam or gas to your premises:

(i) Utility generating plants;

(ii) Switching stations;

(iii) Substations;

(iv) Transformers; and

(v) Transmission lines.

(3) This Coverage Extension does not apply to loss caused by spoilage of "perishable stock" caused by interruption of Utility Services.

(4) The most we will pay under this Coverage Extension is $50,000 per occurrence.

Payments under this Coverage Extension will not increase the applicable Limit of Insurance.

(5) The provisions of this Coverage Extension are superseded by CP 15 45 Utility Services — Time Element, if attached to and made a part of this policy.

B. Limits Of Insurance

1. The most we will pay for loss in any one occurrence is the applicable Limit of Insurance shown in the Declarations.

2. The amount of insurance stated in the Coverage Extension **A.5.a. Newly Acquired Locations** applies in accordance with the terms of that coverage and is separate from the Limit(s) of Insurance shown in the Declarations for any other coverage.

3. Payments under the following Additional Coverages and Coverage Extensions will not increase the applicable Limit of Insurance:

a. Additional Coverage **A.4.a. Alterations And New Buildings**

b. Additional Coverage **A.4.b. Civil Authority**

c. Additional Coverage **A.4.c. Dependent Properties — Extra Expense**

d. Additional Coverage **A.4.d. Ordinance Or Law — Increased Period Of Restoration**

e. Coverage Extension **A.5.b. Spoilage Due To Power Outage, Mechanical Breakdown, Or Contamination — Extra Expense**

f. Coverage Extension **A.5.c. Utility Service — Extra Expense**

C. Deductible

1. We will not pay for loss in any one occurrence until the amount of loss exceeds the Deductible shown in the Declarations. We will then pay the amount of loss in excess of the Deductible, up to the applicable Limit of Insurance.

2. When the same occurrence involves loss to insurance under this coverage form and loss under the Building And Personal Property Coverage Form, only one deductible will be applied to the occurrence.

3. Windstorm, Hail or Hurricane percentage deductibles do not apply to Extra Expense coverage.

D. Loss Conditions

The following conditions apply in addition to the Common Policy Conditions and the Commercial Property Conditions.

1. Appraisal

If we and you disagree on the amount of loss, either may make written demand for an appraisal of the loss. In this event, each party will select a competent and impartial appraiser. The two appraisers will select an umpire. If they cannot agree, either may request that selection be made by a judge of a court having jurisdiction. The appraisers will state separately the amount of loss. If they fail to agree, they will submit their differences to the umpire. A decision agreed to by any two will be binding. Each party will:

a. Pay its chosen appraiser; and

b. Bear the other expenses of the appraisal and umpire equally.

If there is an appraisal, we will still retain our right to deny the claim.

2. Duties If You Incur Extra Expense

a. You must see that the following are done if you incur Extra Expense:

(1) Notify the police if a law may have been broken.

(2) Give us prompt notice of the direct physical loss or damage. Include a description of the property involved.

(3) As soon as possible, give us a description of how, when, and where the direct physical loss or damage occurred.

(4) Take all reasonable steps to protect the Covered Property from further damage, and keep a record of your expenses necessary to protect the Covered Property, for consideration in the settlement of the claim. This will not increase the Limit of Insurance. However, we will not pay for any subsequent loss or damage resulting from a cause of loss that is not a Covered Cause of Loss. Also, if feasible, set the damaged property aside and in the best possible order for examination.

(5) As often as may be reasonably required, permit us to inspect the property proving the loss or damage and examine your books and records.

Also permit us to take samples of damaged and undamaged property for inspection, testing and analysis, and permit us to make copies from your books and records.

(6) Send us a signed, sworn proof of loss containing the information we request to investigate the claim. You must do this within 60 days after our request. We will supply you with the necessary forms.

(7) Cooperate with us in the investigation or settlement of the claim.

(8) If you intend to continue your business, you must resume all or part of your "operations" as quickly as possible.

b. We may examine any insured under oath, while not in the presence of any other insured and at such times as may be reasonably required, about any matter relating to this insurance or the claim, including an insured's books and records. In the event of an examination, an insured's answers must be signed.

3. Limits On Loss Payment

We will not pay more for Extra Expense than the percentages shown in the Declarations times the Limit of Insurance.

When the "period of restoration" is:

a. 30 days or less, the first percentage applies.

b. 60 days or less, but more than 30 days, the second percentage applies.

c. More than 60 days, the third percentage applies.

EXAMPLE:

The Limit of Insurance is	$ 100,000
The percentages shown in the Declarations are	40%-80%-100%
The "period of restoration" is	45 days
The amount of Extra Expenses incurred is	$ 90,000

We will not pay more than $100,000 times 80% (the percentage applicable for a "period of restoration" of 31-60 days), or $80,000. The remaining $10,000 is not covered.

4. Loss Determination

a. The amount of Extra Expense will be determined based on:

(1) All expenses that exceed the normal operating expenses that would have been incurred by "operations" during the "period of restoration" if no direct physical loss or damage had occurred. We will deduct from the total of such expenses:

(a) The salvage value that remains of any property bought for temporary use during the "period of restoration", once "operations" are resumed; and

(b) Any Extra Expense that is paid for by other insurance, except for insurance that is written subject to the same plan, terms, conditions and provisions as this insurance; and

(2) Necessary expenses that reduce the Extra Expense otherwise incurred.

b. We will reduce the amount of your Extra Expense loss to the extent you can return "operations" to normal and discontinue such Extra Expense.

c. If you do not resume "operations", or do not resume "operations" as quickly as possible, we will pay based on the length of time it would have taken to resume "operations" as quickly as possible.

5. **Loss Payment**

We will pay for any loss within 30 days after we receive the proof of loss, if you have complied with all of the terms of this Coverage Part and:

a. We reach agreement with you on the amount of loss; or

b. An appraisal award has been made.

E. Definitions

1. "Dependent property" means property operated by others whom you depend on to:

a. Deliver materials or services to you, or to others for your account. With respect to Contributing Locations, services does not mean water, communication or power supply services;

b. Accept your products or services;

c. Manufacture products for delivery to your customers under contract of sale; or

d. Attract customers to your business.

"Dependent property" does not include roads, bridges, tunnels, waterways, airfields, pipelines or any other similar areas or structures.

2. "Electronic data" means information, facts or computer programs stored as or on, created or used on, or transmitted to or from computer software (including systems and applications software), on hard or floppy disks, CD-ROMs, tapes, drives, cells, data processing devices or any other repositories of computer software which are used with electronically controlled equipment. The term computer programs, referred to in the foregoing description of "electronic data", means a set of related electronic instructions which direct the operations and functions of a computer or device connected to it, which enable the computer or device to receive, process, store, retrieve or send data.

3. "Operations" means your business activities occurring at the described premises.

4. "Period of restoration" means the period of time that:

a. Begins with the date of direct physical loss or damage caused by or resulting from any Covered Cause of Loss at the described premises; and

b. Ends on the earlier of:

(1) The date when the property at the described premises should be repaired, rebuilt or replaced with reasonable speed and similar quality; or

(2) The date when business is resumed at a new permanent location.

"Period of restoration" does not include any increased period required due to the enforcement of any ordinance or law that:

(1) Regulates the construction, use or repair, or requires the tearing down of any property; or

(2) Requires any insured or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of "pollutants".

The expiration date of this policy will not cut short the "period of restoration".

5. "Perishable stock" means personal property which is maintained under controlled conditions for its preservation and which is susceptible to loss or damage if the controlled conditions change.

6. "Pollutants" means any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste. Waste includes materials to be recycled, reconditioned or reclaimed.

7. "Suspension" means the slowdown or cessation of your business activities.

Safeco Optimum Property ™ for Golf and Country Club
BUSINESS INCOME (AND EXTRA EXPENSE)
ACTUAL LOSS SUSTAINED COVERAGE FORM

Various provisions in this policy restrict coverage. Read the entire policy carefully to determine rights, duties and what is and is not covered.

Throughout this policy the words "you" and "your" refer to the Named Insured shown in the Declarations. The words "we", "us" and "our" refer to the Company providing this insurance.

Other words and phrases that appear in quotation marks have special meaning. Refer to Section **D.** Definitions.

A. Coverage

1. Business Income

Business Income means the:

a. Net Income (Net Profit or Loss before income taxes) that would have been earned or incurred; and

b. Continuing normal operating expenses incurred, including payroll and employee tips.

For manufacturing risks, Net Income includes the net sales value of production.

Coverage is provided as described and limited below for one or more of the following options for which a Limit of Insurance is shown in the Declarations:

(1) Business Income Including "Rental Value".

(2) Business Income Other Than "Rental Value".

(3) "Rental Value".

If option **(1)** above is selected, the term Business Income will include "Rental Value". If option **(3)** above is selected, the term Business Income will mean "Rental Value" only.

If Limits of Insurance are shown under more than one of the above options, the provisions of this Coverage Part apply separately to each.

We will only pay for loss of Business Income that you sustain during the "period of restoration" and that occurs within 12 consecutive months after the date of direct physical loss or damage. With respect to loss of or damage to personal property in the open or personal property in a vehicle, the described premises include the area within 1,000 feet of the site at which the described premises are located.

With respect to the requirements set forth in the preceding paragraph, if you occupy only part of the site at which the described premises are located, your premises means:

a. The portion of the building which you rent, lease or occupy; and

b. Any area within the building or on the site at which the described premises are located, if that area services, or is used to gain access to, the described premises.

If you are operating at a Net Loss, continuing normal operating expenses will be offset by the net loss.

2. Extra Expense

a. Extra Expense coverage is provided at the premises described in the Declarations.

b. Extra Expense means necessary expenses you incur during the "period of restoration" that you would not have incurred if there had been no direct physical loss or damage to property caused by or resulting from a Covered Cause of Loss.

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We will pay Extra Expense (other than the expense to repair or replace property) to:

(1) Avoid or minimize the "suspension" of business and to continue "operations" at the described premises or at replacement premises or temporary locations, including relocation expenses and costs to equip and operate the replacement location or temporary location.

(2) Minimize the "suspension" of business if you cannot continue "operations".

We will also pay Extra Expense to repair or replace property, but only to the extent it reduces the amount of loss that otherwise would have been payable under this Coverage Form.

We will only pay Extra Expense you incur during the "period of restoration" and that occurs within 12 consecutive months after the date of direct physical loss or damage.

3. Covered Causes Of Loss, Exclusions And Limitations

See applicable Causes Of Loss Form as shown in the Declarations.

4. Additional Limitation — Interruption Of Computer Operations

a. Coverage for Business Income does not apply when a "suspension" of "operations" is caused by destruction or corruption of "electronic data", or any loss or damage to "electronic data", except as provided under the Coverage Extension for Electronic Data Processing found in the Building And Personal Property Coverage Form.

b. Coverage for Extra Expense does not apply when action is taken to avoid or minimize a "suspension" of "operations" caused by destruction or corruption of "electronic data", or any loss or damage to "electronic data", except as provided under the Coverage Extension for Electronic Data Processing found in the Building And Personal Property Coverage Form.

5. Additional Coverages

a. Civil Authority

In this Additional Coverage — Civil Authority, the described premises are premises to which this Coverage Form applies, as shown in the Declarations.

When a Covered Cause of Loss causes damage to property other than property at the described premises, we will pay for the actual loss of Business Income you sustain and necessary Extra Expense caused by action of civil authority that prohibits access to the described premises, provided that both of the following apply:

(1) Access to the area immediately surrounding the damaged property is prohibited by civil authority as a result of the damage, and the described premises are within that area but are not more than one mile from the damaged property; and

(2) The action of civil authority is taken in response to dangerous physical conditions resulting from the damage or continuation of the Covered Cause of Loss that caused the damage, or the action is taken to enable a civil authority to have unimpeded access to the damaged property.

Civil Authority coverage for Business Income will begin 72 hours after the time of the first action of civil authority that prohibits access to the described premises and will apply for a period of up to thirty consecutive days from the date on which such coverage began.

Civil Authority coverage for Extra Expense will begin immediately after the time of the first action of civil authority that prohibits access to the described premises and will end:

(1) 30 consecutive days after the date of that action; or

(2) When your Civil Authority coverage for Business Income ends;

whichever is later.

b. Alterations And New Buildings

We will pay for the actual loss of Business Income you sustain and necessary Extra Expense you incur due to direct physical loss or damage at the described premises caused by or resulting from any Covered Cause of Loss to:

(1) New buildings or structures, whether complete or under construction;

(2) Alterations or additions to existing buildings or structures; and

(3) Machinery, equipment, supplies or building materials located on or within 1,000 feet of the described premises and:

(a) Used in the construction, alterations or additions; or

(b) Incidental to the occupancy of new buildings.

If such direct physical loss or damage delays the start of "operations", the "period of restoration" for Business Income Coverage will begin on the date "operations" would have begun if the direct physical loss or damage had not occurred.

This Additional Coverage applies to losses that you incur during the "period of restoration" and that occur within 12 consecutive months after the date of direct physical loss or damage.

c. Extended Business Income

(1) Business Income Other Than "Rental Value"

If the necessary "suspension" of your "operations" produces a Business Income loss payable under this policy, we will pay for the actual loss of Business Income you incur during the period that:

(a) Begins on the date property (except "finished stock") is actually repaired, rebuilt or replaced and "operations" are resumed; and

(b) Ends on the earlier of:

(i) The date you could restore your "operations", with reasonable speed, to the level which would generate the business income amount that would have existed if no direct physical loss or damage had occurred; or

(ii) 180 consecutive days after the date determined in **(1)(a)** above, unless "180" is replaced in the Declarations by a different number of days.

However, Extended Business Income does not apply to loss of Business Income incurred as a result of unfavorable business conditions caused by the impact of the Covered Cause of Loss in the area where the described premises are located.

Loss of Business Income must be caused by direct physical loss or damage at the described premises caused by or resulting from any Covered Cause of Loss.

(2) "Rental Value"

If the necessary "suspension" of your "operations" produces a "Rental Value" loss payable under this policy, we will pay for the actual loss of "Rental Value" you incur during the period that:

(a) Begins on the date property is actually repaired, rebuilt or replaced and tenantability is restored; and

(b) Ends on the earlier of:

(i) The date you could restore tenant occupancy, with reasonable speed, to the level which would generate the "Rental Value" that would have existed if no direct physical loss or damage had occurred; or

(ii) 180 consecutive days after the date determined in **(2)(a)** above, unless "180" is replaced in the Declarations by a different number of days.

However, Extended Business Income does not apply to loss of "Rental Value" incurred as a result of unfavorable business conditions caused by the impact of the Covered Cause of Loss in the area where the described premises are located.

Loss of "Rental Value" must be caused by direct physical loss or damage at the described premises caused by or resulting from any Covered Cause of Loss.

d. Dependent Properties — Time Element

(1) Your coverage for Business Income and Extra Expense, as provided and limited in this form, is extended to apply to the actual loss of Business Income you sustain, and the actual and necessary Extra Expense you incur, due to direct physical loss of or damage to "dependent property" caused by or resulting from a Covered Cause of Loss.

However this Additional Coverage does not apply when the only loss to "dependent property" is loss or damage to "electronic data", including destruction or corruption of "electronic data". If the dependent property sustains loss or damage to "electronic data" and other property, coverage under this Additional Coverage will not continue once the other property is repaired, rebuilt or replaced.

(2) Under the Loss Determination Condition below, the following is added to the Resumption Of Operations provision:

We will reduce the amount of your Business Income loss, other than Extra Expense, to the extent you can resume "operations", in whole or in part, by using any other available source of materials or outlet for your products.

(3) The most we will pay under this Additional Coverage is $50,000 in any one occurrence regardless of the number of dependent properties.

(4) The provisions of this Additional Coverage are superseded by CP 15 08 Business Income From Dependent Properties — Broad Form, or CP 15 09 Business Income From Dependent Properties — Limited Form, if attached to and made a part of this policy.

e. Ordinance Or Law — Increased Period Of Restoration

(1) If a Covered Cause of Loss occurs to property at the premises described in the Declarations, coverage is extended to include the amount of actual and necessary loss you sustain during the increased period of "suspension" of "operations" caused by or resulting from the enforcement of any ordinance or law that:

(a) Regulates the construction or repair of any property;

(b) Requires the tearing down of parts of any property not damaged by a Covered Cause of Loss; and

(c) Is in force at the time of loss.

However, coverage is not extended under this Additional Coverage to include loss caused by or resulting from the enforcement of any ordinance or law which requires any insured or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of "pollutants".

We will only pay for loss under this Additional Coverage that occurs within 12 consecutive months after the date of direct physical loss or damage.

f. Transit — Business Income

(1) This insurance is extended to apply to the actual loss of Business Income you sustain caused by direct physical loss or damage by a Covered Cause of Loss to Covered Property while in or on a vehicle or in transit more than 1,000 feet from a covered premises while:

(a) In or on a vehicle you own, rent or lease;

(b) In the custody of a public or contract trucker;

(c) In the custody of an air or rail carrier; or

(d) While waterborne on inland waterways. However, there is no coverage under this Additional Coverage for any imported or exported property that is covered under any ocean marine cargo policy that anyone has obtained.

(2) There is no coverage under this Additional Coverage resulting from loss or damage to:

(a) "Fine arts", "antiques", fur garments, jewelry, precious or semiprecious stones, gold, silver, platinum, or other precious metals or alloys; or

(b) Mail shipments in the custody of the U.S. Postal Service.

(3) This Additional Coverage will continue to apply to such property in the due course of transit, after the expiration or cancellation of this policy, until arrival at and accepted by an authorized representative at the invoiced destination, but for no longer than 30 days after the date of the shipment origination, but this will not cut short the "period of restoration".

(4) You must retain accurate records of all shipments of Covered Property for one year.

(5) The most we will pay under this Additional Coverage is $50,000 in any one occurrence.

6. Coverage Extensions

a. Newly Acquired Locations

(1) You may extend your Business Income and Extra Expense Coverages to apply to property at any premises you acquire other than fairs or exhibitions.

(2) The most we will pay under this Extension, for the sum of Business Income loss and Extra Expense incurred, is $250,000 at each premises.

(3) Insurance under this Extension for each newly acquired premises will end when any of the following first occurs:

(a) This policy expires;

(b) 180 days expire after you acquire or begin to construct the property; or

(c) You report values to us.

We will charge you additional premium for values reported from the date you acquire the property.

b. Spoilage Due To Power Outage, Mechanical Breakdown, Or Contamination — Time Element

(1) You may extend your Business Income and Extra Expense Coverages to apply to loss caused by spoilage of "perishable stock" caused by:

(a) Breakdown or Contamination, meaning:

(i) Change in temperature or humidity caused by mechanical breakdown or mechanical failure of refrigerating, cooling, or humidity control equipment; and

(ii) Contamination by the refrigerant.

(b) Power Outage, meaning change in temperature or humidity caused by complete or partial interruption of electrical power due to conditions beyond your control.

(2) This coverage does not apply to loss to stock which is outside of a building or in or on a vehicle unless the stock is being moved to prevent or reduce loss covered by this policy.

(3) Only the following Exclusions contained in Paragraph **B.1.** of the Causes Of Loss — Special Form apply to this Coverage Extension:

(a) **B.1.b.** Earth Movement;

(b) **B.1.c.** Governmental Action;

(c) **B.1.d.** Nuclear Hazard;

(d) **B.1.f.** War And Military Action; and

(e) **B.1.g.** Water.

(4) The following Exclusions are added:

We will not pay for loss or damage caused by:

(a) The disconnecting of any refrigerating, cooling or humidity control system from the source of power.

(b) Shutting off electrical power by turning off the switch that controls the flow of electricity.

(c) The inability of an Electrical Utility Company or other power source to provide sufficient power due to:

(i) Lack of fuel; or

(ii) Governmental order.

(d) A power source at the described premises not having enough power to meet demand due to lack of generating capacity.

(5) For the purposes of this Coverage Extension, the "period of restoration" begins 24 hours after the time of direct physical loss for Business Income coverage, or immediately after the time of direct physical loss or damage for Extra Expense coverage.

(6) The most we will pay under this Coverage Extension is $50,000 per occurrence.

c. Utility Service — Time Element

(1) You may extend your Business Income and Extra Expense Coverages to apply to loss caused by the interruption of service to the described premises or Newly Acquired Locations. The interruption must result from direct physical loss or damage by a Covered Cause of Loss to the property described in Paragraph **(2).**

(2) Utility Services

(a) Water Supply Services, meaning pumping stations and water mains supplying water to your premises.

(b) Communication Supply Services, meaning property supplying communication services, including telephone, radio, microwave or television services, to your premises, such as:

(i) Communication transmission lines, including optic fiber transmission lines;

(ii) Coaxial cables; and

(iii) Microwave radio relays except satellites.

(c) Power Supply Services, meaning the following types of property supplying electricity, steam or gas to your premises:

(i) Utility generating plants;

(ii) Switching stations;

(iii) Substations;

(iv) Transformers; and

(v) Transmission lines.

(3) For the purposes of this Coverage Extension, the "period of restoration" begins 24 hours after the time of direct physical loss for Business Income coverage, or immediately after the time of direct physical loss or damage for Extra Expense coverage.

(4) This Coverage Extension does not apply to loss caused by spoilage of "perishable stock" caused by interruption of Utility Services.

(5) The most we will pay under this Coverage Extension is $50,000 per occurrence.

(6) The provisions of this Coverage Extension are superseded by CP 15 45 Utility Services — Time Element, if attached to and made a part of this policy.

B. Deductible

1. We will not pay for loss in any one occurrence until the amount of loss exceeds the Deductible shown in the Declarations. We will then pay the amount of covered loss in excess of the Deductible.

2. When the same occurrence involves loss to insurance under this coverage form and loss under the Building And Personal Property Coverage Form, only one deductible will be applied to the occurrence.

3. Windstorm, Hail or Hurricane percentage deductibles do not apply to Business Income coverage or Extra Expense coverage.

C. Loss Conditions

The following conditions apply in addition to the Common Policy Conditions and the Commercial Property Conditions.

1. Appraisal

If we and you disagree on the amount of Net Income and operating expense or the amount of loss, either may make written

demand for an appraisal of the loss. In this event, each party will select a competent and impartial appraiser.

The two appraisers will select an umpire. If they cannot agree, either may request that selection be made by a judge of a court having jurisdiction. The appraisers will state separately the amount of Net Income and operating expense or amount of loss. If they fail to agree, they will submit their differences to the umpire. A decision agreed to by any two will be binding. Each party will:

a. Pay its chosen appraiser; and

b. Bear the other expenses of the appraisal and umpire equally.

If there is an appraisal, we will still retain our right to deny the claim.

2. Duties In The Event Of Loss

a. You must see that the following are done in the event of loss:

(1) Notify the police if a law may have been broken.

(2) Give us prompt notice of the direct physical loss or damage. Include a description of the property involved.

(3) As soon as possible, give us a description of how, when, and where the direct physical loss or damage occurred.

(4) Take all reasonable steps to protect the Covered Property from further damage, and keep a record of your expenses necessary to protect the Covered Property, for consideration in the settlement of the claim. However, we will not pay for any subsequent loss or damage resulting from a cause of loss that is not a Covered Cause of Loss. Also, if feasible, set the damaged property aside and in the best possible order for examination.

(5) As often as may be reasonably required, permit us to inspect the property proving the loss or damage and examine your books and records.

Also permit us to take samples of damaged and undamaged property for inspection, testing and analysis, and permit us to make copies from your books and records.

(6) Send us a signed, sworn proof of loss containing the information we request to investigate the claim. You must do this within 60 days after our request. We will supply you with the necessary forms.

(7) Cooperate with us in the investigation or settlement of the claim.

(8) If you intend to continue your business, you must resume all or part of your "operations" as quickly as possible.

b. We may examine any insured under oath, while not in the presence of any other insured and at such times as may be reasonably required, about any matter relating to this insurance or the claim, including an insured's books and records. In the event of an examination, an insured's answers must be signed.

3. Loss Determination

a. The amount of Business Income loss will be determined based on:

(1) The Net Income of the business before the direct physical loss or damage occurred;

(2) The likely Net Income of the business if no physical loss or damage had occurred, but not including any Net Income that would likely have been earned as a result of an increase in the volume of business due to favorable business conditions caused by the impact of the Covered Cause of Loss on customers or on other businesses;

(3) The operating expenses, including payroll expenses, necessary to resume "operations" with the same quality of service that existed just before the direct physical loss or damage; and

(4) Other relevant sources of information, including:

(a) Your financial records and accounting procedures;

(b) Bills, invoices and other vouchers; and

(c) Deeds, liens or contracts.

b. The amount of Extra Expense will be determined based on:

(1) All expenses that exceed the normal operating expenses that would have been incurred by "operations" during the "period of restoration" if no direct physical loss or damage had

occurred. We will deduct from the total of such expenses:

(a) The salvage value that remains of any property bought for temporary use during the "period of restoration", once "operations" are resumed; and

(b) Any Extra Expense that is paid for by other insurance, except for insurance that is written subject to the same plan, terms, conditions and provisions as this insurance; and

(2) Necessary expenses that reduce the Business Income loss that otherwise would have been incurred.

c. Resumption Of Operations

We will reduce the amount of your:

(1) Business Income loss, other than Extra Expense, to the extent you can resume your "operations", in whole or in part, by using damaged or undamaged property (including merchandise or stock) at the described premises or elsewhere.

(2) Extra Expense loss to the extent you can return "operations" to normal and discontinue such Extra Expense.

d. If you do not resume "operations", or do not resume "operations" as quickly as possible, we will pay based on the length of time it would have taken to resume "operations" as quickly as possible.

4. Loss Payment

We will pay for covered loss within 30 days after we receive the sworn proof of loss, if you have complied with all of the terms of this Coverage Part and:

a. We have reached agreement with you on the amount of loss; or

b. An appraisal award has been made.

D. Definitions

1. "Antique" means an object having value because its:

a. craftsmanship is in the style or fashion of former times; and

b. age is 100 years old or older.

2. "Dependent property" means property operated by others whom you depend on to:

a. Deliver materials or services to you, or to others for your account. With respect to Contributing Locations, services does not mean water, communication or power supply services;

b. Accept your products or services;

c. Manufacture products for delivery to your customers under contract of sale; or

d. Attract customers to your business.

"Dependent property" does not include roads, bridges, tunnels, waterways, airfields, pipelines or any other similar areas or structures.

3. "Electronic data" means information, facts or computer programs stored as or on, created or used on, or transmitted to or from computer software (including systems and applications software), on hard or floppy disks, CD-ROMs, tapes, drives, cells, data processing devices or any other repositories of computer software which are used with electronically controlled equipment. The term computer programs, referred to in the foregoing description of "electronic data", means a set of related electronic instructions which direct the operations and functions of a computer or device connected to it, which enable the computer or device to receive, process, store, retrieve or send data.

4. "Fine arts" means paintings, etchings, pictures; tapestries; rare or art glass; art glass windows; valuable rugs; statuary; sculptures; "antique" furniture; bric-a-brac; porcelains; and similar property of rarity, historical value or artistic merit.

5. "Finished stock" means stock you have manufactured.

"Finished stock" also includes whiskey and alcoholic products being aged.

"Finished stock" does not include stock you have manufactured that is held for sale on the premises of any retail outlet insured under this Coverage Part.

6. "Operations" means:

a. Your business activities occurring at the described premises; and

b. The tenantability of the described premises, if coverage for Business Income

Including "Rental Value" or "Rental Value" applies.

7. "Period of restoration" means the period of time that:

a. Begins:

(1) 72 hours after the time of direct physical loss or damage for Business Income coverage; or

(2) Immediately after the time of direct physical loss or damage for Extra Expense coverage;

caused by or resulting from any Covered Cause of Loss at the described premises; and

b. Ends on the earlier of:

(1) The date when the property at the described premises should be repaired, rebuilt or replaced with reasonable speed and similar quality; or

(2) The date when business is resumed at a new permanent location.

"Period of restoration" does not include any increased period required due to the enforcement of any ordinance or law that

(1) Regulates the construction, use or repair, or requires the tearing down of any property; or

(2) Requires any insured or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of "pollutants".

The expiration date of this policy will not cut short the "period of restoration".

8. "Perishable stock" means personal property which is maintained under controlled conditions for its preservation and which is susceptible to loss or damage if the controlled conditions change.

9. "Pollutants" means any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste. Waste includes materials to be recycled, reconditioned or reclaimed.

10. "Rental Value" means Business Income that consists of:

a. Net Income (Net Profit or Loss before income taxes) that would have been earned or incurred as rental income from tenant occupancy of the premises described in the Declarations as furnished and equipped by you, including fair rental value of any portion of the described premises which is occupied by you; and

b. Continuing normal operating expenses incurred in connection with that premises, including:

(1) Payroll; and

(2) The amount of charges which are the legal obligation of the tenant(s) but would otherwise be your obligations.

11. "Suspension" means:

a. The slowdown or cessation of your business activities; or

b. That a part or all of the described premises is rendered untenantable, if coverage for Business Income Including "Rental Value" or "Rental Value" applies.

Safeco Optimum Property ™ for Automobile Service Businesses
BUILDING AND PERSONAL PROPERTY COVERAGE FORM

Various provisions in this policy restrict coverage. Read the entire policy carefully to determine rights, duties and what is and is not covered.

Throughout this policy the words "you" and "your" refer to the Named Insured shown in the Declarations. The words "we", "us" and "our" refer to the Company providing this insurance.

Other words and phrases that appear in quotation marks have special meaning. Refer to Section **H.** Definitions.

A. Coverage

We will pay for direct physical loss of or damage to Covered Property at the premises described in the Declarations caused by or resulting from any Covered Cause of Loss.

1. Covered Property

Covered Property, as used in this Coverage Part, means the type of property described in this section, **A.1.,** and limited in **A.2.,** Property Not Covered, if a Limit of Insurance is shown in the Declarations for that type of property.

a. Building, meaning the building or structure described in the Declarations, including:

(1) Foundations of buildings, structures, machinery or boilers;

(2) Underground pipes, flues or drains;

(3) Completed additions;

(4) Fixtures, including outdoor fixtures such as light poles;

(5) Permanently installed:

(a) Machinery and

(b) Equipment;

(6) Fences and signs, whether attached to the building or not;

(7) Antennas (including satellite dishes) and their lead-in wiring, masts or towers;

(8) Personal property owned by you that is used to maintain or service the building or structure or its premises, including:

(a) Fire-extinguishing equipment;

(b) Outdoor furniture;

(c) Floor coverings; and

(d) Appliances used for refrigerating, ventilating, cooking, dishwashing or laundering;

(9) If not covered by other insurance:

(a) Additions under construction, alterations and repairs to the building or structure;

(b) Materials, equipment, supplies and temporary structures, on or within 1,000 feet of the described premises, used for making additions, alterations or repairs to the building or structure.

b. Business Personal Property located in or on the building described in the Declarations or in the open (or in a vehicle) within 1,000 feet of the described premises.

Business Personal Property means:

(1) Your Business Personal Property owned by your business; and includes:

(a) Furniture and fixtures;

(b) Machinery and equipment;

(c) "Stock";

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(d) Patterns, dies, molds and forms;

(e) All other personal property owned by you and used in your business;

(f) Labor, materials or services furnished or arranged by you on personal property of others;

(g) Your use interest as tenant in improvements and betterments. Improvements and betterments are fixtures, alterations, installations or additions:

(i) Made a part of the building or structure you occupy but do not own; and

(ii) You acquired or made at your expense but cannot legally remove.

(2) Tools and equipment owned by your employees that are used in your business operations.

(3) Personal property owned by others that is in your care, custody or control (including leased property as provided in written lease agreements); and includes:

(a) Leased personal property which you have a contractual responsibility to insure;

(b) Building plate glass that you have a contractual responsibility to insure as a building tenant;

(c) All other personal property of others.

However, our payment for loss of or damage to personal property of others will only be for the account of the owner of the property.

2. Property Not Covered

Covered Property does not include:

a. Accounts, bills, currency, food stamps or other evidences of debt, "money", notes or "securities", except as provided under the Additional Coverage for Money and Securities. Lottery tickets held for sale are not "securities";

b. Animals, unless owned by others and boarded by you, or if owned by you, only as "stock" while inside of buildings;

c. Automobiles held for sale;

d. Bridges, roadways, walks, patios or other paved surfaces;

e. Contraband, or property in the course of illegal transportation or trade;

f. The cost of excavations, grading, backfilling or filling;

g. Land (including land on which the property is located), water, growing crops or lawns;

h. Personal effects owned by you, your officers, your partners or members, your managers or your employees, except as provided by the Coverage Extension for Personal Effects;

i. Personal property while airborne or waterborne, except as provided under the Coverage Extension for Property In Transit;

j. Bulkheads, pilings, piers, wharves or docks;

k. Property that is covered under another coverage form of this or any other policy in which it is more specifically described, except for the excess of the amount due (whether you can collect on it or not) from that other insurance;

l. Retaining walls that are not part of a building;

m. "Electronic data", except as provided by the Coverage Extension for Electronic Data Processing. This Paragraph, **m.** does not apply to your "stock" of prepackaged software;

n. The cost to replace or restore the information on "valuable papers and records", including those which exist as "electronic data", except as provided by the Coverage Extension for Valuable Papers And Records;

o. Vehicles or self-propelled machines (including aircraft or watercraft) that:

(1) Are licensed for use on public roads; or

(2) Are operated principally away from the described premises.

This paragraph does not apply to:

(a) Vehicles or self-propelled machines or autos you manufacture, process or warehouse;

(b) Vehicles or self-propelled machines, other than autos, you hold for sale;

(c) Rowboats or canoes out of water at the described premises; or

(d) Trailers, but only to the extent provided for in the Coverage Extension for Non-owned Detached Trailers;

p. The following property while outside of buildings:

(1) Grain, hay, straw or other crops;

(2) Trees, shrubs, plants, sod or lawns (other than "stock" of trees, shrubs, plants or sod), except as provided in the Coverage Extension for Outdoor Trees, Shrubs, Plants, Sod and Lawns.

3. Covered Causes Of Loss

See applicable Causes Of Loss Form(s) as shown in the Declarations.

4. Additional Coverages

a. Arson, Vandalism or Theft Reward

We will pay a reward for information which leads to an arson, vandalism or "theft" conviction involving a covered loss at a premises described in the Declarations.

The most we will pay for this Additional Coverage is $50,000 or 25% of the amount that we pay for direct physical loss or damage to the Covered Property that has sustained loss or damage by arson, vandalism or "theft", whichever is less. This limit applies per occurrence regardless of the number of persons providing this information. No deductible applies to this Additional Coverage.

Payments under this Additional Coverage are separate from the Limit(s) of Insurance shown in the Declarations for any other coverage.

b. Computer Fraud

(1) We will pay for loss or damage to "money", "securities" and "other property" resulting directly from the use of any computer to fraudulently cause a transfer of that property from inside the "premises" or "banking premises":

(a) To a person (other than a "messenger") outside those "premises"; or

(b) To a place outside those "premises".

(2) This Additional Coverage does not cover:

(a) Loss resulting from any dishonest or criminal act committed by you, your partners, your "members", your "employees", "managers", directors, trustees or authorized representatives:

(i) Whether acting alone or in collusion with other persons; or

(ii) While performing services for you or otherwise.

(b) Loss, or that part of any loss, the proof of which as to its existence or amount is dependent upon an inventory computation or a profit and loss computation.

(c) Loss resulting from:

(i) The unauthorized disclosure of your confidential information including, but not limited to, patents, trade secrets, processing methods or customer lists; or

(ii) The unauthorized use or disclosure of confidential information of another person or entity which is held by you including, but not limited to, financial information, personal information, credit card information or similar non-public information.

(3) If you have reason to believe that any loss involves a violation of law, you must notify the local law enforcement authorities.

(4) Under this Additional Coverage, "occurrence" means:

(a) An individual act or event;

(b) The combined total of all separate acts or events whether or not related; or

(c) A series of acts or events whether or not related;

committed by a person acting alone or in collusion with other persons, or not committed by any person, during the policy period shown in the Declarations.

(5) Unless a higher limit is shown in the Declarations, the most we will pay for all loss under this Additional Coverage is $50,000 in any one "occurrence", regardless of the number of persons involved in committing the fraud.

Unless a higher limit is shown in the Declarations, the most we will pay in any one policy period regardless of the number of "occurrences" or persons involved in committing the fraud is $100,000. With respect to an occurrence which begins in one policy year and continues or results in additional loss or damage in a subsequent policy year(s), all loss or damage is deemed to be sustained in the policy year in which the occurrence began.

No deductible applies to this Additional Coverage.

Payments under this Additional Coverage are separate from the Limit(s) of Insurance shown in the Declarations for any other coverage.

(6) If Computer Fraud coverage is provided under the Crime Coverage Part of this policy, that coverage replaces the Computer Fraud coverage provided by this Additional Coverage. The provisions of this Additional Coverage would no longer apply.

c. Contract Penalty

(1) We will pay for penalties contained within a written contract purchase or sales agreement with a customer or vendor that you are required to pay because you are unable to complete a project, fill an order, or complete a purchase in accordance with contract terms or conditions. Your inability to complete a project, fill an order, or complete a purchase on time must be a direct result of physical loss of or damage to covered property caused by a Covered Cause of Loss at a covered premises in the policy period.

(2) The most we will pay for this Additional Coverage is $50,000 in any one policy period regardless of the number of contracts or penalties.

Payments under this Additional Coverage are separate from the Limit(s) of Insurance shown in the Declarations for any other coverage.

d. Debris Removal

(1) Subject to Paragraphs **(3)** and **(4),** we will pay your expense to remove debris of Covered Property caused by or resulting from a Covered Cause of Loss that occurs during the policy period. The expenses will be paid only if they are reported to us in writing within 180 days of the date of direct physical loss or damage.

(2) Debris Removal does not apply to costs to:

(a) Extract "pollutants" from land or water;

(b) Remove, restore or replace polluted land or water; or

(c) Remove debris of outdoor trees, shrubs, plants, sod or lawns except to remove such debris from covered buildings or personal property, or as is provided under the Coverage Extension for Outdoor Trees, Shrubs, Plants, Sod And Lawns.

(3) Subject to the exceptions in Paragraph **(4),** the following provisions apply:

(a) The most we will pay for the total of direct physical loss or damage plus debris removal expense is the Limit of Insurance applicable to the Covered Property that has sustained loss or damage.

(b) Subject to **(a)** above, the amount we will pay for debris removal expense is limited to 25% of the sum of the deductible plus the amount that we pay for direct physical loss or damage to the Covered Property that has sustained loss or damage.

(4) We will pay up to an additional $50,000 for debris removal expense, for each premises described in the Declarations, in any one occurrence of physical loss or damage to Covered Property, if one

or both of the following circumstances apply:

(a) The total of the actual debris removal expense plus the amount we pay for direct physical loss or damage exceeds the Limit of Insurance on the Covered Property that has sustained loss or damage.

(b) The actual debris removal expense exceeds 25% of the sum of the deductible plus the amount that we pay for direct physical loss or damage to the Covered Property that has sustained loss or damage.

Therefore, if **(4)(a)** and/or **(4)(b)** apply, our total payment for direct physical loss or damage and debris removal expense may reach but will never exceed the Limit of Insurance on the Covered Property that has sustained loss or damage, plus $50,000.

(5) Examples

EXAMPLE #1

Limit of Insurance	$ 90,000
Amount of Deductible	$ 1,000
Amount of Loss	$ 50,000
Amount of Loss Payable	$ 49,000
($50,000 - $1,000)	
Debris Removal Expense	$ 10,000
Debris Removal Expense Payable	$ 10,000
($10,000 is 20% of $50,000)	

The debris removal expense is less than 25% of the sum of the loss payable plus the deductible. The sum of the loss payable and the debris removal expense ($49,000 + $10,000 = $59,000) is less than the Limit of Insurance. Therefore the full amount of debris removal expense is payable in accordance with the terms of Paragraph **(3).**

EXAMPLE #2

Limit of Insurance	$ 90,000
Amount of Deductible	$ 1,000
Amount of Loss	$ 80,000
Amount of Loss Payable	$ 79,000
($80,000 - $1,000)	
Debris Removal Expense	$ 64,000
Debris Removal Expense Payable	
Basic Amount	$ 11,000
Additional Amount	$ 50,000

The basic amount payable for debris removal expense under the terms of Paragraph **(3)** is calculated as follows: $80,000 ($79,000 + $1,000) x .25 = $20,000; capped at $11,000. The cap applies because the sum of the loss payable ($79,000) and the basic amount payable for debris removal expense ($11,000) cannot exceed the Limit of Insurance ($90,000).

The additional amount payable for debris removal expense is provided in accordance with the terms of Paragraph **(4),** because the debris removal expense ($64,000) exceeds 25% of the loss payable plus the deductible ($64,000 is 80% of $80,000), and because the sum of the loss payable and debris removal expense ($79,000 + $64,000 = $143,000) would exceed the Limit of Insurance ($90,000). The additional amount of covered debris removal expense is $50,000, the maximum payable under Paragraph **(4).** Thus the total payable for debris removal expense in this example is $61,000; $3,000 of the debris removal expense is not covered.

e. Employee Theft

(1) We will pay for direct loss of or damage to "money", "securities" and "other property" resulting directly from "theft" committed by an "employee", whether identified or not, acting alone or in collusion with other persons.

For the purposes of this Additional Coverage, "theft" shall also include "forgery".

(2) We will not pay for loss or damage:

(a) Resulting from "theft" or any other dishonest act that you or any of your partners or "members" commit whether acting alone or in collusion with other persons.

(b) Resulting from:

(i) The unauthorized disclosure of your confidential information including, but not limited to, patents, trade secrets, processing methods or customer lists; or

(ii) The unauthorized use or disclosure of confidential information of another person or entity which is held by you including, but not limited to, financial information, personal information, credit card information or similar non-public information.

(c) The only proof of which as to its existence or amount is:

(i) An inventory computation; or

(ii) A profit and loss computation.

(3) Under this Additional Coverage, "occurrence" means:

(a) An individual act;

(b) The combined total of all separate acts whether or not related; or

(c) A series of acts whether or not related;

committed by an "employee" acting alone or in collusion with other persons, during the Policy Period shown in the Declarations.

(4) All loss or damage:

(a) Caused by one or more persons; or

(b) Involving a single act or series of acts;

is considered one occurrence.

(5) The property covered under this Additional Coverage is limited to property:

(a) That you own or lease; or

(b) That you hold for others whether or not you are legally liable for the loss of such property.

However, this Additional Coverage is for your benefit only. It provides no rights or benefits to any other person or organization. Any claim for loss that is covered under this policy must be presented by you.

(6) If any loss is covered:

(a) Partly by this insurance; and

(b) Partly by any prior canceled or terminated insurance that we or any affiliate had issued to you or any predecessor in interest;

the most we will pay is the larger of the amount recoverable under this insurance or the prior insurance.

We will pay only for loss or damage you sustain through acts committed or events occurring during the policy period. Regardless of the number of years this policy remains in force or the number of premiums paid, no Limit of Insurance cumulates from year to year or period to period.

(7) This Additional Coverage is canceled as to any "employee" immediately upon discovery by:

(a) You; or

(b) Any of your partners, "members", "managers", officers or directors not in collusion with the "employee";

of any dishonest act committed by that "employee" before or after being hired by you.

(8) We will pay only for covered loss or damage sustained during the policy period and discovered no later than one year from the end of the policy period.

(9) If you (or any predecessor in interest) sustained loss or damage during the policy period of any prior insurance that you could have recovered under that insurance except that the time within which to discover loss or damage had expired, we will pay for it under this Additional Coverage, provided:

(a) This Additional Coverage became effective at the time of cancellation or termination of the prior insurance; and

(b) The loss or damage would have been covered by this Additional Coverage had it been in effect when the acts or events causing the loss or damage were committed or occurred.

(10) The insurance under Paragraph **(9)** above is part of, not in addition to, the Limit of Insurance applying to this Additional Coverage and is

limited to the lesser of the amount recoverable under:

(a) This Additional Coverage as of its effective date; or

(b) The prior insurance had it remained in effect.

(11) Employee Benefit Plans

(a) "Employee benefit plans" (hereafter referred to as Plan) owned, controlled or operated by you and which you provide solely for the benefit of your "employees" are included as Insureds under this Additional Coverage.

(b) If any Plan is insured jointly with any other entity under this insurance, you or the Plan Administrator must select a Limit of Insurance for Employee Theft that is sufficient to provide a Limit of Insurance for each Plan that is at least equal to that required if each plan were separately insured.

(c) With respect to loss sustained by any such Plan, this Additional Coverage is replaced by the following:

We will pay for loss of or damage to "funds", and "other property" resulting directly from fraudulent or dishonest acts committed by an "employee", whether identified or not, acting alone or in collusion with other persons.

(d) If the first Named Insured is an entity other than a Plan, any payment we make for loss sustained by any Plan will be made to the Plan sustaining the loss.

(e) If two or more Plans are insured under this insurance, any payment we make for loss:

(i) Sustained by two or more Plans; or

(ii) Of commingled "funds" or "other property" of two or more Plans;

resulting directly from an occurrence will be made to each Plan sustaining loss in the proportion that the Limit of Insurance required for each Plan bears to the total Limit of Insurance of all Plans sustaining loss.

(f) The insurance under this Paragraph **(11)** is part of, not in addition to, the Limit of Insurance applying to this Employee Theft Additional Coverage.

(12) The most we will pay for loss or damage in any one "occurrence" is $50,000, unless a higher limit is shown in the Declarations. No deductible applies to this Additional Coverage.

Payments under this Additional Coverage are separate from the Limit(s) of Insurance shown in the Declarations for any other coverage.

(13) If Employee Dishonesty or Employee Theft coverage is provided under the Crime Coverage Part of this policy, that coverage replaces the Employee Theft coverage provided by this Additional Coverage. The provisions of this Additional Coverage would no longer apply.

f. Extra Expense

(1) We will pay the actual and necessary Extra Expense you sustain due to direct physical loss or damage to property at the premises described in the Declarations, including personal property in the open (or in a vehicle) within 1,000 feet, caused by or resulting from any Covered Cause of Loss. If you are a tenant, your premises is the portion of the building which you rent, lease or occupy, including:

(a) All routes within the building to gain access to the described premises; and

(b) Your personal property in the open (or in a vehicle) within 1,000 feet.

(2) Extra Expense means necessary expenses you incur during the "period of restoration" that you would not have incurred if there had been no direct physical loss or damage to property:

(a) To avoid or minimize the suspension of business and to continue "operations":

(i) At the described premises; or

(ii) At replacement premises or temporary locations, including:

(aa) Relocation expenses; and

(bb) Costs to equip and operate the replacement or temporary locations;

(b) To minimize the suspension of business if you cannot continue "operations", or

(c) **(i)** To repair or replace any property; or

(ii) To research, replace or restore the lost information on damaged "valuable papers and records", to the extent it reduces the amount of loss that otherwise would have been payable under this Additional Coverage.

(3) The most we will pay for loss or damage under this Additional Coverage is $25,000. No deductible applies to this Additional Coverage.

Payments under this Additional Coverage are separate from the Limit(s) of Insurance shown in the Declarations for any other coverage.

(4) If two or more of this policy's coverages apply to the same loss, we will not pay more than the actual amount of loss.

(5) The provisions of this Additional Coverage are superseded if Extra Expense coverage is provided by another form attached to and made a part of this policy.

g. Fire Department Service Charge

When the fire department is called to save or protect Covered Property from a Covered Cause of Loss, we will pay up to $50,000, unless a higher limit is shown in the Declarations, for your liability for fire department service charges:

(1) Assumed by contract or agreement prior to loss; or

(2) Required by local ordinance.

No deductible applies to this Additional Coverage.

Payments under this Additional Coverage are separate from the Limit(s) of Insurance shown in the Declarations for any other coverage.

h. Fire Extinguisher Systems Recharge

(1) We will pay the actual cost of recharging or replacing, whichever is less, your:

(a) Portable fire extinguishers; or

(b) Automatic fire suppression or extinguishing systems

if they are discharged to fight a fire at the premises described in the Declarations or at immediately adjacent premises which expose your property to loss.

(2) We will not pay for:

(a) Halon, or any other fire extinguishing agent that is no longer in production; or

(b) any costs resulting from the enforcement of any ordinance or law that regulates the recharging, repair or replacement of fire suppression or extinguishing systems or the extinguishing agent.

(3) The most we will pay under this Additional Coverage in any one occurrence is $50,000. No deductible applies to this Additional Coverage.

Payments under this Additional Coverage are separate from the Limit(s) of Insurance shown in the Declarations for any other coverage.

i. Forgery Or Alteration

(1) We will pay for loss resulting directly from "forgery" or alteration of checks, drafts, promissory notes, or similar written promises, orders or directions to pay a sum certain in "money" that are:

(a) Made or drawn by or drawn upon you; or

(b) Made or drawn by one acting as your agent;

or that are purported to have been so made or drawn.

(2) If you are sued for refusing to pay any instrument covered in Paragraph **i.(1)** on the basis that it has been forged or altered, and you have our written consent to defend against the suit, we will pay for any reasonable legal expenses that you incur and pay in that defense.

(3) For the purposes of this Additional Coverage, a substitute check as defined in the Check Clearing for the 21st Century Act shall be treated the same as the original it replaced.

(4) We will not pay for loss caused by or resulting from dishonest or criminal acts committed by any of your "employees", directors or trustees:

(a) Whether acting alone or in collusion with other persons; or

(b) While performing services for you or otherwise.

(5) Under this Additional Coverage, "occurrence" means:

(a) An individual act;

(b) The combined total of all separate acts whether or not related; or

(c) A series of acts whether or not related;

committed by a person acting alone or in collusion with other persons, or not committed by any person, during the Policy Period shown in the Declarations.

(6) The most we will pay for loss in any one "occurrence" is $25,000, unless a higher limit is shown in the Declarations. This Additional Coverage is subject to a separate deductible of $1,000 in any one "occurrence". No other deductible applies.

Payments under this Additional Coverage are separate from the Limit(s) of Insurance shown in the Declarations for any other coverage.

(7) If Forgery Or Alteration coverage is provided under the Crime Coverage Part of this policy, that coverage replaces the Forgery Or Alteration coverage provided by this Additional Coverage. The provisions of this Additional Coverage would no longer apply.

j. Lock And Key Replacement

We will pay the cost for rekeying, repair or replacement, whichever is less, of exterior and interior door locks located at premises described in the Declarations if your door keys are stolen in a covered "theft" loss. For the purposes of this Additional Coverage, "theft" losses also include those acts of "theft" committed by "employees".

The most we will pay for loss in any one occurrence is $2,500. No deductible applies to this Additional Coverage.

Payments under this Additional Coverage are separate from the Limit(s) of Insurance shown in the Declarations for any other coverage.

k. Money And Securities

(1) We will pay for loss of your "money" and "securities" resulting directly from "theft", disappearance, or destruction:

(a) Inside the "premises" or "banking premises".

(b) Outside the "premises", which means outside the building you occupy in conducting your business:

(i) while in the care and custody of you, any of your partners or any "employees"; or

(ii) while in the care and custody of an armored motor vehicle company.

But we will pay only for the amount of loss that you cannot recover:

(aa) Under your contract with the armored vehicle company; and

(bb) From any insurance or indemnity carried by, or for the benefit of customers of, the armored motor vehicle company.

(2) Exclusions **B.1.c.,** Government Action; **B.1.d.,** Nuclear Hazard; **B.1.f.,** War And Military Action, and **B.2.k.** Pollution of the Causes Of Loss — Special Form apply to this Money And Securities coverage.

(3) The following additional Exclusions apply to this Money And Securities coverage:

(a) We will not pay for loss caused by or resulting from any of the following:

(i) Any dishonest or criminal act committed by any of your "employees", directors or trustees or authorized representatives:

(aa) Acting alone or in collusion with other persons; or

(bb) While performing services for you or otherwise.

(ii) Loss that is an indirect result of any act or occurrence covered by this insurance, including, but not limited to, loss resulting from:

(aa) Your inability to realize income that you would have realized had there been no loss of, or loss from damage to, "money" or "securities";

(bb) Payment of damages of any type for which you are legally liable; or

(cc) Payment of costs, fees or other expenses you incur in establishing the existence or the amount of loss under this Additional Coverage;

(iii) Expenses related to any legal action;

(iv) Accounting or arithmetical errors or omissions;

(v) Giving or surrendering of property in any exchange or purchase;

(vi) Voluntary parting of title to or possession of property resulting from your, or anyone acting on your express or implied authority, being induced by any dishonest act to voluntarily part with title to or possession of any property; or

(vii) Loss of property contained in any money operated device unless the amount of "money" deposited in it is recorded by a continuous recording instrument in the device.

(4) The following Additional Conditions apply:

(a) If you have reason to believe that any loss involves a violation of law, you must notify the local law enforcement authorities.

(b) You must keep records of all "money" and "securities" so we can verify the amount of any loss or damage.

(5) Under this Additional Coverage, "occurrence" means:

(a) An individual act or event;

(b) The combined total of all separate acts or events whether or not related; or

(c) A series of acts or events whether or not related;

committed by a person acting alone or in collusion with other persons, or not committed by any person, during the Policy Period shown in the Declarations.

(6) **(a)** The most we will pay for loss in any one "occurrence" inside the "premises" or "banking premises" is $25,000, unless a higher limit is shown in the Declarations.

(b) The most we will pay for loss in any one "occurrence" outside the "premises" is $25,000,

unless a higher limit is shown in the Declarations.

No deductible applies to this Additional Coverage.

Payments under this Additional Coverage are separate from the Limit(s) of Insurance shown in the Declarations for any other coverage.

(7) If Theft, Disappearance And Destruction coverage is provided under the Crime Coverage Part of this policy, that coverage replaces the Money And Securities coverage provided by this Additional Coverage. The provisions of this Additional Coverage would no longer apply.

l. Money Orders And Counterfeit Money

(1) We will pay for loss resulting directly from your having accepted in good faith, in exchange for merchandise, "money" or services:

(a) Money orders issued by any post office, express company or bank that are not paid upon presentation; or

(b) "Counterfeit money" that is acquired during the regular course of business.

(2) If you have reason to believe that any loss involves a violation of law, you must notify the local law enforcement authorities.

(3) Under this Additional Coverage

(a) "Counterfeit Money" means an imitation of "money" that is intended to deceive and to be taken as genuine.

(b) "Occurrence" means:

(i) An individual act or event;

(ii) The combined total of all separate acts or events whether or not related; or

(iii) A series of acts or events whether or not related;

committed by a person acting alone or in collusion with other persons, or not committed by any person, during the Policy Period shown in the Declarations.

(4) The most we will pay for all loss resulting directly from an "occurrence" is $5,000, unless a higher limit is shown in the Declarations. This Additional Coverage is subject to a separate deductible of $250 in any one "occurrence". No other deductible applies.

Payments under this Additional Coverage are separate from the Limit(s) of Insurance shown in the Declarations for any other coverage.

(5) If either Money Orders And Counterfeit Paper Currency or Money Orders And Counterfeit Money coverage is provided under the Crime Coverage Part of this policy, that coverage replaces the Money Orders And Counterfeit Money coverage provided by this Additional Coverage. The provisions of this Additional Coverage would no longer apply.

m. Ordinance Or Law

(1) Application of Coverage(s)

The Coverage(s) provided by this Additional Coverage apply only if both **(1)(a)** and **(1)(b)** are satisfied and are then subject to the qualifications set forth in **(1)(c).**

(a) The ordinance or law:

(i) Regulates the demolition, construction or repair of buildings, or establishes zoning or land use requirements at the described premises; and

(ii) Is in force at the time of loss.

But coverage under this Additional Coverage applies only in response to the minimum requirements of the ordinance or law. Losses and costs incurred in complying with recommended actions or standards that exceed actual requirements are not covered under this Additional Coverage.

(b) **(i)** The building sustains direct physical damage that is covered under this policy

and such damage results in enforcement of the ordinance or law; or

(ii) The building sustains both direct physical damage that is covered under this policy and direct physical damage that is not covered under this policy, and the building damage in its entirety results in enforcement of the ordinance or law.

(iii) But if the building sustains direct physical damage that is not covered under this policy, and such damage is the subject of the ordinance or law, then there is no coverage under this Additional Coverage even if the building has also sustained covered direct physical damage.

(c) In the situation described in **(1)(b)(ii)** above, we will not pay the full amount of loss otherwise payable under the terms of Coverages **A, B,** and/or **C** of this Additional Coverage. Instead, we will pay a proportion of such loss; meaning the proportion that the covered direct physical damage bears to the total direct physical damage. (Section **(7)** of this Additional Coverage provides an example of this procedure.)

However, if the covered direct physical damage, alone, would have resulted in enforcement of the ordinance or law, then we will pay the full amount of loss otherwise payable under the terms of Coverages **A, B** and/or **C** of this Additional Coverage.

(2) We will not pay under Coverage **A, B** or **C** of this Additional Coverage for:

(a) Enforcement of any ordinance or law which requires the demolition, repair, replacement, reconstruction, remodeling or remediation of property due to contamination by "pollutants" or due to the presence, growth, proliferation, spread or any activity of "fungus", wet or dry rot or bacteria; or

(b) The costs associated with the enforcement of any ordinance or law which requires any insured or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of "pollutants", "fungus", wet or dry rot, or bacteria.

(3) Coverage

(a) Coverage A — Coverage For Loss To The Undamaged Portion Of The Building

With respect to the building that has sustained covered direct physical damage, we will pay under Coverage **A** for the loss in value of the undamaged portion of the building as a consequence of enforcement of an ordinance or law that requires demolition of undamaged parts of the same building.

Coverage **A** is included within the Limit of Insurance shown in the Declarations as applicable to the covered building. Coverage **A** does not increase the Limit of Insurance.

(b) Coverage B — Demolition Cost Coverage

With respect to the building that has sustained covered direct physical damage, we will pay the cost to demolish and clear the site of undamaged parts of the same building, as a consequence of enforcement of an ordinance or law that requires demolition of such undamaged property.

(c) Coverage C — Increased Cost Of Construction Coverage

(i) With respect to the building that has sustained covered direct physical damage, we will pay the increased cost to:

(aa) Repair or reconstruct damaged portions of that building; and/or

(bb) Reconstruct or remodel undamaged portions of that building, whether or not demolition is required;

when the increased cost is a consequence of enforcement of the minimum requirements of the ordinance or law.

(ii) However:

(aa) This coverage applies only if the restored or remodeled property is intended for similar occupancy as the current property, unless such occupancy is not permitted by zoning or land use ordinance or law.

(bb) We will not pay for the increased cost of construction if the building is not repaired, reconstructed or remodeled.

(iii) When a building is damaged or destroyed and Coverage **C** applies to that building in accordance with **(c)(i)** above, coverage for the increased cost of construction also applies to repair or reconstruction of the following, subject to the same conditions stated in **(c)(i):**

(aa) The cost of excavations, grading, backfilling and filling; and

(bb) Pilings.

The items listed in **(iii)(aa)** and **(iii)(bb)** above are deleted from Property Not Covered, but only with respect to the coverage described in this Provision, **(c)(iii).**

(4) Loss Payment

(a) Both of the following loss payment Provisions, **(4)(b)** and **(4)(c),** are subject to the apportionment procedures set forth in Section **(1)(c)** of this Additional Coverage.

(b) When there is a loss in value of an undamaged portion of a building to which Coverage **A** applies, the loss payment for that building, including damaged and undamaged portions, will be determined as follows:

(i) If Replacement Cost coverage applies and the property is being repaired or replaced, on the same or another premises, we will not pay more than the lesser of:

(aa) The amount you would actually spend to repair, rebuild or reconstruct the building, but not for more than the amount it would cost to restore the building on the same premises and to the same height, floor area, style and comparable quality of the original property insured; or

(bb) The Limit of Insurance shown in the Declarations as applicable to the covered building.

(ii) If Replacement Cost coverage applies and the property is not repaired or replaced, or if Replacement Cost coverage does not apply, we will not pay more than the lesser of:

(aa) The "actual cash value" of the building at the time of loss; or

(bb) The Limit of Insurance shown in the Declarations as applicable to the covered building.

(c) The most we will pay for the total of all covered losses for Coverage **B** — Demolition Cost and Coverage **C** — Increased Cost Of Construction combined is $200,000, unless a higher limit for Ordinance Or Law — Coverages **B** and **C** is shown in the Declarations.

Payments under Coverage **B** and/or **C** are separate from the Limit(s) of Insurance shown in the Declarations for any other coverage.

Subject to this combined Limit of Insurance, the following loss payment provisions apply:

(i) For Demolition Cost, we will not pay more than the amount you actually spend to demolish and clear the site of the described premises.

(ii) With respect to the Increased Cost Of Construction:

(aa) We will not pay for the increased cost of construction:

(1) Until the property is actually repaired or replaced, at the same or another premises; and

(2) Unless the repairs or replacement are made as soon as reasonably possible after the loss or damage, not to exceed two years. We may extend this period in writing during the two years.

(bb) If the building is repaired or replaced at the same premises, or if you elect to rebuild at another premises, the most we will pay for the increased cost of construction is the increased cost of construction at the same premises.

(cc) If the ordinance or law requires relocation to another premises, the most we will pay for the increased cost of construction is the increased cost of construction at the new premises.

(5) The terms of this Additional Coverage apply separately to each building.

(6) Under this Additional Coverage we will not pay for loss due to any ordinance or law that:

(a) You were required to comply with before the loss, even if the building was undamaged; and

(b) You failed to comply with.

(7) Example of Proportionate Loss Payment for Ordinance Or Law coverage losses (procedure as set forth in Section **(1)(c)** of this Additional Coverage.)

Assume:

- Wind is a Covered Cause of Loss; Flood is an excluded Cause of Loss
- The building has a value of $200,000
- Total direct physical damage to building: $100,000
- The ordinance or law in this jurisdiction is enforced when building damage equals or exceeds 50% of the building's value
- Portion of direct physical damage that is covered (caused by wind): $30,000
- Portion of direct physical damage that is not covered (caused by flood): $70,000
- Loss under Ordinance Or Law Coverage **C** of this endorsement: $60,000

Step 1:

Determine the proportion that the covered direct physical damage bears to the total direct physical damage.

$30,000 ÷ $100,000 = .30

Step 2:

Apply that proportion to the Ordinance or Law loss.

$60,000 x .30 = $18,000

In this example, the most we will pay under this Additional Coverage for the Coverage **C** loss is $18,000, subject to all the provisions of this Additional Coverage.

Note: The same procedure applies to losses under Coverages **A** and **B** of this Additional Coverage.

n. Pollutant Clean-up and Removal

We will pay your expense to extract "pollutants" from land or water at the described premises if the discharge, dispersal, seepage, migration, release or escape of the "pollutants" is caused by or results from a Covered Cause of Loss that occurs during the policy period. The expenses will be paid only if they are reported to us in writing within 180 days of the date on which the Covered Cause of Loss occurs.

This Additional Coverage does not apply to costs to test for, monitor or assess the existence, concentration or effects of "pollutants". But we will pay for testing which is performed in the course of extracting the "pollutants" from the land or water.

The most we will pay under this Additional Coverage for each described premises is $50,000 for the sum of all covered expenses arising out of Covered Causes of Loss occurring during each separate 12-month period of this policy.

Payments under this Additional Coverage are separate from the Limit(s) of Insurance shown in the Declarations for any other coverage.

o. Preservation Of Property

If it is necessary to move Covered Property from the described premises to preserve it from loss or damage by a Covered Cause of Loss, we will pay for any direct physical loss or damage to that property:

(1) While it is being moved or while temporarily stored at another location; and

(2) Only if the loss or damage occurs within 90 days after the property is first moved.

Payments under this Additional Coverage will not increase the applicable Limit of Insurance.

If a loss is covered by both a specific coverage form on this policy and an Additional Coverage, the coverage provisions of the specific coverage form apply to the loss.

5. Coverage Extensions

Except as otherwise provided, the following Extensions apply to property located in or on the building described in the Declarations or in the open (or in a vehicle) within 1,000 feet of the described premises.

a. Accounts Receivable

(1) On Your Premises

(a) You may extend the insurance that applies to Business Personal Property at the premises described in the Declaration to apply to Accounts Receivable, including those records that exist as electronic records.

(b) We will pay:

(i) All amounts due from your customers that you are unable to collect;

(ii) Interest charges on any loan required to offset amounts you are unable to collect pending our payment of these amounts;

(iii) Collection expenses in excess of your normal collection expenses that are made necessary by the loss or damage; and

(iv) Other reasonable expenses that you incur to reestablish your records of accounts receivable;

that result from Covered Causes of Loss to your records of accounts receivable.

(c) The following Exclusions in the Causes Of Loss — Special Form do not apply to this Accounts Receivable coverage:

(i) **B.1.b.** Earth Movement; **B.1.e.** Utility Services; **B.1.g.** Water; and

(ii) All **B.2.** Exclusions except **B.2.b.** Consequential Loss; **B.2.d.(1)** Wear And Tear; **B.2.e.** Steam Apparatus; **B.2.g.** Dishonesty; **B.2.h.** False Pretense; **B.2.j.** Collapse; and **B.2.k.** Pollution.

(d) The following additional Exclusions apply to this Accounts Receivable coverage:

(i) We will not pay for loss or damage caused by or resulting from any of the following:

(aa) Alteration, falsification, concealment, or destruction of records of accounts receivable done to conceal the wrongful giving, taking or withholding of money, securities or other property. This exclusion applies only to the extent of the wrongful giving, taking or withholding;

(bb) Bookkeeping, accounting or billing errors or omissions; or

(cc) Electrical or magnetic injury, disturbance or erasure of electronic recordings.

But we will pay for direct loss or damage caused by lightning.

(dd) Unauthorized instructions to transfer property to any person or to any place.

(ii) We will not pay for loss or damage that requires any audit of records or any inventory computation to prove its factual existence.

(e) **(i)** If you cannot accurately establish the amount of accounts receivable outstanding as of the time of loss or damage, the following method will be used:

(aa) Determine the total of the average monthly amounts of accounts receivable for the 12 months immediately preceding the month in which the loss or damage occurs; and

(bb) Adjust that total for any normal fluctuations in the amount of accounts receivable for the month in which the loss or damage occurred or for any demonstrated variance from the average for that month.

(ii) The following will be deducted from the total amount of accounts receivable, however that amount is established:

(aa) The amount of the accounts for which there is no loss or damage;

(bb) The amount of the accounts that you are able to re-establish or collect;

(cc) An amount to allow for probable bad debts that you are normally unable to collect; and

(dd) All unearned interest and service charges.

(f) You will pay us the amount of all recoveries you receive for loss or damage paid by us. But any recoveries in excess of the amount we have paid belong to you.

(g) The most we will pay for under this Coverage Extension is $250,000 per premises, unless a higher limit is shown in the Declarations.

No deductible applies to this Coverage Extension.

(2) Away From Your Premises

(a) Subject to Paragraphs **(1)(b)** through **(1)(f),** you may extend the insurance that applies to Business Personal Property to apply to Accounts Receivable, including those records that exist as electronic records, while away from premises described in the Declarations.

(b) The most we will pay for this Away From Your Premises coverage is $25,000 per occurrence.

No deductible applies to this Coverage Extension.

(c) This coverage while away from described premises is not increased by the Flex Additional Coverage — Blanket Limit Of Insurance.

Payments under this Coverage Extension are separate from the Limit(s) of Insurance shown in the Declarations for any other coverage.

If Accounts Receivable coverage is provided for any premises under the Inland Marine Coverage Part of this policy, that coverage replaces the Accounts Receivable coverage provided by this Coverage Extension as respects that premises. The provisions of this Coverage Extension would apply to all other premises, including Away From Your Premises coverage, except for the location that is covered for Accounts Receivable under the Inland Marine Coverage Part.

b. Brands And Labels

(1) If Covered Business Personal Property is damaged by a Covered Cause of Loss, we may take all or any part of the property at an agreed or appraised value. When you do not want your damaged "stock" sold under your brand or label, you may:

(a) Remove the brand or label from "stock" or its containers, and relabel the "stock" to comply with the law; or

(b) Label the damaged "stock" as salvage, but in doing so, you must cause no further damage to it.

(2) In either case, we will pay the difference between the salvage value of the damaged "stock" with the brand or label attached, and its salvage value with the brand or label removed. In addition, we will pay reasonable costs for removing the brands or labels and relabeling the damaged "stock".

(3) The most we will pay under this Coverage Extension is $50,000, unless a higher limit is shown in the Declarations.

Payments under this Coverage Extension will not increase the applicable Limit of Insurance.

c. Consequential Damage To Pairs Or Sets

If a part or parts of pairs or sets of "stock" are damaged by a Covered Cause of Loss, causing the part or parts that are not damaged to be unmarketable as a complete product, you may extend the insurance that applies to Business Personal Property to cover the consequential damage to your undamaged parts of such pairs or sets.

Payments under this Coverage Extension will not increase the applicable Limit of Insurance.

d. Deferred Payments

(1) You may extend the insurance that applies to Business Personal Property to cover direct physical loss by a Covered Cause of Loss to the following:

(a) Business Personal Property which you have sold under an installment or deferred payment plan and which is in possession of the buyer. We will pay only for your remaining interest in the property.

(b) Business Personal Property which is rented or leased to others.

(2) The most we will pay for loss or damage under this Extension is $50,000, unless a higher limit is shown in the Declarations.

Payments under this Coverage Extension will not increase the applicable Limit of Insurance.

e. Electronic Data Processing

(1) On Your Premises

(a) Equipment, Media And Data

(i) You may extend the insurance that applies to Business Personal Property at the premises described in the Declarations to cover direct physical loss or damage by a Covered Cause of Loss to:

(aa) "Hardware"; and

(bb) "Software".

while at a premises described in the Declarations.

(ii) Covered Property under this Extension does not include:

(aa) "Stock"; or

(bb) Computerized production equipment or apparatus.

(iii) Except as is noted in Paragraph **(3)(d),** the most we will pay for loss or damage under Paragraph **(a)** of this Extension is $200,000 per occurrence, unless a higher limit is shown in the Declarations.

(b) Business Income

(i) We will pay for the actual loss of Business Income you sustain due to the necessary suspension of your "operations" during the "period of restoration". The suspension must be caused by direct physical loss of or damage to "hardware" or "software" while at a premises described in the Declarations, caused by or resulting from any Covered Cause of Loss.

(ii) Business Income means the:

(aa) Net Income (Net Profit or Loss before income taxes) that would have been earned or incurred; and

(bb) Continuing normal operating expenses incurred, including payroll.

(iii) Except as is noted in Paragraph **(3)(d),** the most we will pay for loss or damage under Paragraph **(b)** is $25,000 per occurrence, unless a higher limit is shown in the Declarations. No deductible applies to this coverage.

(c) Extra Expense

(i) We will pay the actual and necessary Extra Expense you sustain due to direct physical loss or damage to "hardware" or "software" while at a premises described in the Declarations, caused by or resulting from any Covered Cause of Loss.

(ii) Extra Expense means necessary expenses you incur during the "period of restoration" that you would not have incurred if there had been no direct physical loss or damage to property:

(aa) To avoid or minimize the suspension of business and to continue "operations":

(1) At the described premises; or

(2) At replacement premises or temporary locations, including relocation expenses and costs to equip and operate the

replacement or temporary location;

(bb) To minimize the suspension of business if you cannot continue "operations", or

(cc) To repair or replace any property.

(iii) Except as is noted in Paragraph **(3)(d),** the most we will pay for loss or damage under Paragraph **(c)** is $25,000 per occurrence, unless a higher limit is shown in the Declarations. No deductible applies to this coverage.

(d) The following Exclusions in the Causes Of Loss — Special Form do not apply to this Electronic Data Processing coverage:

(i) **B.1.b.** Earth Movement; **B.1.e.** Utility Services; **B.1.g.** Water; and

(ii) All **B.2.** Exclusions except **B.2.b.** Consequential Loss; **B.2.d.(1)** Wear And Tear; **B.2.e.** Steam Apparatus; **B.2.g.** Dishonesty; **B.2.h.** False Pretense; **B.2.j.** Collapse; and **B.2.k.** Pollution.

(e) The following additional Exclusions apply to this Electronic Data Processing coverage:

We will not pay for loss or damage caused by or resulting from any of the following:

(i) "Computer Virus" or "Computer Hacking". Except as provided under the Virus And Hacking Coverage in Paragraph **(3),** we will not pay for:

(aa) any direct or indirect loss or damage; or

(bb) loss of access, loss of use, or loss of functionality

caused by a "computer virus" or by "computer hacking".

(ii) Deterioration, depreciation or obsolescence.

(f) Under this Electronic Data Processing coverage:

(i) "Computer hacking" means an unauthorized intrusion by an individual or group of individuals, whether employed by you or not, into "hardware", "software", or a computer network that results in:

(aa) deletion, destruction, generation, or modification of "software";

(bb) alteration, contamination, corruption, degradation, or destruction of the integrity, quality, or performance of "software";

(cc) observation, scanning, or copying of "electronic data", "programs and applications", and "proprietary programs";

(dd) damage, destruction, inadequacy, malfunction, degradation, or corruption of any "hardware" or "media" used with "hardware"; or

(ee) denial of access to or denial of services from your "hardware" or your computer network.

(ii) "Computer virus" means the introduction of any malicious, self-replicating electronic data processing code or other code into "hardware" or "software" that is intended to result in:

(aa) deletion, destruction, generation, or modification of "software";

(bb) alteration, contamination, corruption, degradation, or destruction of the integrity, quality, or performance of "software";

(cc) damage, destruction, inadequacy, malfunction, degradation, or corruption of any "hardware" or "media" used with "hardware"; or

(dd) denial of access to or denial of services from your "hardware" or your computer network.

(iii) "Pollutants" means:

(aa) any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste. Waste includes materials to be recycled, reconditioned or reclaimed.

(bb) electrical or magnetic emissions, whether visible or invisible, and sound emissions.

But we will pay for direct loss or damage caused by lightning.

(2) Away From Your Premises

(a) Subject to Paragraphs **(1)(d)** through **(1)(f),** you may extend the insurance that applies to Business Personal Property to cover direct physical loss or damage to "hardware" or "software" caused by a Covered Cause of Loss while it is in the custody of you, your officers, your partners, or your employees:

(i) at your residence or the residence of your officers, partners, or employees;

(ii) temporarily at a premises that is not described in the Declarations; or

(iii) in transit.

(b) Covered Property under this Extension does not include "stock" or computerized production equipment or apparatus.

(c) We will not pay for loss or damage to property that is voluntarily released to the care, custody or control of anyone else including property while in transit as checked baggage.

(d) The most we will pay for loss or damage under Paragraph **(2)** is $100,000 per occurrence, unless a higher limit is shown in the Declarations. This Away From Your Premises coverage is subject to a separate deductible of $1,000 in any one occurrence. No other deductible applies.

(3) Virus And Hacking Coverage

(a) We cover direct physical loss of or damage to covered "hardware" and "software" while at a premises described in the Declarations caused by a "computer virus" or by "computer hacking".

(b) We cover loss of Business Income and/or Extra Expense caused by a "computer virus" or by "computer hacking". Coverage begins 12 hours after the time of direct physical loss for Business Income coverage.

(c) We do not cover:

(i) loss of exclusive use of, or loss of or reduction in economic or market value of, any "electronic data" or "proprietary programs" that have been copied, scanned, or altered;

(ii) "theft" from your "electronic data" or "proprietary programs" of confidential information through the observation of the "electronic data" or "proprietary programs" by accessing covered "hardware" or your computer network without any alteration or other physical loss or damage to the records or programs. Confidential information includes, but is not limited to, customer information, processing methods, or trade secrets; and

(iii) denial of access to or services from your "hardware" or your computer network.

(d) The most we will pay during one policy year for all covered losses described in Paragraphs **(1)(a), (1)(b)** and **(1)(c)** under the Virus And Hacking Coverage **(3)(a)** and **(3)(b)** combined is $100,000, unless a higher limit is shown in the Declarations. With respect to an occurrence which begins in one policy year and continues or results in additional loss or damage in a subsequent policy year(s), all loss or damage is deemed to be sustained in the policy year in which the occurrence began.

Payments under this Coverage Extension are separate from the Limit(s) of Insurance shown in the Declarations for any other coverage.

If Electronic Data Processing coverage is provided for any premises under the Inland Marine Coverage Part of this policy, that coverage replaces the Electronic Data Processing coverage provided by this Coverage Extension as respects that premises. The provisions of this Coverage Extension would apply to all other premises, including Away From Your Premises coverage, except for the location that is covered for Electronic Data Processing under the Inland Marine Coverage Part.

f. Exhibitions

(1) You may extend the insurance that applies to Business Personal Property while en route to or from, or temporarily on display, at exhibitions, fairs or trade shows.

(2) Exclusions **B.1.b.,** Earth Movement, and **B.1.g.,** Water, of the Causes Of Loss — Special Form do not apply to this Exhibitions coverage.

(3) Under this Coverage Extension, we will not pay for "theft" from an unattended vehicle except when it is securely locked, its windows are fully closed, and there is visible evidence that entry into the vehicle was forced. This exclusion does not apply to Covered Property in the custody of a carrier for hire.

(4) The most we will pay for loss or damage under this Extension is $50,000, unless a higher limit is shown in the Declarations.

Payments under this Coverage Extension are separate from the Limit(s) of Insurance shown in the Declarations for any other coverage.

This Coverage Extension is subject to a separate deductible of $1,000 in any one occurrence. No other deductible applies.

(5) If Exhibition coverage is provided under the Inland Marine Coverage Part of this policy, that coverage replaces the Exhibition coverage provided by this Coverage Extension. The provisions of this Coverage Extension would no longer apply.

g. Fine Arts

(1) On Your Premises

(a) You may extend the insurance that applies to Business Personal Property to cover "fine arts" at the premises described in the Declarations.

(b) Exclusions **B.1.b.,** Earth Movement, and **B.1.g.,** Water, of the Causes Of Loss — Special Form do not apply to this Fine Arts coverage.

(c) In the event of total loss of an article or articles which are part of a pair or set, you may choose to have us pay the market value of the whole set and surrender the remaining pieces to us.

(d) This Extension does not cover:

(i) numismatic or philatelic objects or collections;

(ii) furs or fur-trimmed garments; or

(iii) jewelry, precious or semi-precious stones, gold, silver, platinum, or other precious metals or alloys.

(e) We will not pay for loss caused directly or indirectly by breakage of art glass windows, statuary, marbles, glassware, bric-a-brac, porcelains and

similar fragile articles, unless caused by fire, lightning, aircraft, theft or attempted theft, weather conditions, earthquake, flood, explosion malicious damage, or collision, derailment or overturn of the transporting conveyance.

(f) The most we will pay for loss or damage under this Coverage Extension is $50,000 per premises, unless a higher limit is shown in the Declarations.

(2) Property On Exhibit

Subject to Paragraphs **(1)(b)** through **(1)(e),** you may extend the insurance that applies to Business Personal Property to cover "fine arts" while temporarily on exhibit in a premises not owned or occupied by you. The most we will pay for loss or damage to property on exhibition is $10,000 per occurrence.

(3) Property Off Premises For Framing, Renovating, Packing, Or Appraising

Subject to Paragraphs **(1)(b)** through **(1)(e),** you may extend the insurance that applies to Business Personal Property to cover "fine arts" while temporarily in a premises not owned, occupied, or operated by you for framing, renovating, packing, or appraising. The most we will pay for loss or damage to property off premises for framing, renovating, packing, or appraising is $10,000 per occurrence.

(4) Transit

Subject to Paragraphs **(1)(b)** through **(1)(e),** you may extend the insurance that applies to Business Personal Property to cover "fine arts" while in transit. The most we will pay for loss or damage to property in transit is $10,000 per occurrence.

Payments under this Coverage Extension are separate from the Limit(s) of Insurance shown in the Declarations for any other coverage.

If Commercial Fine Arts coverage is provided under the Inland Marine Coverage Part of this policy, that coverage replaces the Fine Arts coverage provided by this Coverage Extension. The provisions of this Coverage Extension would no longer apply.

h. Inflation Guard

If Building or Business Personal Property coverage is shown in the Declarations and Replacement Cost coverage applies, then this Coverage Extension applies to that property as follows:

(1) The Limit of Insurance for property to which this Coverage Extension applies will automatically increase by up to 6%.

(2) The amount of increase will be:

(a) the Limit of Insurance that applied on the most recent of the policy inception date, the policy anniversary date, or any other policy change amending the Limit of Insurance, times

(b) the 6%, expressed as a decimal (example: 6% is .06), times

(c) the number of days since the beginning of the current policy year or the effective date of the most recent policy change amending the Limit of Insurance, divided by 365.

(3) The insured may purchase a higher percentage under this Coverage Extension. If the insured chooses a higher percentage, it will be reflected in the Declarations.

EXAMPLE:

If: The applicable Limit of Insurance is	$ 100,000
The annual percentage increase is	6%
The number of days since the beginning of the policy year (or last policy change) is	146
The amount of increase is $100,000 x .06 x 146 ÷ 365 =	$ 2,400

i. Inventory, Appraisals And Other Claims Expenses

(1) You may extend the insurance that applies to Business Personal Property to pay the necessary and

reasonable costs for taking inventories, making appraisals, and preparing other documents that we require when loss or damage occurs to Covered Property. This coverage does not apply to your expenses for appraisals to resolve disputes involving value or loss as described in Loss Condition **E.2. Appraisal.**

(2) The most we will pay under this Coverage Extension is $50,000, unless a higher limit is shown in the Declarations.

Payments under this Coverage Extension will not increase the applicable Limit of Insurance.

j. Newly Acquired Or Constructed Property

(1) Buildings

If this policy covers Building, you may extend that insurance to apply to:

(a) Your new buildings while being built on the described premises; and

(b) Buildings you acquire at locations, other than the described premises, intended for:

(i) Similar use as the building described in the Declarations; or

(ii) Use as a warehouse.

The most we will pay for loss or damage under this Extension is $1,000,000 at each building.

(2) Business Personal Property

If this policy covers Business Personal Property, you may extend that insurance to apply to:

(a) Business personal property, including such property that you newly acquire, at any location you acquire other than at fairs, trade shows or exhibitions;

(b) Business personal property, including such property that you newly acquire, located at your newly constructed or acquired buildings at the location described in the Declarations; or

(c) Business personal property that you newly acquire, located at the described premises.

The most we will pay for loss or damage under this Extension is $500,000 at each building.

This Extension does not apply to:

(a) Personal property of others that is temporarily in your possession in the course of installing or performing work on such property; or

(b) Personal property of others that is temporarily in your possession in the course of your manufacturing or wholesaling activities.

(3) Period of Coverage

With respect to insurance on or at each newly acquired or constructed property, coverage will end when any of the following first occurs:

(a) This policy expires;

(b) 180 days expire after you acquire the property or begin construction of that part of the building that would qualify as covered property; or

(c) You report values to us.

We will charge you additional premium for values reported from the date you acquire the property or begin construction of that part of the building that would qualify as covered property.

k. Non-owned Detached Trailers

(1) You may extend the insurance that applies to Business Personal Property to apply to loss or damage to trailers that you do not own, provided that:

(a) The trailer is used in your business;

(b) The trailer is in your care, custody or control at the premises described in the Declarations; and

(c) You have a contractual responsibility to pay for loss or damage to the trailer.

(2) We will not pay for any loss or damage that occurs:

(a) While the trailer is attached to any motor vehicle or motorized conveyance, whether or not the motor vehicle or motorized conveyance is in motion;

(b) During hitching or unhitching operations, or when a trailer becomes accidentally unhitched from a motor vehicle or motorized conveyance.

(3) The most we will pay for loss or damage under this Extension is $10,000, unless a higher limit is shown in the Declarations.

Payments under this Coverage Extension are separate from the Limit(s) of Insurance shown in the Declarations for any other coverage.

(4) This insurance is excess over the amount due (whether you can collect on it or not) from any other insurance covering such property.

l. Outdoor Trees, Shrubs, Plants, Sod And Lawns

You may extend the insurance provided by this Coverage Form to apply to your outdoor trees, shrubs, plants, sod and lawns (other than "stock" of trees, shrubs, plants or sod), including debris removal expense. Loss or damage must be caused by or result from any of the following causes of loss:

(1) Fire;

(2) Lightning;

(3) Explosion;

(4) Riot or Civil Commotion;

(5) Aircraft; or

(6) Vehicles operated by other than you or an employee.

The most we will pay for loss or damage under this Coverage Extension is $50,000, but not more than $10,000 for any one tree, shrub or plant. The $10,000 limitation to individual plants does not apply to sod or lawns. These limits apply to any one occurrence, regardless of the types or number of items lost or damaged in that occurrence.

Payments under this Coverage Extension are separate from the Limit(s) of Insurance shown in the Declarations for any other coverage.

The Limits of Insurance applicable to this Coverage Extension includes their debris removal expense. Such debris removal expense is not included in the Additional Coverage **A.4.d.** for Debris Removal.

m. Personal Effects

(1) You may extend the insurance that applies to Business Personal Property to personal effects owned by you, your officers, your partners or members, your managers or your employees. This extension does not apply to loss or damage by "theft". Our payment for loss of or damage to personal effects of others will only be for the account of the owner of the property.

(2) Personal effects do not include tools and equipment owned by your employees that are used in your business operations.

(3) The most we will pay under this Coverage Extension is $50,000, unless a higher limit is shown in the Declarations.

Payments under this Coverage Extension are separate from the Limit(s) of Insurance shown in the Declarations for any other coverage.

n. Property In Transit

(1) You may extend the insurance provided by this Coverage Part to apply to covered Business Personal Property in or on a vehicle or in transit, including loading and unloading, more than 1,000 feet from a covered premises while:

(a) In or on a vehicle you own, rent or lease;

(b) In the custody of a carrier for hire; or

(c) In the custody of an air or rail carrier

within the United States of America, its territories and possessions, Canada, and Puerto Rico.

(2) Exclusions **B.1.b.,** Earth Movement, and **B.1.g.,** Water, of the Causes Of Loss — Special Form do not apply to this Property In Transit coverage.

(3) Except as is noted in Paragraph **(4)** below, the reference to property while airborne or waterborne in **A.2.i.** of Property Not Covered does not apply to this Coverage Extension.

(4) There is no coverage for exported or imported property:

(a) That is covered under any ocean marine cargo policy that anyone has obtained to cover exports or imports; or

(b) While on an ocean or air conveyance.

(5) There is no coverage under this Extension for loss to property that you become legally obligated to pay as a common or contract carrier under a bill of lading, contract of carriage, or shipping receipt that is issued by you or that is issued on your behalf.

(6) There is no coverage under this Extension for:

(a) Sales representatives' samples (including containers);

(b) Property of any type while en route to or from a trade show, exhibition, or fair;

(c) "Fine arts", "antiques", fur garments, jewelry, precious or semiprecious stones, gold, silver, platinum, or other precious metals or alloys;

(d) Mail shipments in the custody of the U.S. Postal Service;

(e) Electronic data processing "hardware" or "software", except for "stock";

(f) "Valuable papers and records"; or

(g) Accounts receivable.

(7) The most we will pay in any occurrence under this Coverage Extension is $50,000, unless a higher limit is shown in the Declarations.

Payments under this Coverage Extension are separate from the Limit(s) of Insurance shown in the Declarations for any other coverage.

This Coverage Extension is subject to a separate deductible of $1,000 in any one occurrence. No other deductible applies.

(8) If either Motor Truck Cargo Owners coverage or Transportation coverage are provided under the Inland Marine Coverage Part of this policy, that coverage replaces this Property In Transit Coverage Extension. The provisions of this Coverage Extension would no longer apply.

o. Property Off-premises

(1) You may extend the insurance provided to Business Personal Property to apply to your Covered Property while it is away from the described premises, if it is:

(a) Temporarily at a location you do not own, lease or operate; or

(b) In storage at a location you lease.

(2) This Coverage Extension does not apply to:

(a) Property in or on a vehicle or otherwise in transit;

(b) Property at any fair, trade show or exhibition;

(c) Property in the care, custody or control of your sales representatives, or you while acting as a sales representative;

(d) "Contractors' equipment";

(e) Materials, supplies, machinery, fixtures, and equipment that you are installing, constructing, or rigging as part of your installation or construction project, or will become a permanent part of your installation or construction project while they are at a storage location away from the described premises;

(f) Property covered under the Deferred Payments Additional Coverage;

(g) Electronic data processing "hardware" or "software", except for "stock";

(h) "Valuable papers and records"; or

(i) Accounts receivable.

(3) There is no coverage under this Coverage Extension for loss caused by or resulting from:

(a) Earth movement; or

(b) Flood, whether arising from natural or external forces; surface water; waves; tides; tidal waves; overflow of any body of water, or their spray, all whether driven by wind or not.

This exclusion applies whether or not coverage is provided under this policy by any endorsement to Business Personal Property for the causes of loss described in **(3)(a)** or **(3)(b)** above.

(4) The most we will pay for loss or damage under this Coverage Extension is $100,000, unless a higher limit is shown in the Declarations.

Payments under this Coverage Extension are separate from the Limit(s) of Insurance shown in the Declarations for any other coverage.

p. Sales Representatives Samples

(1) You may extend the insurance that applies to Business Personal Property to samples of your stock in trade (including containers) while the property is in the custody of:

(a) your sales representatives and agents; or

(b) your custody while acting as a sales representative

if more than 1,000 feet from a premises described in the Declarations, not including any other premises that is owned, operated, or leased by you.

(2) Exclusions **B.1.b.,** Earth Movement, and **B.1.g.,** Water, of the Causes Of Loss — Special Form do not apply to this Sales Representatives Samples coverage.

(3) Under this Coverage Extension, we will not pay for "theft" from an unattended vehicle except when it is securely locked, its windows are fully closed, and there is visible evidence that entry into the vehicle was forced.

(4) There is no coverage under this Extension for jewelry, precious or semiprecious stones, gold, silver, platinum, or other precious metals or alloys.

(5) The most we will pay for loss or damage under this Coverage Extension is $50,000, unless a higher limit is shown in the Declarations.

Payments under this Coverage Extension are separate from the Limit(s) of Insurance shown in the Declarations for any other coverage.

This Coverage Extension is subject to a separate deductible of $1,000 in any one occurrence. No other deductible applies.

(6) If Salespersons Samples coverage is provided under the Inland Marine Coverage Part of this policy, that coverage replaces the Sales Representatives Samples coverage provided by this Coverage Extension. The provisions of this Coverage Extension would no longer apply.

q. Signs — Supplemental Coverage

(1) You may extend the insurance that applies to Business Personal Property to apply to direct physical loss of or damage to signs (other than signs covered under **A.1.a.** Buildings) located at a premises described in the Declarations:

(a) Owned by you; or

(b) That you have a contractual responsibility to insure as a building tenant.

(2) The most we will pay for loss or damage under this Coverage Extension is $50,000, unless a higher limit is shown in the Declarations.

Payments under this Coverage Extension are separate from the

Limit(s) of Insurance shown in the Declarations for any other coverage.

r. Spoilage Due To Power Outage, Mechanical Breakdown, Or Contamination — Direct Damage

(1) You may extend the insurance that applies to Business Personal Property to apply to spoilage of "perishable stock" caused by:

(a) Breakdown or Contamination, meaning:

(i) Change in temperature or humidity caused by mechanical breakdown or mechanical failure of refrigerating, cooling, or humidity control apparatus or equipment, only while such equipment or apparatus is at the described premises; and

(ii) Contamination by the refrigerant.

(b) Power Outage, meaning change in temperature or humidity resulting from complete or partial interruption of electrical power, either on or off the described premises, due to conditions beyond your control.

(2) With respect to the coverage provided by this extension, property located outside of a building or in or on a vehicle is considered to be Property Not Covered unless the stock is being moved to prevent or reduce loss covered by this policy.

(3) We will also pay any necessary expenses you incur to reduce the amount of loss under this coverage. We will pay for such expenses to the extent that they do not exceed the amount of loss that otherwise would have been payable under this Coverage Extension.

(4) Only the following Exclusions contained in Paragraph **B.1.** of the Causes Of Loss — Special Form apply to this Spoilage Due To Power Outage, Mechanical Breakdown, Or Contamination — Direct Damage coverage:

(a) **B.1.b.** Earth Movement;

(b) **B.1.c.** Governmental Action;

(c) **B.1.d.** Nuclear Hazard;

(d) **B.1.f.** War And Military Action; and

(e) **B.1.g.** Water.

(5) The following additional Exclusions are added:

We will not pay for loss or damage caused by:

(a) The disconnecting of any refrigerating, cooling or humidity control system from the source of power.

(b) The deactivation of electrical power caused by the manipulation of any switch or other device used to control the flow of electrical power or current.

(c) The inability of an Electrical Utility Company or other power source to provide sufficient power due to:

(i) Lack of fuel; or

(ii) Governmental order.

(d) The inability of a power source at the described premises to provide sufficient power due to lack of generating capacity to meet demand.

(e) Breaking of any glass that is a permanent part of any refrigerating, cooling or humidity control unit.

(6) The provisions of this Coverage Extension are superseded if the Spoilage Coverage endorsement is attached to and made a part of this policy.

(7) The most we will pay for loss or damage under this Coverage Extension is $50,000 per building, unless a higher limit is shown in the Declarations.

Payments under this Coverage Extension will not increase the applicable Limits of Insurance.

s. Theft Damage To Buildings For Tenants

(1) You may extend the insurance that applies to Business Personal Property to apply to damage to the building caused by or resulting from "theft" or attempted "theft" where you are a tenant and are contractually responsible for such damages.

(2) There is no coverage under this Extension for signs that are covered under Paragraph **A.5.q.**

(3) The most we will pay for loss or damage under this Extension is $50,000.

Payments under this Coverage Extension are separate from the Limit(s) of Insurance shown in the Declarations for any other coverage.

(4) This insurance is excess over any other insurance under this policy covering such property.

t. Utility Services — Direct Damage

(1) You may extend the insurance that applies to Covered Property to apply to loss of or damage to Covered Property, other than "perishable stock", caused by the interruption in utility service to premises described in the Declarations. The interruption in utility service must result from direct physical loss or damage by a Covered Cause of Loss to the following property:

(a) Water Supply Services, meaning the following types of property supplying water to the described premises:

(i) Pumping stations; and

(ii) Water mains.

(b) Communication Supply Services, meaning property supplying communication services, including telephone, radio, microwave or television services to the described premises, such as:

(i) Communication transmission lines, including optic fiber transmission lines;

(ii) Coaxial cables; and

(iii) Microwave radio relays except satellites.

(c) Power Supply Services, meaning the following types of property supplying electricity, steam or gas to the described premises:

(i) Utility generating plants;

(ii) Switching stations;

(iii) Substations;

(iv) Transformers; and

(v) Transmission lines.

(2) The Utility Services exclusion in **B.1.e.** of the Causes Of Loss — Special Form does not apply to this Utility Services — Direct Damage coverage.

(3) The provisions of this Coverage Extension are superseded if the Utility Services — Direct Damage endorsement is attached to and made a part of this policy.

(4) The most we will pay for loss or damage under this Coverage Extension is $50,000 at each covered building, unless a higher limit is shown in the Declarations.

Payments under this Coverage Extension will not increase the applicable Limit of Insurance.

u. Valuable Papers And Records

(1) On Your Premises

(a) You may extend the insurance that applies to Business Personal Property at the premises described in the Declarations to apply to the cost to replace or restore the lost information on "valuable papers and records" for which duplicates do not exist.

(b) The following Exclusions in the Causes Of Loss — Special Form do not apply to this Valuable Papers And Records coverage:

(i) **B.1.b.** Earth Movement; **B.1.e.** Utility Services; **B.1.g.** Water; and

(ii) All **B.2.** Exclusions except **B.2.b.** Consequential Loss; **B.2.d.(1)** Wear And Tear; **B.2.e.** Steam Apparatus; **B.2.g.** Dishonesty; **B.2.h.** False Pretense; **B.2.j.** Collapse; and **B.2.k.** Pollution.

(c) The following additional Exclusion applies to this Valuable Papers And Records coverage:

We will not pay for loss or damage caused by or resulting from electrical or magnetic injury, disturbance or erasure of electronic recordings.

But we will pay for direct loss or damage caused by lightning.

(d) We will also pay for the cost of blank material for reproducing the records (whether or not duplicates exist), and (when there is a duplicate) for the cost of labor to transcribe or copy the records. The costs of blank material and labor are subject to the applicable Limit of Insurance on Business Personal Property and therefore coverage of such costs in not additional insurance.

(e) The most we will pay under this Coverage Extension to replace or restore the lost information is $250,000 per premises, unless a higher limit is shown in the Declarations.

(2) Away From Your Premises

(a) Subject to Paragraphs **(b)** through **(d),** we will pay up to $25,000 per occurrence to apply to the cost to replace or restore the lost information on "valuable papers and records" for which duplicates do not exist, while they are away from premises described in the Declarations.

(b) This coverage while away from described premises is not increased by the Flex Additional Coverage — Blanket Limit Of Insurance.

Payments under this Coverage Extension are separate from the Limit(s) of Insurance shown in the Declarations for any other coverage.

If Valuable Papers And Records coverage is provided for any premises under the Inland Marine Coverage Part of this policy, that coverage replaces the Valuable Papers And Records coverage provided by this Coverage Extension as respects that premises. The provisions of this Coverage Extension would apply to all other premises, including Away From Your Premises coverage, except for the location that is covered for Valuable Papers And Records under the Inland Marine Coverage Part.

v. Worldwide Personal Property

(1) You may extend the insurance that applies to Business Personal Property to apply to property while it is:

(a) in the course of transit; or

(b) at a premises

located in any part of the world other than the United States of America (including its territories and possessions), Puerto Rico or Canada.

(2) There is no coverage under this Extension for:

(a) "stock" other than sales representatives' samples;

(b) "money"; or

(c) "securities" other than airline tickets.

(3) We will not pay for loss or damage caused by or resulting from "theft" to property that is voluntarily released to the care, custody or control of anyone else including property released as checked baggage.

(4) The most we will pay for under this Coverage Extension is $10,000 per occurrence.

Payments under this Coverage Extension are separate from the Limit(s) of Insurance shown in the Declarations for any other coverage.

If a loss is covered by both a specific coverage form on this policy and a Coverage Extension, the coverage provisions of the specific coverage form apply to the loss.

6. **Flex Additional Coverage — Blanket Limit Of Insurance**

   a. In the event that covered loss or damage exceeds the specific Limits of Insurance provided in the Coverage Extensions described in **6.b.** plus the applicable deductible, we will pay up to $250,000 to apply in any one occurrence caused by a Covered Cause of Loss only while at a premises described in the Declarations.

      You may apportion this Limit among these coverages as you choose.

      Payments under the Flex Additional Coverage — Blanket Limit Of Insurance are separate from the Limit(s) of Insurance shown in the Declarations for any other coverage, and will apply in excess of the specific Coverage Extension limits of insurance plus any deductible applying to them.

   b. The Coverages Extensions applicable to this Flex Additional Coverage — Blanket Limit Of Insurance include:

      (1) Coverage Extension **A.5.a. Accounts Receivable**

      (2) Coverage Extension **A.5.b. Brands And Labels**

      (3) Coverage Extension **A.5.k. Non-owned Detached Trailers**

      (4) Coverage Extension **A.5.l. Outdoor Trees, Shrubs, Plants, Sod And Lawns**

      The $10,000 limit for any one tree, shrub or plant described in **A.5.l.** applies to coverage provided by this Flex Additional Coverage — Blanket Limit Of Insurance.

      (5) Coverage Extension **A.5.m. Personal Effects**

      (6) Coverage Extension **A.5.u. Valuable Papers and Records**

   c. The Away From Your Premises coverage for Coverage Extensions **A.5.a.(2) Accounts Receivable** and **A.5.u.(2) Valuable Papers And Records** do not apply to this Flex Additional Coverage — Blanket Limit Of Insurance.

B. Exclusions And Limitations

See applicable Causes Of Loss Form(s) as shown in the Declarations.

C. Limits Of Insurance

1. The most we will pay for loss or damage in any one occurrence is the applicable Limit of Insurance shown in the Declarations, plus additional limit(s) provided by the Additional Coverages, Coverage Extensions, and the Flex Additional Coverage — Blanket Limit Of Insurance, other than those outlined in Paragraph **C.5.**

2. Building Limit — Annual Adjustment: We will adjust the Limit of Insurance for Buildings on each anniversary and/or the renewal of the policy. The amount of the adjustment will be the percent of increase or decrease as that which has occurred during the preceding policy year in the cost-of-construction factor, as reported in the publication of a recognized independent appraisal company.

3. Business Personal Property — Annual Adjustment: We will adjust the Limit of Insurance for Business Personal Property on each anniversary and/or renewal of the policy. The amount of the adjustment will be based on inflation and the economic factors for the preceding year.

4. Except as noted in Paragraph **C.5.,** the limits applicable to the Additional Coverages and Coverage Extensions are separate from the Limit(s) of Insurance shown in the Declarations for any other coverages.

5. Payments under the following Additional Coverages and Coverage Extensions will not increase the applicable Limits of Insurance:

   a. Additional Coverage **A.4.m. Ordinance Or Law — Coverage A**

   b. Additional Coverage **A.4.o. Preservation Of Property**

   c. Coverage Extension **A.5.b. Brands And Labels**

   d. Coverage Extension **A.5.c. Consequential Damage To Pairs Or Sets**

   e. Coverage Extension **A.5.d. Deferred Payments**

   f. Coverage Extension **A.5.i. Inventory, Appraisals And Other Claims Expenses**

   g. Coverage Extension **A.5.r. Spoilage Due To Power Outage, Mechanical Breakdown, Or Contamination — Direct Damage**

h. Coverage Extension **A.5.t. Utility Service — Direct Damage**

D. Deductible

In any one occurrence of loss or damage (hereinafter referred to as loss), if the adjusted amount of loss is less than or equal to the Deductible, we will not pay for that loss. If the adjusted amount of loss exceeds the Deductible, we will then subtract the Deductible from the adjusted amount of loss, and will pay the resulting amount or the Limit of Insurance, whichever is less.

When the occurrence involves loss to more than one item of Covered Property and separate Limits of Insurance apply, the losses will not be combined in determining application of the Deductible. But the Deductible will be applied only once per occurrence.

EXAMPLE #1:

Deductible:	$	1,000
Limit of Insurance — Building #1:	$	60,000
Limit of Insurance — Building #2:	$	80,000
Loss to Building #1:	$	60,100
Loss to Building #2:	$	90,000

The amount of loss to Building #1 ($60,100) is less than the sum ($61,000) of the Limit of Insurance applicable to Building #1 plus the Deductible.

The Deductible will be subtracted from the amount of loss in calculating the loss payable for Building #1:

$ 60,100	
- $ 1,000	
$ 59,100	Loss Payable — Building #1

The Deductible applies once per occurrence and therefore is not subtracted in determining the amount of loss payable for Building #2. Loss payable for Building #2 is the Limit of Insurance of $80,000.

Total amount of loss payable: $59,100 + $80,000 = $139,100

EXAMPLE #2:

The Deductible and Limits of Insurance are the same as those in Example #1.

Loss to Building #1: (exceeds Limit of Insurance plus Deductible)	$	70,000
Loss to Building #2: (exceeds Limit of Insurance plus Deductible)	$	90,000
Loss Payable — Building #1: (Limit of Insurance)	$	60,000
Loss Payable — Building #2: (Limit of Insurance)	$	80,000
Total amount of loss payable:	$	140,000

No deductible applies to the following:

a. Additional Coverage **A.4.a. Arson, Vandalism Or Theft Reward**

b. Additional Coverage **A.4.b. Computer Fraud**

c. Additional Coverage **A.4.e. Employee Theft**

d. Additional Coverage **A.4.f. Extra Expense**

e. Additional Coverage **A.4.g. Fire Department Service Charge**

f. Additional Coverage **A.4.h. Fire Extinguisher Systems Recharge**

g. Additional Coverage **A.4.j. Lock And Key Replacement**

h. Additional Coverage **A.4.k. Money And Securities**

i. Coverage Extension **A.5.a. Accounts Receivable**

E. Loss Conditions

The following conditions apply in addition to the Common Policy Conditions and the Commercial Property Conditions.

1. Abandonment

There can be no abandonment of any property to us.

2. Appraisal

If we and you disagree on the value of the property or the amount of loss, either may make written demand for an appraisal of the loss. In this event, each party will select a competent and impartial appraiser. The two appraisers will select an umpire. If they cannot agree, either may request that selection be made by a judge of a court having jurisdiction. The appraisers will state separately the value of the property and amount of loss. If they fail to agree, they will submit their differences to the umpire. A decision agreed to by any two will be binding. Each party will:

a. Pay its chosen appraiser; and

b. Bear the other expenses of the appraisal and umpire equally.

If there is an appraisal, we will still retain our right to deny the claim.

3. Duties In the Event Of Loss Or Damage

a. You must see that the following are done in the event of loss or damage to Covered Property:

(1) Notify the police if a law may have been broken.

(2) Give us prompt notice of the loss or damage. Include a description of the property involved.

(3) As soon as possible, give us a description of how, when and where the loss or damage occurred.

(4) Take all reasonable steps to protect the Covered Property from further damage, and keep a record of your expenses necessary to protect the Covered Property, for consideration in the settlement of the claim. This will not increase the Limit of Insurance. However, we will not pay for any subsequent loss or damage resulting from a cause of loss that is not a Covered Cause of Loss. Also, if feasible, set the damaged property aside and in the best possible order for examination.

(5) At our request, give us complete inventories of the damaged and undamaged property. Include quantities, costs, values and amount of loss claimed.

(6) As often as may be reasonably required, permit us to inspect the property proving the loss or damage and examine your books and records.

Also permit us to take samples of damaged and undamaged property for inspection, testing and analysis, and permit us to make copies from your books and records.

(7) Send us a signed, sworn proof of loss containing the information we request to investigate the claim. You must do this within 60 days after our request. We will supply you with the necessary forms.

(8) Cooperate with us in the investigation or settlement of the claim.

b. We may examine any insured under oath, while not in the presence of any other insured and at such times as may be reasonably required, about any matter relating to this insurance or the claim, including an insured's books and records. In the event of an examination, an insured's answers must be signed.

4. Loss Payment

a. In the event of loss or damage covered by this Coverage Form, at our option, we will either:

(1) Pay the value of lost or damaged property;

(2) Pay the cost of repairing or replacing the lost or damaged property, subject to **b.** below;

(3) Take all or any part of the property at an agreed or appraised value; or

(4) Repair, rebuild or replace the property with other property of like kind and quality, subject to **b.** below.

We will determine the value of lost or damaged property, or the cost of its repair or replacement, in accordance with the applicable terms of the Valuation Condition in this Coverage Form or any applicable provision which amends or supersedes the Valuation Condition.

b. The cost to repair, rebuild or replace does not include the increased cost attributable to enforcement of any ordinance or law regulating the construction, use or repair of any property.

c. We will give notice of our intentions within 30 days after we receive the sworn proof of loss.

d. We will not pay you more than your financial interest in the Covered Property.

e. We may adjust losses with the owners of lost or damaged property if other than you. If we pay the owners, such payments will satisfy your claims against us for the owners' property. We will not pay the owners more than their financial interest in the Covered Property.

f. We may elect to defend you against suits arising from claims of owners of property. We will do this at our expense.

g. We will pay for covered loss or damage within 30 days after we receive the sworn proof of loss, if you have complied with all of the terms of this Coverage Part and:

(1) We have reached agreement with you on the amount of loss; or

(2) An appraisal award has been made.

h. A party wall is a wall that separates and is common to adjoining buildings that are owned by different parties. In settling covered losses involving a party wall, we will pay a proportion of the loss to the party wall based on your interest in the wall in proportion to the interest of the owner of the adjoining building. However, if you elect to repair or replace your building and the owner of the adjoining building elects not to repair or replace that building, we will pay you the full value of the loss to the party wall, subject to all applicable policy provisions including Limits of Insurance, the Valuation Condition and all other provisions of this Loss Payment Condition. Our payment under the provisions of this paragraph does not alter any right of subrogation we may have against any entity, including the owner or insurer of the adjoining building, and does not alter the terms of the Transfer Of Rights Of Recovery Against Others To Us Condition in this policy.

5. Recovered Property

If either you or we recover any property after loss settlement, that party must give the other prompt notice. At your option, the property will be returned to you. You must then return to us the amount we paid to you for the property. We will pay recovery expenses and the expenses to repair the recovered property, subject to the Limit of Insurance.

6. Vacancy

a. Description of Terms

(1) As used in this Vacancy Condition, the term building and the term vacant have the meanings set forth in **(1)(a)** and **(1)(b)** below:

(a) When this policy is issued to a tenant, and with respect to that tenant's interest in Covered Property, building means the unit or suite rented or leased to the tenant. Such building is vacant when it does not contain enough business personal property to conduct customary operations.

(b) When this policy is issued to the owner or general lessee of a building, building means the entire building. Such building is vacant unless at least 31% of its total square footage is:

(i) Rented to a lessee or sub-lessee and used by the lessee or sub-lessee to conduct its customary operations; and/or

(ii) Used by the building owner to conduct customary operations.

(2) Buildings under construction or renovation are not considered vacant.

b. Vacancy Provisions

If the building where loss or damage occurs has been vacant for more than 60 consecutive days before that loss or damage occurs:

(1) We will not pay for any loss or damage caused by any of the following even if they are Covered Causes of Loss:

(a) Fire caused by acts of vandalism;

(b) Vandalism, including fire caused by acts of vandalism;

(c) Sprinkler leakage, unless you have protected the system against freezing;

(d) Building glass breakage;

(e) Water damage;

(f) "Theft"; or

(g) Attempted "theft".

(2) With respect to Covered Causes of Loss other than those listed in **b.(1)(a)** through **b.(1)(g)** above, we will reduce the amount we would otherwise pay for the loss or damage by 15%.

7. Valuation

a. We will determine the value of Covered Property in the event of loss or damage at replacement cost (without deduction for depreciation) of the time of loss or damage, except as provided in **c.** through **f.** below.

b. We will not pay more for loss or damage on a replacement cost basis than the least of **(1), (2)** or **(3),** subject to **c.** below:

(1) The Limit of Insurance applicable to the lost or damaged property;

(2) The cost to replace the lost or damaged property with other property:

(a) Of comparable material and quality; and

(b) Used for the same purpose; or

(3) The amount actually spent that is necessary to repair or replace the lost or damaged property.

If a building is rebuilt at a new premises, the cost described in **b.(2)** above is limited to the cost which would have been incurred if the building had been rebuilt at the original premises.

c. The cost of repair or replacement does not include the increased cost attributable to enforcement of any ordinance or law regulating the construction, use or repair of any property.

d. You may make a claim for loss or damage covered by this insurance on an "actual cash value" basis instead of on a replacement cost basis. In the event you elect to have loss or damage settled on an "actual cash value" basis, you may still make a claim for the additional coverage on a replacement cost basis if you notify us of your intent to do so within 180 days after the loss or damage.

e. With respect to replacement cost on the personal property of others, the following limitation applies:

If an item(s) of personal property of others is subject to a written contract which governs your liability for loss or damage to that item(s), then valuation of that item(s) will be based on the amount for which you are liable under such contract, but not to exceed the lesser of the replacement cost of the property or the applicable Limit of Insurance.

f. The following types of property are valued as follows:

(1) Contents of a residence at "actual cash value".

(2) Subject to the exceptions in Paragraphs **(a)** and **(b)** below, "stock" at "actual cash value", unless Replacement Cost is shown in the Declarations as Including "Stock".

The following types of "stock" are valued as follows:

(a) "Stock" you have sold but not delivered at the selling price less discounts and expenses you otherwise would have had.

(b) Used or second-hand merchandise held in storage or for sale at "actual cash value".

(3) "Fine arts" at market value at the time of loss.

(4) "Money" up to and including its face value.

(5) "Securities" up to and including their value at the close of business on the day the loss occurred. We may, at our option:

(a) Pay the market value of such "securities" or replace them in kind, in which event you must assign to us all your rights, title and interest in and to those "securities"; or

(b) Pay the cost of any Lost Securities Bond required in connection with issuing duplicates of the "securities". However, we will be liable only for the payment of so much of the cost of the bond as would be charged for a bond having a penalty not exceeding the lesser of the:

(i) market value of the "securities" at the close of business on the day the loss was discovered; or

(ii) Limit of Insurance applicable to the "securities".

(6) Electronic data processing "hardware":

(a) That is replaced — at the cost of replacing the "hardware" with new equipment that is functionally comparable to the "hardware" that is being replaced;

(b) That is not repaired or replaced — at "actual cash value";

(c) In no event will we pay more than the reasonable cost of restoring partially damaged "hardware" to its condition directly prior to the damage.

(7) Electronic data processing "software":

(a) "Programs and applications"

(i) At the cost to reinstall the "programs or applications" from the licensed discs that were originally used to install the programs or applications.

(ii) If the original licensed discs are lost, damaged, or can no longer be obtained, the value of "programs and applications" will be based on the cost of the most current version of the "programs or applications".

(b) "Proprietary programs":

(i) At the cost of reproduction from duplicate copies. The cost of reproduction includes, but is not limited to, the cost of labor to copy or transcribe from duplicate copies.

(ii) If duplicate copies do not exist, at the cost of research or other expenses necessary to reproduce, replace, or restore loss "proprietary programs".

(c) "Electronic data":

(i) At the cost of reproduction from duplicate copies. The cost of reproduction includes, but is not limited to, the cost of labor to copy or transcribe from duplicate copies.

(ii) If duplicate copies do not exist, at the cost of research or other expenses necessary to reproduce, replace, or restore lost files, documents, and records.

(d) "Media" at the cost to repair or replace the "media" with material of the same kind or quality.

(8) Glass at the cost of replacement with safety-glazing material if required by law.

(9) Tenant's Improvements and Betterments at:

(a) Replacement Cost of the lost or damaged property if you make repairs promptly.

(b) A proportion of your original cost if you do not make repairs promptly. We will determine the proportionate value as follows:

(i) Multiply the original cost by the number of days from the loss or damage to the expiration of the lease; and

(ii) Divide the amount determined in **(i)** above by the number of days from the installation of improvements to the expiration of the lease.

If your lease contains a renewal option, the expiration of the renewal option period will replace the expiration of the lease in this procedure.

(c) Nothing if others pay for repairs or replacement.

F. Additional Condition — Mortgageholders

The following condition applies in addition to the Common Policy Conditions and the Commercial Property Conditions.

1. The term mortgageholder includes trustee.

2. We will pay for covered loss of or damage to buildings or structures to each mortgageholder shown in the Declarations in their order of precedence, as interests may appear.

3. The mortgageholder has the right to receive loss payment even if the mortgageholder has started foreclosure or similar action on the building or structure.

4. If we deny your claim because of your acts or because you have failed to comply with the terms of this Coverage Part, the mortgageholder will still have the right to receive loss payment if the mortgageholder:

a. Pays any premium due under this Coverage Part at our request if you have failed to do so;

b. Submits a signed, sworn proof of loss within 60 days after receiving notice from us of your failure to do so; and

c. Has notified us of any change in ownership, occupancy or substantial change in risk known to the mortgageholder.

All of the terms of this Coverage Part will then apply directly to the mortgageholder.

5. If we pay the mortgageholder for any loss or damage and deny payment to you because of your acts or because you have failed to comply with the terms of this Coverage Part:

   a. The mortgageholder's rights under the mortgage will be transferred to us to the extent of the amount we pay; and

   b. The mortgageholder's right to recover the full amount of the mortgageholder's claim will not be impaired.

   At our option, we may pay to the mortgageholder the whole principal on the mortgage plus any accrued interest. In this event, your mortgage and note will be transferred to us and you will pay your remaining mortgage debt to us.

6. If we cancel this policy, we will give written notice to the mortgageholder at least:

   a. 10 days before the effective date of cancellation if we cancel for your nonpayment of premium; or

   b. 30 days before the effective date of cancellation if we cancel for any other reason.

7. If we elect not to renew this policy, we will give written notice to the mortgageholder at least 10 days before the expiration date of this policy.

G. Optional Coverage — Actual Cash Value

If shown as applicable in the Declarations, the Optional Coverage — Actual Cash Value applies separately to each item.

1. "Actual cash value" replaces Replacement Cost in the Valuation Loss Condition of this Coverage Form.

2. If the cost to repair or replace the damaged building property is $5,000 or less, we will pay the cost of building repairs or replacement.

   The cost of building repairs or replacement does not include the increased cost attributable to enforcement of any ordinance or law regulating the construction, use or repair of any property. However, the following property will be valued at the "actual cash value" even when attached to the building:

   a. Awnings or floor coverings;

   b. Appliances for refrigerating, ventilating, cooking, dishwashing or laundering; or

   c. Outdoor equipment or furniture.

H. Definitions

1. "Actual cash value" means:

   a. When the damage to property is economically repairable, "actual cash value" means the cost of repairing the damage with like kind and quality, less reasonable deduction for wear and tear, deterioration and obsolescence.

   b. When the loss or damage to property creates a total loss, "actual cash value" means the market value of the property in a condition equal to that of the destroyed property, if reasonably available on the used market.

   c. Otherwise, "actual cash value" shall mean the market value of new property of like kind and quality, less reasonable deductible for wear or tear, deterioration and obsolescence.

2. "Antique" means an object having value because its:

   a. craftsmanship is in the style or fashion of former times; and

   b. age is 100 years old or older.

3. "Banking premises" means the interior of that portion of any building occupied by a banking institution or similar safe depository.

4. "Contractors' equipment" means machinery, equipment, and tools of a mobile nature that you use in your contracting, installation, erection, repair, or moving operations or projects.

   "Contractors' equipment" also means:

   a. self-propelled vehicles designed and used primarily to carry mounted equipment; or

   b. vehicles designed for highway use that are unlicensed and not operated on public roads.

5. "Electronic data" means information, facts or computer programs stored as or on, created or used on, or transmitted to or from computer software (including systems and applications software), on hard or floppy disks, CD-ROMs, tapes, drives, cells, data processing devices or any other repositories

of computer software which are used with electronically controlled equipment. The term computer programs, referred to in the foregoing description of "electronic data", means a set of related electronic instructions which direct the operations and functions of a computer or device connected to it, which enable the computer or device to receive, process, store, retrieve or send data.

6. "Employee":

a. "Employee" means:

(1) Any natural person

(a) While in your service and for the first 30 days immediately after termination of service, unless such termination is due to "theft" or any dishonest act committed by the "employee";

(b) Who you compensate directly by salary, wages, or commissions; and

(c) Who you have the right to direct and control while performing services for you;

(2) Any natural person who is furnished temporarily to you:

(a) To substitute for a permanent "employee" as defined in Paragraph **(1),** who is on leave; or

(b) To meet seasonal or short-term work load conditions;

while that person is subject to your direction and control and performing services for you, excluding, however, any such person while having care and custody of property outside the "premises";

(3) Any natural person who is leased to you under a written agreement between you and a labor leasing firm, to perform duties related to the conduct of your business, but does not mean a temporary employee as defined in Paragraph **(2);**

(4) Any natural person who is:

(a) A trustee, officer, employee, administrator or manager, except an administrator or manager who is an independent contractor, of any "employee benefit plan"; and

(b) A director or trustee of yours while that person is engaged in handling "funds" or "other property" of any "employee benefit plan";

(5) Any natural person who is a former "employee", partner, "member", "manager", director or trustee retained as a consultant while performing services for you;

(6) Any natural person who is a guest student or intern pursuing studies or duties, excluding, however, any such person while having care and custody of property outside the "premises";

(7) Any "employee" of an entity merged or consolidated with you prior to the effective date of this policy; or

(8) Any of your "managers", directors or trustees while:

(a) Performing acts within the scope of the usual duties of an "employee"; or

(b) Acting as a member of any committee duly elected or appointed by resolution of your board of directors or board of trustees to perform specific, as distinguished from general, directorial acts on your behalf.

b. "Employee" does not mean any agent, broker, factor, commission merchant, consignee, independent contractor or representative of the same general character not specified in Paragraph **6.a.**

7. "Employee benefit plan" means any welfare or pension benefit plan shown in the Declarations that you sponsor and which is subject to the Employee Retirement Income Security Act of 1974 (ERISA) and any amendments thereto.

8. "Fine arts" means paintings; etchings; pictures; tapestries; rare or art glass; art glass windows; valuable rugs; statuary; sculptures; "antique" furniture; bric-a-brac; porcelains; and similar property of rarity, historical value, or artistic merit.

"Fine arts" does not mean "valuable papers and records".

9. "Forgery" means the signing of the name of another person or organization with intent to

deceive; it does not mean a signature which consists in whole or in part of one's own name signed with or without authority, in any capacity, for any purpose.

10. "Funds" means "money" and "securities".

11. "Fungus" means any type or form of fungus, including mold or mildew, and any mycotoxins, spores, scents or by-products produced or released by fungi.

12. "Hardware" means a network of electronic machine components (microprocessors) capable of accepting instructions and information, processing the information according to the instructions, and producing desired results.

a. "Hardware" includes but is not limited to:

(1) mainframe and mid-range computers and network servers;

(2) personal computers and workstations;

(3) laptops, palmtops, notebook PCs, other portable computer devices and accessories including, but not limited to, multimedia projectors; and

(4) peripheral data processing equipment, including but not limited to, printers, keyboards, monitors, and modems.

b. "Hardware" does not include "software".

13. "Manager" means a person serving in a directorial capacity for a limited liability company.

14. "Media" means processing, recording, or storage media used with "hardware". This includes but is not limited to films, tapes, cards, discs, drums, cartridges, cells, or flashdrives.

15. "Member" means an owner of a limited liability company represented by its membership interest, who also may serve as a "manager".

16. "Messenger" means you, or a relative of yours, or any of your partners or "members", or any "employee" while having care and custody of property outside the "premises".

17. "Money" means:

a. Currency, coins and bank notes in current use and having a face value; and

b. Travelers checks, register checks and money orders held for sale to the public.

18. "Operations" means the type of your business activities occurring at the described premises.

19. "Other property" means any tangible property other than "money" or "securities" that has intrinsic value.

"Other property" does not include computer programs, electronic data or any property specifically excluded under this insurance.

20. "Period of Restoration" means the period of time that:

a. Begins:

(1) 72 hours after the time of direct physical loss or damage for Business Income coverage; or

(2) Immediately after the time of direct physical loss or damage for Extra Expense coverage;

caused by or resulting from any Covered Cause of Loss at the described premises; and

b. Ends on the earlier of:

(1) The date when the property at the described premises should be repaired, rebuilt or replaced with reasonable speed and similar quality; or

(2) The date when business is resumed at a new permanent location.

"Period of restoration" does not include any increased period required due to the enforcement of any ordinance or law that

(1) Regulates the construction, use or repair, or requires the tearing down of any property; or

(2) Requires any insured or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of "pollutants".

The expiration date of this policy will not cut short the "period of restoration".

21. "Perishable stock" means personal property maintained under controlled conditions for its preservation and susceptible to loss or damage if the controlled conditions change.

22. "Pollutants" means any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids,

alkalis, chemicals and waste. Waste includes materials to be recycled, reconditioned or reclaimed.

23. "Premises" means the interior of that portion of any building you occupy in conducting your business. This definition applies whenever this term appears in quotation marks in this coverage form.

24. "Programs and applications" means operating programs and applications that you purchase and that are:

a. stored on "media"; or

b. pre-installed and stored in "hardware".

25. "Proprietary programs" means proprietary applications or programs that are developed in-house or that you had developed specifically for you and that are:

a. stored on "media"; or

b. installed and stored in "hardware".

26. "Securities" means negotiable and nonnegotiable instruments or contracts representing either "money" or other property and includes:

a. Tokens, tickets, revenue and other stamps (whether represented by actual stamps or unused value in a meter) in current use; and

b. Evidences of debt issued in connection with credit or charge cards, which cards are not issued by you;

but does not include "money".

27. "Software" means "media", "electronic data", "programs and applications", and "proprietary programs".

28. "Stock" means merchandise held in storage or for sale, raw materials and in-process or finished goods, including supplies used in their packing or shipping.

29. "Theft" means the unlawful taking of property to the deprivation of the Insured.

30. "Valuable papers and records" means inscribed, printed or written documents, manuscripts or records, including abstracts, books, deeds, drawings, films, maps or mortgages.

But "valuable papers and records" does not mean "money" or "securities", converted data, programs or instructions used in your data processing operations, including the materials on which the data is recorded.

Safeco Optimum Property ™ for Automobile Service Businesses
CAUSES OF LOSS — SPECIAL FORM

Words and phrases that appear in quotation marks have special meaning. Refer to Section **H.** Definitions.

A. Covered Causes Of Loss

Covered Causes of Loss means Risks Of Direct Physical Loss unless the loss is:

1. Excluded in Section **B.,** Exclusions; or

2. Limited in Section **C.,** Limitations;

that follow.

B. Exclusions

1. We will not pay for loss or damage caused directly or indirectly by any of the following. Such loss or damage is excluded regardless of the cause of the loss, or any other cause or event that contributes concurrently or in any sequence to the loss.

a. Ordinance Or Law

The enforcement of any ordinance or law:

(1) Regulating the construction, use or repair of any property; or

(2) Requiring the tearing down of any property, including the cost of removing its debris.

This exclusion, Ordinance Or Law, applies whether the loss results from:

(a) An ordinance or law that is enforced even if the property has not been damaged; or

(b) The increased costs incurred to comply with an ordinance or law in the course of construction, repair, renovation, remodeling or demolition of property, or removal of its debris, following a physical loss to that property.

b. Earth Movement

(1) Earthquake, including any earth sinking, rising or shifting related to such event;

(2) Landslide, including any earth sinking, rising or shifting related to such event;

(3) Mine subsidence, meaning subsidence of a man-made mine, whether or not mining activity has ceased;

(4) Earth sinking (other than sinkhole collapse), rising or shifting including soil conditions which cause settling, cracking or other disarrangement of foundations or other parts of realty. Soil conditions include contraction, expansion, freezing, thawing, erosion, improperly compacted soil and the action of water under the ground surface.

But if Earth Movement, as described in **b.(1)** through **(4)** above, results in fire or explosion, we will pay for the loss or damage caused by that fire or explosion.

(5) Volcanic eruption, explosion or effusion. But if volcanic eruption, explosion or effusion results in fire, building glass breakage or Volcanic Action, we will pay for the loss or damage caused by that fire, building glass breakage or Volcanic Action.

Volcanic Action means direct loss or damage resulting from the eruption of a volcano when the loss or damage is caused by:

(a) Airborne volcanic blast or airborne shock waves;

(b) Ash, dust or particulate matter; or

(c) Lava flow.

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All volcanic eruptions that occur within any 168-hour period will constitute a single occurrence.

Volcanic Action does not include the cost to remove ash, dust or particulate matter that does not cause direct physical loss or damage to the described property.

(6) This Exclusion does not apply to the following coverages from the Building And Personal Property Coverage Form:

(a) Coverage Extension **A.5.a. Accounts Receivable**

(b) Coverage Extension **A.5.e. Electronic Data Processing**

(c) Coverage Extension **A.5.f. Exhibitions**

(d) Coverage Extension **A.5.g. Fine Arts**

(e) Coverage Extension **A.5.n. Property In Transit**

(f) Coverage Extension **A.5.p. Sales Representatives Samples**

(g) Coverage Extension **A.5.u. Valuable Papers And Records**

c. Governmental Action

Seizure or destruction of property by order of governmental authority.

But we will pay for loss or damage caused by or resulting from acts of destruction ordered by governmental authority and taken at the time of a fire to prevent its spread, if the fire would be covered under this Coverage Part.

d. Nuclear Hazard

Nuclear reaction or radiation, or radioactive contamination, however caused.

But if nuclear reaction or radiation, or radioactive contamination, results in fire, we will pay for the loss or damage caused by that fire.

e. Utility Services

The failure of power, communication, water or other utility service supplied to the described premises, however caused, if the failure:

(1) Originates away from the described premises; or

(2) Originates at the described premises, but only if such failure involves equipment used to supply the utility service to the described premises from a source away from the described premises.

Failure of any utility service includes lack of sufficient capacity and reduction in supply.

Loss or damage caused by a surge of power is also excluded, if the surge would not have occurred but for an event causing a failure of power.

But if the failure or surge of power, or the failure of communication, water or other utility service, results in a Covered Cause of Loss, we will pay for the loss or damage caused by that Covered Cause of Loss.

Communication services include but are not limited to service relating to Internet access or access to any electronic, cellular or satellite network.

f. War And Military Action

(1) War, including undeclared or civil war;

(2) Warlike action by a military force, including action in hindering or defending against an actual or expected attack, by any government, sovereign or other authority using military personnel or other agents; or

(3) Insurrection, rebellion, revolution, usurped power, or action taken by governmental authority in hindering or defending against any of these.

g. Water

(1) (a) Flood, whether or not arising from natural forces;

(b) Surface water;

(c) Waves;

(d) Tides;

(e) Tidal waves; or

(f) Overflow of any body of water

or their spray, all whether or not driven by wind;

(2) Release of water held by a dam, levee or dike, or by a water or flood control device;

(3) Mudslide or mudflow;

(4) Water that backs up or overflows from a sewer, drain or sump, except as provided below in the Additional Coverage for Back Up of Sewer, Drain or Sump; or

(5) Water under the ground surface pressing on, or flowing or seeping through:

(a) Foundations, walls, floors or paved surfaces;

(b) Basements, whether paved or not; or

(c) Doors, windows or other openings.

But if Water, as described in **g.(1)** through **g.(5)** above, results in fire, explosion or sprinkler leakage, we will pay for the loss or damage caused by that fire, explosion or sprinkler leakage.

(6) This Exclusion does not apply to the following coverages from the Building And Personal Property Coverage Form:

(a) Coverage Extension **A.5.a. Accounts Receivable**

(b) Coverage Extension **A.5.e. Electronic Data Processing**

(c) Coverage Extension **A.5.f. Exhibitions**

(d) Coverage Extension **A.5.g. Fine Arts**

(e) Coverage Extension **A.5.n. Property In Transit**

(f) Coverage Extension **A.5.p. Sales Representatives Samples**

(g) Coverage Extension **A.5.u. Valuable Papers And Records**

h. "Fungus", Wet Rot, Dry Rot And Bacteria

Presence, growth, proliferation, spread or any activity of "fungus", wet or dry rot or bacteria.

But if "fungus", wet or dry rot or bacteria results in a "specified cause of loss", we will pay for the loss or damage caused by that "specified cause of loss".

This exclusion does not apply:

1. When "fungus", wet or dry rot or bacteria results from fire or lightning; or

2. To the extent that coverage is provided in the Additional Coverage — Limited Coverage for "Fungus", Wet Rot, Dry Rot And Bacteria with respect to loss or damage by a cause of loss other than fire or lightning.

Exclusions **B.1.a.** through **B.1.h.** apply whether or not the loss event results in widespread damage or affects a substantial area.

2. We will not pay for loss or damage caused by or resulting from any of the following:

a. Electrical, Magnetic Or Electromagnetic Energy: Artificially generated electrical, magnetic or electromagnetic energy that damages, disturbs, disrupts or otherwise interferes with any:

(1) Electrical or electronic wire, device, appliance, system or network; or

(2) Device, appliance, system or network utilizing cellular or satellite technology.

For the purpose of this exclusion, electrical, magnetic or electromagnetic energy includes but is not limited to:

(1) Electrical current, including arcing;

(2) Electrical charge produced or conducted by a magnetic or electromagnetic field;

(3) Pulse of electromagnetic energy; or

(4) Electromagnetic waves or microwaves.

But if fire results, we will pay for the loss or damage caused by that fire.

b. Consequential Loss: Delay, loss of use or loss of market.

c. Smoke, Vapor, Gas: Smoke, vapor or gas from agricultural smudging or industrial operations.

d. Other Types Of Loss:

(1) Wear and tear;

(2) Rust or other corrosion, decay, deterioration, hidden or latent defect or any quality in property that causes it to damage or destroy itself;

(3) Smog;

(4) Settling, cracking, shrinking or expansion;

(5) Nesting or infestation, or discharge or release of waste products or secretions, by insects, birds, rodents or other animals.

(6) Mechanical breakdown, including rupture or bursting caused by centrifugal force. But if mechanical breakdown results in elevator collision, we will pay for the loss or damage caused by that elevator collision.

(7) The following causes of loss to personal property:

(a) Dampness or dryness of atmosphere;

(b) Changes in or extremes of temperature; or

(c) Marring or scratching.

But if an excluded cause of loss that is listed in **2.d.(1)** through **(7)** results in a "specified cause of loss" or building glass breakage, we will pay for the loss or damage caused by that "specified cause of loss" or building glass breakage.

e. Steam Apparatus: Explosion of steam boilers, steam pipes, steam engines or steam turbines owned or leased by you, or operated under your control. But if explosion of steam boilers, steam pipes, steam engines or steam turbines results in fire or combustion explosion, we will pay for the loss or damage caused by that fire or combustion explosion. We will also pay for loss or damage caused by or resulting from the explosion of gases or fuel within the furnace of any fired vessel or within the flues or passages through which the gases of combustion pass.

f. Continuous Seepage Or Leakage: Continuous or repeated seepage or leakage of water, or the presence or condensation of humidity, moisture or vapor, that occurs over a period of 14 days or more.

g. Dishonesty: Dishonest or criminal act by you, any of your partners, members, officers, managers, employees (including leased employees), directors, trustees, authorized representatives or anyone to whom you entrust the property for any purpose:

(1) Acting alone or in collusion with others; or

(2) Whether or not occurring during the hours of employment.

This exclusion does not apply to acts of destruction by your employees (including leased employees); but theft by employees (including leased employees) is not covered.

h. False Pretense: Voluntary parting with any property by you or anyone else to whom you have entrusted the property if induced to do so by any fraudulent scheme, trick, device or false pretense.

i. Exposed Property: Rain, snow, ice or sleet to personal property in the open.

j. Collapse: Collapse, including any of the following conditions of property or any part of the property:

(1) An abrupt falling down or caving in;

(2) Loss of structural integrity, including separation of parts of the property or property in danger of falling down or caving in; or

(3) Any cracking, bulging, sagging, bending, leaning, settling, shrinkage or expansion as such condition relates to **(1)** or **(2)** above.

But if collapse results in a Covered Cause of Loss at the described premises, we will pay for the loss or damage caused by that Covered Cause of Loss.

This exclusion, **j.,** does not apply:

(a) To the extent that coverage is provided under the Additional Coverage — Collapse; or

(b) To collapse caused by one or more of the following:

(i) The "specified causes of loss";

(ii) Breakage of building glass;

(iii) Weight of rain that collects on a roof; or

(iv) Weight of people or personal property.

k. Pollution: Discharge, dispersal, seepage, migration, release or escape of "pollutants" unless the discharge, dispersal, seepage, migration, release or escape is itself caused by any of the "specified causes of loss". But if the discharge, dispersal, seepage, migration, release or escape of "pollutants" results in a "specified cause of loss", we will pay for the loss or damage caused by that "specified cause of loss".

This exclusion, **k.,** does not apply to damage to glass caused by chemicals applied to the glass.

l. Neglect: Neglect of an insured to use all reasonable means to save and preserve property from further damage at and after the time of loss.

3. We will not pay for loss or damage caused by or resulting from any of the following, **3.a.** through **3.c.** But if an excluded cause of loss that is listed in **3.a.** through **3.c.** results in a Covered Cause of Loss, we will pay for the loss or damage caused by that Covered Cause of Loss.

a. Weather Conditions: Weather conditions. But this exclusion only applies if weather conditions contribute in any way with a cause or event excluded in Paragraph **1.** above to produce the loss or damage.

b. Acts Or Decisions: Acts or decisions, including the failure to act or decide, of any person, group, organization or governmental body.

c. Negligent Work: Faulty, inadequate or defective:

(1) Planning, zoning, development, surveying, siting;

(2) Design, specifications, workmanship, repair, construction, renovation, remodeling, grading, compaction;

(3) Materials used in repair, construction, renovation or remodeling; or

(4) Maintenance;

of part or all of any property on or off the described premises.

4. Special Exclusions

The following provisions apply only to the specified Coverage Forms.

a. Business Income (And Extra Expense) Coverage Form, Business Income (Without Extra Expense) Coverage Form, Business Income (And Extra Expense) Actual Loss Sustained Coverage Form, Or Extra Expense Coverage Form

We will not pay for:

(1) Any loss caused by or resulting from:

(a) Damage or destruction of "finished stock"; or

(b) The time required to reproduce "finished stock".

This exclusion does not apply to Extra Expense.

(2) Any increase of loss caused by or resulting from:

(a) Delay in rebuilding, repairing or replacing the property or resuming "operations", due to interference at the location of the rebuilding, repair or replacement by strikers or other persons; or

(b) Suspension, lapse or cancellation of any license, lease or contract. But if the suspension, lapse or cancellation is directly caused by the "suspension" of "operations", we will cover such loss that affects your Business Income during the "period of restoration" and any extension of the "period of restoration" in accordance with the terms of the Extended Business Income Additional Coverage.

(3) Any Extra Expense caused by or resulting from suspension, lapse or cancellation of any license, lease or contract beyond the "period of restoration".

(4) Any other consequential loss.

b. Leasehold Interest Coverage Form

(1) Paragraph **B.1.a.** Ordinance Or Law, does not apply to insurance under this Coverage Form.

(2) We will not pay for any loss caused by:

(a) Your canceling the lease;

(b) The suspension, lapse or cancellation of any license; or

(c) Any other consequential loss.

c. Legal Liability Coverage Form

(1) The following exclusions do not apply to insurance under this Coverage Form:

(a) Paragraph **B.1.a.,** Ordinance Or Law;

(b) Paragraph **B.1.c.,** Governmental Action;

(c) Paragraph **B.1.d.,** Nuclear Hazard;

(d) Paragraph **B.1.e.,** Utility Services; and

(e) Paragraph **B.1.f.,** War And Military Action.

(2) The following additional exclusions apply to insurance under this Coverage Form:

(a) Contractual Liability

We will not defend any claim or "suit", or pay damages that you are legally liable to pay, solely by reason of your assumption of liability in a contract or agreement. But this exclusion does not apply to a written lease agreement in which you have assumed liability for building damage resulting from an actual or attempted burglary or robbery, provided that:

(i) Your assumption of liability was executed prior to the accident; and

(ii) The building is Covered Property under this Coverage Form.

(b) Nuclear Hazard

We will not defend any claim or "suit", or pay any damages, loss, expense or obligation, resulting from nuclear reaction or radiation, or radioactive contamination, however caused.

5. Additional Exclusion

The following provisions apply only to the specified property.

LOSS OR DAMAGE TO PRODUCTS

We will not pay for loss or damage to any merchandise, goods or other product caused by or resulting from error or omission by any person or entity (including those having possession under an arrangement where work or a portion of the work is outsourced) in any stage of the development, production or use of the product, including planning, testing, processing, packaging, installation, maintenance or repair. This exclusion applies to any effect that compromises the form, substance or quality of the product. But if such error or omission results in a Covered Cause of Loss, we will pay for the loss or damage caused by that Covered Cause of Loss.

C. Limitations

The following limitations apply to all policy forms and endorsements, unless otherwise stated.

1. We will not pay for loss of or damage to property, as described and limited in this section. In addition, we will not pay for any loss that is a consequence of loss or damage as described and limited in this section.

a. Steam boilers, steam pipes, steam engines or steam turbines caused by or resulting from any condition or event inside such equipment. But we will pay for loss of or damage to such equipment caused by or resulting from an explosion of gases or fuel within the furnace of any fired vessel or within the flues or passages through which the gases of combustion pass.

b. Hot water boilers or other water heating equipment caused by or resulting from any condition or event inside such boilers or equipment, other than an explosion.

c. The interior of any building or structure, or to personal property in the building or structure, caused by or resulting from

rain, snow, sleet, ice, sand or dust, whether driven by wind or not, unless:

(1) The building or structure first sustains damage by a Covered Cause of Loss to its roof or walls through which the rain, snow, sleet, ice, sand or dust enters; or

(2) The loss or damage is caused by or results from thawing of snow, sleet or ice on the building or structure.

d. Property that is missing, where the only evidence of the loss or damage is a shortage disclosed on taking inventory, or other instances where there is no physical evidence to show what happened to the property.

e. Property that has been transferred to a person or to a place outside the described premises on the basis of unauthorized instructions.

2. We will not pay for loss of or damage to the following types of property unless caused by the "specified causes of loss" or building glass breakage:

a. Animals, and then only if they are killed or their destruction is made necessary.

b. Fragile articles such as statuary, marbles, chinaware and porcelains, if broken. This restriction does not apply to:

(1) Glass; or

(2) Containers of property held for sale.

3. The special limit shown for each category, **a.** through **c.,** is the total limit for loss of or damage to all property in that category. The special limit applies to any one occurrence of theft, regardless of the types or number of articles that are lost or damaged in that occurrence. The special limits are:

a. $5,000 for furs, fur garments and garments trimmed with fur.

b. $5,000 for jewelry, watches, watch movements, jewels, pearls, precious and semi-precious stones, bullion, gold, silver, platinum and other precious alloys or metals. This limit does not apply to jewelry and watches worth $100 or less per item.

c. $250 for stamps, tickets, including lottery tickets held for sale, and letters of credit.

These special limits are part of, not in addition to, the Limit of Insurance applicable to the Covered Property.

This limitation, **C.3.,** does not apply to Business Income coverage or to Extra Expense coverage.

4. We will not pay the cost to repair any defect to a system or appliance from which water, other liquid, powder or molten material escapes. But we will pay the cost to repair or replace damaged parts of fire extinguishing equipment if the damage:

a. Results in discharge of any substance from an automatic fire protection system; or

b. Is directly caused by freezing.

However, this limitation does not apply to Business Income coverage or to Extra Expense coverage.

D. Additional Coverage — Collapse

The coverage provided under this Additional Coverage — Collapse applies only to an abrupt collapse as described and limited in **D.1.** through **D.7.**

1. For the purpose of this Additional Coverage — Collapse, abrupt collapse means an abrupt falling down or caving in of a building or any part of a building with the result that the building or part of the building cannot be occupied for its intended purpose.

2. We will pay for direct physical loss or damage to Covered Property, caused by abrupt collapse of a building or any part of a building that is insured under this Coverage Form or that contains Covered Property insured under this Coverage Form, if such collapse is caused by one or more of the following:

a. Building decay that is hidden from view, unless the presence of such decay is known to an insured prior to collapse;

b. Insect or vermin damage that is hidden from view, unless the presence of such damage is known to an insured prior to collapse;

c. Use of defective material or methods in construction, remodeling or renovation if the abrupt collapse occurs during the course of the construction, remodeling or renovation.

d. Use of defective material or methods in construction, remodeling or renovation if the abrupt collapse occurs after the

construction, remodeling or renovation is complete, but only if the collapse is caused in part by:

(1) A cause of loss listed in **2.a.** or **2.b.**;

(2) One or more of the "specified causes of loss";

(3) Breakage of building glass;

(4) Weight of people or personal property; or

(5) Weight of rain that collects on a roof.

3. This **Additional Coverage — Collapse** does **not** apply to:

a. A building or any part of a building that is in danger of falling down or caving in;

b. A part of a building that is standing, even if it has separated from another part of the building; or

c. A building that is standing or any part of a building that is standing, even if it shows evidence of cracking, bulging, sagging, bending, leaning, settling, shrinkage or expansion.

4. With respect to the following property:

a. Outdoor radio or television antennas (including satellite dishes) and their lead-in wiring, masts or towers;

b. Awnings, gutters and downspouts;

c. Yard fixtures;

d. Outdoor swimming pools;

e. Fences;

f. Piers, wharves and docks;

g. Beach or diving platforms or appurtenances;

h. Retaining walls; and

i. Walks, roadways and other paved surfaces;

if an abrupt collapse is caused by a cause of loss listed in **2.a.** through **2.d.,** we will pay for loss or damage to that property only if:

(1) Such loss or damage is a direct result of the abrupt collapse of a building insured under this Coverage Form; and

(2) The property is Covered Property under this Coverage Form.

5. If personal property abruptly falls down or caves in and such collapse is not the result of abrupt collapse of a building, we will pay for loss or damage to Covered Property caused by such collapse of personal property only if:

a. The collapse of personal property was caused by a cause of loss listed in **2.a.** through **2.d.;**

b. The personal property which collapses is inside a building; and

c. The property which collapses is not of a kind listed in **4.,** regardless of whether that kind of property is considered to be personal property or real property.

The coverage stated in this Paragraph **5.** does not apply to personal property if marring and/or scratching is the only damage to that personal property caused by the collapse.

6. This Additional Coverage — Collapse does not apply to personal property that has not abruptly fallen down or caved in, even if the personal property shows evidence of cracking, bulging, sagging, bending, leaning, settling, shrinkage or expansion.

7. This Additional Coverage — Collapse will not increase the Limits of Insurance provided in this Coverage Part.

8. The term Covered Cause of Loss includes the Additional Coverage — Collapse as described and limited in **D.1.** through **D.7.**

E. Additional Coverage — Limited Coverage For "Fungus", Wet Rot, Dry Rot And Bacteria

1. The coverage described in **E.2.** and **E.6.** only applies when the "fungus", wet or dry rot or bacteria is the result of one or more of the following causes that occurs during the policy period and only if all reasonable means were used to save and preserve the property from further damage at the time of and after that occurrence.

a. A "specified cause of loss" other than fire or lightning; or

b. Flood, if the Flood Coverage Endorsement applies to the affected premises.

2. We will pay for loss or damage by "fungus", wet or dry rot or bacteria. As used in this Limited Coverage, the term loss or damage means:

a. Direct physical loss or damage to Covered Property caused by "fungus", wet

or dry rot or bacteria, including the cost of removal of the "fungus", wet or dry rot or bacteria;

b. The cost to tear out and replace any part of the building or other property as needed to gain access to the "fungus", wet or dry rot or bacteria; and

c. The cost of testing performed after removal, repair, replacement or restoration of the damaged property is completed, provided there is a reason to believe that "fungus", wet or dry rot or bacteria are present.

3. The coverage described under **E.2.** of this Limited Coverage is limited to $15,000. Regardless of the number of claims, this limit is the most we will pay for the total of all loss or damage arising out of all occurrences of "specified causes of loss" (other than fire or lightning) and Flood which take place in a 12-month period (starting with the beginning of the present annual policy period). With respect to a particular occurrence of loss which results in "fungus", wet or dry rot or bacteria, we will not pay more than a total of $15,000 even if the "fungus", wet or dry rot or bacteria continues to be present or active, or recurs, in a later policy period.

4. The coverage provided under this Limited Coverage does not increase the applicable Limit of Insurance on any Covered Property. If a particular occurrence results in loss or damage by "fungus", wet or dry rot or bacteria, and other loss or damage, we will not pay more, for the total of all loss or damage, than the applicable Limit of Insurance on the affected Covered Property.

If there is covered loss or damage to Covered Property, not caused by "fungus", wet or dry rot or bacteria, loss payment will not be limited by the terms of this Limited Coverage, except to the extent that "fungus", wet or dry rot or bacteria causes an increase in the loss. Any such increase in the loss will be subject to the terms of this Limited Coverage.

5. The terms of this Limited Coverage do not increase or reduce the coverage provided under Paragraph **F.2.** (Water Damage, Other Liquids, Powder Or Molten Material Damage) of this Causes of Loss Form or under the Additional Coverage — Collapse.

6. The following, **6.a.** or **6.b.,** applies only if Business Income and/or Extra Expense Coverage applies to the described premises and only if the "suspension" of "operations" satisfies all terms and conditions of the applicable Business Income and/or Extra Expense Coverage Form.

a. If the loss which resulted in "fungus", wet or dry rot or bacteria does not in itself necessitate a "suspension" of "operations", but such "suspension" is necessary due to loss or damage to property caused by "fungus", wet or dry rot or bacteria, then our payment under Business Income and/or Extra Expense is limited to the amount of loss and/or expense sustained in a period of not more than 30 days. The days need not be consecutive.

b. If a covered "suspension" of "operations" was caused by loss or damage other than "fungus", wet or dry rot or bacteria but remediation of "fungus", wet or dry rot or bacteria prolongs the "period of restoration", we will pay for loss and/or expense sustained during the delay (regardless of when such a delay occurs during the "period of restoration"), but such coverage is limited to 30 days. The days need not be consecutive.

F. Additional Coverage — Back Up Of Sewer, Drain Or Sump

1. We will pay for

a. direct physical loss of or damage to Covered Property at the premises described in the Declarations; or

b. if Business Income and/or Extra Expense Coverage applies to the described premises, the loss of Business Income you sustain and/or necessary Extra Expense you incur at premises which are described in the Declarations

solely caused by water that backs up from a sewer, drain or sump.

2. We will not pay for water or other materials that back up from any sewer, drain or sump when it is caused by any flood.

3. Coverage under **F.1.b.** above applies only if the "suspension" of "operations" satisfies all terms and conditions of the applicable Business Income and/or Extra Expense Coverage Form.

4. The most we will pay in any one occurrence for this Additional Coverage under **F.1.a.** and **F.1.b.** combined is $50,000 per premises.

This coverage is included within the Limits of Insurance.

G. Additional Coverage Extensions

1. Water Damage, Other Liquids, Powder Or Molten Material Damage

If loss or damage caused by or resulting from covered water or other liquid, powder or molten material occurs, we will also pay the cost to tear out and replace any part of the building or structure to repair damage to the system or appliance from which the water or other substance escapes. This Coverage Extension does not increase the Limit of Insurance.

2. Glass

a. We will pay for expenses incurred to put up temporary plates or board up openings if repair or replacement of damaged glass is delayed.

b. We will pay for expenses incurred to remove or replace obstructions when repairing or replacing glass that is part of a building. This does not include removing or replacing window displays.

This Coverage Extension, **G.2.,** does not increase the Limit of Insurance.

H. Definitions

1. "Fungus" means any type or form of fungus, including mold or mildew, and any mycotoxins, spores, scents or by-products produced or released by fungi.

2. "Operations" means:

a. Your business activities occurring at the described premises; and

b. The tenantability of the described premises.

3. "Specified causes of loss" means the following: Fire; lightning; explosion; windstorm or hail; smoke; aircraft or vehicles; riot or civil commotion; vandalism; leakage from fire-extinguishing equipment; sinkhole collapse; volcanic action; falling objects; weight of snow, ice or sleet; water damage.

a. Sinkhole collapse means the sudden sinking or collapse of land into underground empty spaces created by the action of water on limestone or dolomite. This cause of loss does not include:

(1) The cost of filling sinkholes; or

(2) Sinking or collapse of land into man-made underground cavities.

b. Falling objects does not include loss or damage to:

(1) Personal property in the open; or

(2) The interior of a building or structure, or property inside a building or structure, unless the roof or an outside wall of the building or structure is first damaged by a falling object.

c. Water damage means accidental discharge or leakage of water or steam as the direct result of the breaking apart or cracking of a plumbing, heating, air conditioning or other system or appliance (other than a sump system including its related equipment and parts), that is located on the described premises and contains water or steam.

4. "Suspension" means:

a. The slowdown or cessation of your business activities; or

b. That a part or all of the described premises is rendered untenantable.

Safeco Optimum Property ™ for Automobile Service Businesses
BUSINESS INCOME (AND EXTRA EXPENSE) COVERAGE FORM

Various provisions in this policy restrict coverage. Read the entire policy carefully to determine rights, duties and what is and is not covered.

Throughout this policy the words "you" and "your" refer to the Named Insured shown in the Declarations. The words "we", "us" and "our" refer to the Company providing this insurance.

Other words and phrases that appear in quotation marks have special meaning. Refer to Section **F.** Definitions.

A. Coverage

1. Business Income

Business Income means the:

a. Net Income (Net Profit or Loss before income taxes) that would have been earned or incurred; and

b. Continuing normal operating expenses incurred, including payroll.

For manufacturing risks, Net Income includes the net sales value of production.

Coverage is provided as described and limited below for one or more of the following options for which a Limit of Insurance is shown in the Declarations:

(1) Business Income Including "Rental Value".

(2) Business Income Other Than "Rental Value".

(3) "Rental Value".

If option **(1)** above is selected, the term Business Income will include "Rental Value". If option **(3)** above is selected, the term Business Income will mean "Rental Value" only.

If Limits of Insurance are shown under more than one of the above options, the provisions of this Coverage Part apply separately to each.

We will pay for the actual loss of Business Income you sustain due to the necessary "suspension" of your "operations" during the "period of restoration". The "suspension" must be caused by direct physical loss of or damage to property at premises which are described in the Declarations and for which a Business Income Limit of Insurance is shown in the Declarations. The loss or damage must be caused by or result from a Covered Cause of Loss. With respect to loss of or damage to personal property in the open or personal property in a vehicle, the described premises include the area within 1,000 feet of the site at which the described premises are located.

With respect to the requirements set forth in the preceding paragraph, if you occupy only part of the site at which the described premises are located, your premises means:

a. The portion of the building which you rent, lease or occupy; and

b. Any area within the building or on the site at which the described premises are located, if that area services, or is used to gain access to, the described premises.

2. Extra Expense

a. Extra Expense coverage is provided at the premises described in the Declarations only if the Declarations show that Business Income coverage applies at that premises.

b. Extra Expense means necessary expenses you incur during the "period of restoration" that you would not have incurred if there had been no direct physical loss or damage to property caused by or resulting from a Covered Cause of Loss.

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We will pay Extra Expense (other than the expense to repair or replace property) to:

(1) Avoid or minimize the "suspension" of business and to continue operations at the described premises or at replacement premises or temporary locations, including relocation expenses and costs to equip and operate the replacement location or temporary location.

(2) Minimize the "suspension" of business if you cannot continue "operations".

We will also pay Extra Expense to repair or replace property, but only to the extent it reduces the amount of loss that otherwise would have been payable under this Coverage Form.

3. Covered Causes Of Loss, Exclusions And Limitations

See applicable Causes Of Loss Form as shown in the Declarations.

4. Additional Limitation — Interruption Of Computer Operations

a. Coverage for Business Income does not apply when a "suspension" of "operations" is caused by destruction or corruption of "electronic data", or any loss or damage to "electronic data", except as provided under the Coverage Extension for Electronic Data Processing found in the Building And Personal Property Coverage Form.

b. Coverage for Extra Expense does not apply when action is taken to avoid or minimize a "suspension" of "operations" caused by destruction or corruption of "electronic data", or any loss or damage to "electronic data", except as provided under the Coverage Extension for Electronic Data Processing found in the Building And Personal Property Coverage Form.

5. Additional Coverages

a. Civil Authority

In this Additional Coverage — Civil Authority, the described premises are premises to which this Coverage Form applies, as shown in the Declarations.

When a Covered Cause of Loss causes damage to property other than property at the described premises, we will pay for the actual loss of Business Income you sustain and necessary Extra Expense caused by action of civil authority that prohibits access to the described premises, provided that both of the following apply:

(1) Access to the area immediately surrounding the damaged property is prohibited by civil authority as a result of the damage, and the described premises are within that area but are not more than one mile from the damaged property; and

(2) The action of civil authority is taken in response to dangerous physical conditions resulting from the damage or continuation of the Covered Cause of Loss that caused the damage, or the action is taken to enable a civil authority to have unimpeded access to the damaged property.

Civil Authority coverage for Business Income will begin 72 hours after the time of the first action of civil authority that prohibits access to the described premises and will apply for a period of up to thirty consecutive days from the date on which such coverage began.

Civil Authority coverage for Extra Expense will begin immediately after the time of the first action of civil authority that prohibits access to the described premises and will end:

(1) 30 consecutive days after the date of that action; or

(2) When your Civil Authority coverage for Business Income ends;

whichever is later.

b. Alterations And New Buildings

We will pay for the actual loss of Business Income you sustain and necessary Extra Expense you incur due to direct physical loss or damage at the described premises caused by or resulting from any Covered Cause of Loss to:

(1) New buildings or structures, whether complete or under construction;

(2) Alterations or additions to existing buildings or structures; and

(3) Machinery, equipment, supplies or building materials located on or within 1,000 feet of the described premises and:

(a) Used in the construction, alterations or additions; or

(b) Incidental to the occupancy of new buildings.

If such direct physical loss or damage delays the start of "operations", the "period of restoration" for Business Income Coverage will begin on the date "operations" would have begun if the direct physical loss or damage had not occurred.

c. Extended Business Income

(1) Business Income Other Than "Rental Value"

If the necessary "suspension" of your "operations" produces a Business Income loss payable under this policy, we will pay for the actual loss of Business Income you incur during the period that:

(a) Begins on the date property (except "finished stock") is actually repaired, rebuilt or replaced and "operations" are resumed; and

(b) Ends on the earlier of:

(i) The date you could restore your "operations", with reasonable speed, to the level which would generate the business income amount that would have existed if no direct physical loss or damage had occurred; or

(ii) 180 consecutive days after the date determined in **(1)(a)** above, unless "180" is replaced in the Declarations by a different number of days.

However, Extended Business Income does not apply to loss of Business Income incurred as a result of unfavorable business conditions caused by the impact of the Covered Cause of Loss in the area where the described premises are located.

Loss of Business Income must be caused by direct physical loss or damage at the described premises caused by or resulting from any Covered Cause of Loss.

(2) "Rental Value"

If the necessary "suspension" of your "operations" produces a "Rental Value" loss payable under this policy, we will pay for the actual loss of "Rental Value" you incur during the period that:

(a) Begins on the date property is actually repaired, rebuilt or replaced and tenantability is restored; and

(b) Ends on the earlier of:

(i) The date you could restore tenant occupancy, with reasonable speed, to the level which would generate the "Rental Value" that would have existed if no direct physical loss or damage had occurred; or

(ii) 180 consecutive days after the date determined in **(2)(a)** above, unless "180" is replaced in the Declarations by a different number of days.

However, Extended Business Income does not apply to loss of "Rental Value" incurred as a result of unfavorable business conditions caused by the impact of the Covered Cause of Loss in the area where the described premises are located.

Loss of "Rental Value" must be caused by direct physical loss or damage at the described premises caused by or resulting from any Covered Cause of Loss.

d. Dependent Properties — Time Element

(1) Your coverage for Business Income and Extra Expense, as provided and limited in this form, is extended to apply to the actual loss of Business Income you sustain, and the actual and necessary Extra Expense you incur, due to direct physical loss of

or damage to "dependent property" caused by or resulting from a Covered Cause of Loss.

However this Additional Coverage does not apply when the only loss to dependent property is loss or damage to "electronic data", including destruction or corruption of "electronic data". If the dependent property sustains loss or damage to "electronic data" and other property, coverage under this Additional Coverage will not continue once the other property is repaired, rebuilt or replaced.

(2) Under the Loss Determination Condition below, the following is added to the Resumption Of Operations provision:

We will reduce the amount of your Business Income loss, other than Extra Expense, to the extent you can resume "operations", in whole or in part, by using any other available source of materials or outlet for your products.

(3) The most we will pay under this Additional Coverage is $50,000 in any one occurrence regardless of the number of dependent properties.

Payments under this Additional Coverage will not increase the applicable Limit of Insurance.

(4) The provisions of this Additional Coverage are superseded by **CP 15 08** Business Income From Dependent Properties — Broad Form, or **CP 15 09** Business Income From Dependent Properties — Limited Form, if attached to and made a part of this policy.

e. Ordinance Or Law — Increased Period Of Restoration

(1) If a Covered Cause of Loss occurs to property at the premises described in the Declarations, coverage is extended to include the amount of actual and necessary loss you sustain during the increased period of "suspension" of "operations" caused by or resulting from the enforcement of any ordinance or law that:

(a) Regulates the construction or repair of any property;

(b) Requires the tearing down of parts of any property not damaged by a Covered Cause of Loss; and

(c) Is in force at the time of loss.

However, coverage is not extended under this Additional Coverage to include loss caused by or resulting from the enforcement of any ordinance or law which requires any insured or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of "pollutants".

f. Transit — Business Income

(1) This insurance is extended to apply to the actual loss of Business Income you sustain caused by direct physical loss or damage by a Covered Cause of Loss to Covered Property while in or on a vehicle or in transit more than 1,000 feet from a covered premises while:

(a) In or on a vehicle you own, rent or lease;

(b) In the custody of a public or contract trucker;

(c) In the custody of an air or rail carrier; or

(d) While waterborne on inland waterways. However, there is no coverage under this Additional Coverage for any imported or exported property that is covered under any ocean marine cargo policy that anyone has obtained.

(2) There is no coverage under this Additional Coverage resulting from loss or damage to:

(a) "Fine arts", "antiques", fur garments, jewelry, precious or semiprecious stones, gold, silver, platinum, or other precious metals or alloys; or

(b) Mail shipments in the custody of the U.S. Postal Service.

(3) This Additional Coverage will continue to apply to such property in

the due course of transit, after the expiration or cancellation of this policy, until arrival at and accepted by an authorized representative at the invoiced destination, but for no longer than 30 days after the date of the shipment origination, but this will not cut short the "period of restoration".

(4) You must retain accurate records of all shipments of Covered Property for one year.

(5) The most we will pay under this Additional Coverage is $50,000 in any one occurrence.

Payments under this Additional Coverage will not increase the applicable Limit of Insurance.

6. Coverage Extensions

a. Newly Acquired Locations

(1) You may extend your Business Income and Extra Expense Coverages to apply to property at any premises you acquire other than fairs or exhibitions.

(2) The most we will pay under this Extension, for the sum of Business Income loss and Extra Expense incurred, is $250,000 at each premises.

Payments under this Coverage Extension are separate from the Limit(s) of Insurance shown in the Declarations for any other coverage.

(3) Insurance under this Extension for each newly acquired premises will end when any of the following first occurs:

(a) This policy expires;

(b) 180 days expire after you acquire or begin to construct the property; or

(c) You report values to us.

We will charge you additional premium for values reported from the date you acquire the property.

b. Spoilage Due To Power Outage, Mechanical Breakdown, Or Contamination — Time Element

(1) You may extend your Business Income and Extra Expense Coverages to apply to loss caused by spoilage of "perishable stock" caused by:

(a) Breakdown or Contamination, meaning:

(i) Change in temperature or humidity caused by mechanical breakdown or mechanical failure of refrigerating, cooling, or humidity control equipment; and

(ii) Contamination by the refrigerant.

(b) Power Outage, meaning change in temperature or humidity caused by complete or partial interruption of electrical power due to conditions beyond your control.

(2) This coverage does not apply to loss to stock which is outside of a building or in or on a vehicle unless the stock is being moved to prevent or reduce loss covered by this policy.

(3) Only the following Exclusions contained in Paragraph **B.1.** of the Causes Of Loss — Special Form apply to this Coverage Extension:

(a) **B.1.b.** Earth Movement;

(b) **B.1.c.** Governmental Action;

(c) **B.1.d.** Nuclear Hazard;

(d) **B.1.f.** War And Military Action; and

(e) **B.1.g.** Water.

(4) The following Exclusions are added:

We will not pay for loss or damage caused by:

(a) The disconnecting of any refrigerating, cooling or humidity control system from the source of power.

(b) Shutting off electrical power by turning off the switch that controls the flow of electricity.

(c) The inability of an Electrical Utility Company or other power source to provide sufficient power due to:

(i) Lack of fuel; or

(ii) Governmental order.

(d) A power source at the described premises not having enough power to meet demand due to lack of generating capacity.

(5) For the purposes of this Coverage Extension, the "period of restoration" begins 24 hours after the time of direct physical loss for Business Income coverage, or immediately after the time of direct physical loss or damage for Extra Expense coverage.

(6) The most we will pay under this Coverage Extension is $50,000 per occurrence.

c. Utility Service —Time Element

(1) You may extend your Business Income and Extra Expense Coverages to apply to loss caused by the interruption of service to the described premises or Newly Acquired Locations. The interruption must result from direct physical loss or damage by a Covered Cause of Loss to the property described in paragraph **(2).**

(2) Utility Services

(a) Water Supply Services, meaning pumping stations and water mains supplying water to your premises.

(b) Communication Supply Services, meaning property supplying communication services, including telephone, radio, microwave or television services, to your premises, such as:

(i) Communication transmission lines, including optic fiber transmission lines;

(ii) Coaxial cables; and

(iii) Microwave radio relays except satellites.

(c) Power Supply Services, meaning the following types of property supplying electricity, steam or gas to your premises:

(i) Utility generating plants;

(ii) Switching stations;

(iii) Substations;

(iv) Transformers; and

(v) Transmission lines.

(3) For the purposes of this Coverage Extension, the "period of restoration" begins 24 hours after the time of direct physical loss for Business Income coverage, or immediately after the time of direct physical loss or damage for Extra Expense coverage.

(4) This Coverage Extension does not apply to loss caused by spoilage of "perishable stock" caused by interruption of Utility Services.

(5) The most we will pay under this Coverage Extension is $50,000 per occurrence.

Payments under this Coverage Extension will not increase the applicable Limit of Insurance.

(6) The provisions of this Coverage Extension are superseded by **CP 15 45** Utility Services — Time Element, if attached to and made a part of this policy.

B. Limits Of Insurance

1. The most we will pay for loss in any one occurrence is the applicable Limit of Insurance shown in the Declarations.

2. The amount of insurance stated in the Coverage Extension **A.6.a. Newly Acquired Locations** applies in accordance with the terms of that coverage and is separate from the Limit(s) of Insurance shown in the Declarations for any other coverage.

3. Payments under the following Additional Coverages and Coverage Extensions will not increase the applicable Limit of Insurance:

a. Additional Coverage **A.5.a. Civil Authority**

b. Additional Coverage **A.5.b. Alterations And New Buildings**

c. Additional Coverage **A.5.c. Extended Business Income**

d. Additional Coverage **A.5.d. Dependent Properties — Time Element**

e. Additional Coverage **A.5.e. Ordinance Or Law — Increased Period Of Restoration**

f. Additional Coverage **A.5.f. Transit — Business Income**

g. Coverage Extension **A.6.b. Spoilage Due To Power Outage, Mechanical Breakdown, Or Contamination — Time Element**

h. Coverage Extension **A.6.c. Utility Service — Time Element**

C. Deductible

1. We will not pay for loss in any one occurrence until the amount of loss exceeds the Deductible shown in the Declarations. We will then pay the amount of loss in excess of the Deductible, up to the applicable Limit of Insurance.

2. When the same occurrence involves loss to insurance under this coverage form and loss under the Building And Personal Property Coverage Form, only one deductible will be applied to the occurrence.

3. Windstorm, Hail or Hurricane percentage deductibles do not apply to Business Income coverage or Extra Expense coverage.

D. Loss Conditions

The following conditions apply in addition to the Common Policy Conditions and the Commercial Property Conditions.

1. Appraisal

If we and you disagree on the amount of Net Income and operating expense or the amount of loss, either may make written demand for an appraisal of the loss. In this event, each party will select a competent and impartial appraiser.

The two appraisers will select an umpire. If they cannot agree, either may request that selection be made by a judge of a court having jurisdiction. The appraisers will state separately the amount of Net Income and operating expense or amount of loss. If they fail to agree, they will submit their differences to the umpire. A decision agreed to by any two will be binding. Each party will:

a. Pay its chosen appraiser; and

b. Bear the other expenses of the appraisal and umpire equally.

If there is an appraisal, we will still retain our right to deny the claim.

2. Duties In The Event Of Loss

a. You must see that the following are done in the event of loss:

(1) Notify the police if a law may have been broken.

(2) Give us prompt notice of the direct physical loss or damage. Include a description of the property involved.

(3) As soon as possible, give us a description of how, when, and where the direct physical loss or damage occurred.

(4) Take all reasonable steps to protect the Covered Property from further damage, and keep a record of your expenses necessary to protect the Covered Property, for consideration in the settlement of the claim. This will not increase the Limit of Insurance. However, we will not pay for any subsequent loss or damage resulting from a cause of loss that is not a Covered Cause of Loss. Also, if feasible, set the damaged property aside and in the best possible order for examination.

(5) As often as may be reasonably required, permit us to inspect the property proving the loss or damage and examine your books and records.

Also permit us to take samples of damaged and undamaged property for inspection, testing and analysis, and permit us to make copies from your books and records.

(6) Send us a signed, sworn proof of loss containing the information we request to investigate the claim. You must do this within 60 days after our request. We will supply you with the necessary forms.

(7) Cooperate with us in the investigation or settlement of the claim.

(8) If you intend to continue your business, you must resume all or part of your "operations" as quickly as possible.

b. We may examine any insured under oath, while not in the presence of any other insured and at such times as may be reasonably required, about any

matter relating to this insurance or the claim, including an insured's books and records. In the event of an examination, an insured's answers must be signed.

3. Loss Determination

a. The amount of Business Income loss will be determined based on:

(1) The Net Income of the business before the direct physical loss or damage occurred;

(2) The likely Net Income of the business if no physical loss or damage had occurred, but not including any Net Income that would likely have been earned as a result of an increase in the volume of business due to favorable business conditions caused by the impact of the Covered Cause of Loss on customers or on other businesses;

(3) The operating expenses, including payroll expenses, necessary to resume "operations" with the same quality of service that existed just before the direct physical loss or damage; and

(4) Other relevant sources of information, including:

(a) Your financial records and accounting procedures;

(b) Bills, invoices and other vouchers; and

(c) Deeds, liens or contracts.

b. The amount of Extra Expense will be determined based on:

(1) All expenses that exceed the normal operating expenses that would have been incurred by "operations" during the "period of restoration" if no direct physical loss or damage had occurred. We will deduct from the total of such expenses:

(a) The salvage value that remains of any property bought for temporary use during the "period of restoration", once "operations" are resumed; and

(b) Any Extra Expense that is paid for by other insurance, except for insurance that is written subject to the same plan, terms, conditions and provisions as this insurance; and

(2) Necessary expenses that reduce the Business Income loss that otherwise would have been incurred.

c. Resumption Of Operations

We will reduce the amount of your:

(1) Business Income loss, other than Extra Expense, to the extent you can resume your "operations", in whole or in part, by using damaged or undamaged property (including merchandise or stock) at the described premises or elsewhere.

(2) Extra Expense loss to the extent you can return "operations" to normal and discontinue such Extra Expense.

d. If you do not resume "operations", or do not resume "operations" as quickly as possible, we will pay based on the length of time it would have taken to resume "operations" as quickly as possible.

4. Loss Payment

We will pay for covered loss within 30 days after we receive the sworn proof of loss, if you have complied with all of the terms of this Coverage Part and:

a. We have reached agreement with you on the amount of loss; or

b. An appraisal award has been made.

E. Optional Coverages

If shown as applicable in the Declarations, the following Optional Coverages apply separately to each item.

1. Maximum Period Of Indemnity

The most we will pay for the total of Business Income loss and Extra Expense is the lesser of:

a. The amount of loss sustained and expenses incurred during the 120 days immediately following the beginning of the "period of restoration"; or

b. The Limit of Insurance shown in the Declarations.

2. **Monthly Limit Of Indemnity**

The most we will pay for loss of Business Income in each period of 30 consecutive days after the beginning of the "period of restoration" is:

a. The Limit of Insurance, multiplied by

b. The fraction shown in the Declarations for this Optional Coverage.

EXAMPLE

When:	The Limit of Insurance is	$ 120,000
	The fraction shown in the Declarations for this Optional Coverage is	1/4
	The most we will pay for loss in each period of 30 consecutive days is: ($120,000 x 1/4 = $30,000)	$ 30,000
	If, in this example, the actual amount of loss is:	
	Days 1-30	$ 40,000
	Days 31-60	$ 20,000
	Days 61-90	$ 30,000
		$ 90,000
	We will pay:	
	Days 1-30	$ 30,000
	Days 31-60	$ 20,000
	Days 61-90	$ 30,000
		$ 80,000

The remaining $10,000 is not covered.

F. Definitions

1. "Antique" means an object having value because its:

   a. craftsmanship is in the style or fashion of former times; and

   b. age is 100 years old or older.

2. "Dependent property" means property operated by others whom you depend on to:

   a. Deliver materials or services to you, or to others for your account. With respect to Contributing Locations, services does not mean water, communication or power supply services;

   b. Accept your products or services;

   c. Manufacture products for delivery to your customers under contract of sale; or

   d. Attract customers to your business.

   "Dependent property" does not include roads, bridges, tunnels, waterways, airfields, pipelines or any other similar areas or structures.

3. "Electronic data" means information, facts or computer programs stored as or on, created or used on, or transmitted to or from computer software (including systems and applications software), on hard or floppy disks, CD-ROMs, tapes, drives, cells, data processing devices or any other repositories of computer software which are used with electronically controlled equipment. The term computer programs, referred to in the foregoing description of "electronic data", means a set of related electronic instructions which direct the operations and functions of a computer or device connected to it, which enable the computer or device to receive, process, store, retrieve or send data.

4. "Fine arts" means paintings, etchings, pictures; tapestries; rare or art glass; art glass windows; valuable rugs; statuary; sculptures; "antique" furniture; bric-a-brac; porcelains; and similar property of rarity, historical value or artistic merit.

5. "Finished stock" means stock you have manufactured.

   "Finished stock" also includes whiskey and alcoholic products being aged.

   "Finished stock" does not include stock you have manufactured that is held for sale on the premises of any retail outlet insured under this Coverage Part.

6. "Operations" means:

   a. Your business activities occurring at the described premises; and

   b. The tenantability of the described premises, if coverage for Business Income Including "Rental Value" or "Rental Value" applies.

7. "Period of restoration" means the period of time that:

   a. Begins:

   (1) 72 hours after the time of direct physical loss or damage for Business Income coverage; or

   (2) Immediately after the time of direct physical loss or damage for Extra Expense coverage;

caused by or resulting from any Covered Cause of Loss at the described premises; and

b. Ends on the earlier of:

(1) The date when the property at the described premises should be repaired, rebuilt or replaced with reasonable speed and similar quality; or

(2) The date when business is resumed at a new permanent location.

"Period of restoration" does not include any increased period required due to the enforcement of any ordinance or law that:

(1) Regulates the construction, use or repair, or requires the tearing down of any property; or

(2) Requires any insured or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of "pollutants"

The expiration date of this policy will not cut short the "period of restoration".

8. "Perishable stock" means personal property which is maintained under controlled conditions for its preservation and which is susceptible to loss or damage if the controlled conditions change.

9. "Pollutants" means any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste. Waste includes materials to be recycled, reconditioned or reclaimed.

10. "Rental Value" means Business Income that consists of:

a. Net Income (Net Profit or Loss before income taxes) that would have been earned or incurred as rental income from tenant occupancy of the premises described in the Declarations as furnished and equipped by you, including fair rental value of any portion of the described premises which is occupied by you; and

b. Continuing normal operating expenses incurred in connection with that premises, including:

(1) Payroll; and

(2) The amount of charges which are the legal obligation of the tenant(s) but would otherwise be your obligations.

11. "Suspension" means:

a. The slowdown or cessation of your business activities; or

b. That a part or all of the described premises is rendered untenantable, if coverage for Business Income Including "Rental Value" or "Rental Value" applies.

Safeco Optimum Property ™ for Automobile Service Businesses
BUSINESS INCOME (WITHOUT EXTRA EXPENSE) COVERAGE FORM

Various provisions in this policy restrict coverage. Read the entire policy carefully to determine rights, duties and what is and is not covered.

Throughout this policy the words "you" and "your" refer to the Named Insured shown in the Declarations. The words "we", "us" and "our" refer to the Company providing this insurance.

Other words and phrases that appear in quotation marks have special meaning. Refer to Section **F.** Definitions.

A. Coverage

1. Business Income

Business Income means the:

a. Net Income (Net Profit or Loss before income taxes) that would have been earned or incurred; and

b. Continuing normal operating expenses incurred, including payroll.

For manufacturing risks, Net Income includes the net sales value of production.

Coverage is provided as described and limited below for one or more of the following options for which a Limit of Insurance is shown in the Declarations:

(1) Business Income Including "Rental Value".

(2) Business Income Other Than "Rental Value".

(3) "Rental Value".

If option **(1)** above is selected, the term Business Income will include "Rental Value". If option **(3)** above is selected, the term Business Income will mean "Rental Value" only.

If Limits of Insurance are shown under more than one of the above options, the provisions of this Coverage Part apply separately to each.

We will pay for the actual loss of Business Income you sustain due to the necessary "suspension" of your "operations" during the "period of restoration". The "suspension" must be caused by direct physical loss of or damage to property at premises which are described in the Declarations and for which a Business Income Limit of Insurance is shown in the Declarations. The loss or damage must be caused by or result from a Covered Cause of Loss. With respect to loss of or damage to personal property in the open or personal property in a vehicle, the described premises include the area within 1,000 feet of the site at which the described premises are located.

With respect to the requirements set forth in the preceding paragraph, if you occupy only part of the site at which the described premises are located, your premises means:

a. The portion of the building which you rent, lease or occupy; and

b. Any area within the building or on the site at which the described premises are located, if that area services, or is used to gain access to, the described premises.

2. Covered Causes Of Loss, Exclusions And Limitations

See applicable Causes Of Loss Form as shown in the Declarations.

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3. Additional Limitation — Interruption Of Computer Operations

Coverage for Business Income does not apply when a "suspension" of "operations" is caused by destruction or corruption of "electronic data", or any loss or damage to "electronic data", except as provided under the Coverage Extension for Electronic Data Processing found in the Building And Personal Property Coverage Form.

4. Additional Coverages

a. Expenses To Reduce Loss

In the event of a covered loss of Business Income, we will pay necessary expenses you incur, except the cost of extinguishing a fire, to avoid further loss of Business Income. The total of our payment for Business Income loss and Expenses to Reduce Loss will not be more than the Business Income loss that would have been payable under this Coverage Form if the Expenses to Reduce Loss had not been incurred. This coverage does not increase the Limit of Insurance.

b. Civil Authority

In this Additional Coverage — Civil Authority, the described premises are premises to which this Coverage Form applies, as shown in the Declarations.

When a Covered Cause of Loss causes damage to property other than property at the described premises, we will pay for the actual loss of Business Income you sustain caused by action of civil authority that prohibits access to the described premises, provided that both of the following apply:

(1) Access to the area immediately surrounding the damaged property is prohibited by civil authority as a result of the damage, and the described premises are within that area but are not more than one mile from the damaged property; and

(2) The action of civil authority is taken in response to dangerous physical conditions resulting from the damage or continuation of the Covered Cause of Loss that caused the damage, or the action is taken to enable a civil authority to have unimpeded access to the damaged property.

Civil Authority coverage will begin 72 hours after the time of the first action of civil authority that prohibits access to the described premises and will apply for a period of up to thirty consecutive days from the date on which such coverage began.

c. Alterations And New Buildings

We will pay for the actual loss of Business Income you sustain due to direct physical loss or damage at the described premises caused by or resulting from any Covered Cause of Loss to:

(1) New buildings or structures, whether complete or under construction;

(2) Alterations or additions to existing buildings or structures; and

(3) Machinery, equipment, supplies or building materials located on or within 1,000 feet of the described premises and:

(a) Used in the construction, alterations or additions; or

(b) Incidental to the occupancy of new buildings.

If such direct physical loss or damage delays the start of "operations", the "period of restoration" will begin on the date "operations" would have begun if the direct physical loss or damage had not occurred.

d. Extended Business Income

(1) Business Income Other Than "Rental Value"

If the necessary "suspension" of your "operations" produces a Business Income loss payable under this policy, we will pay for the actual loss of Business Income you incur during the period that:

(a) Begins on the date property (except "finished stock") is actually repaired, rebuilt or replaced and "operations" are resumed; and

(b) Ends on the earlier of:

(i) The date you could restore your "operations", with

reasonable speed, to the level which would generate the business income amount that would have existed if no direct physical loss or damage had occurred; or

(ii) 180 consecutive days after the date determined in **(1)(a)** above, unless "180" is replaced in the Declarations by a different number of days.

However, Extended Business Income does not apply to loss of Business Income incurred as a result of unfavorable business conditions caused by the impact of the Covered Cause of Loss in the area where the described premises are located.

Loss of Business Income must be caused by direct physical loss or damage at the described premises caused by or resulting from any Covered Cause of Loss.

(2) "Rental Value"

If the necessary "suspension" of your "operations" produces a "Rental Value" loss payable under this policy, we will pay for the actual loss of "Rental Value" you incur during the period that:

(a) Begins on the date property is actually repaired, rebuilt or replaced and tenantability is restored; and

(b) Ends on the earlier of:

(i) The date you could restore tenant occupancy, with reasonable speed, to the level which would generate the "Rental Value" that would have existed if no direct physical loss or damage had occurred; or

(ii) 180 consecutive days after the date determined in **(2)(a)** above, unless "180" is replaced in the Declarations by a different number of days.

However, Extended Business Income does not apply to loss of "Rental Value" incurred as a result of unfavorable business conditions caused by the impact of the Covered Cause of Loss in the area where the described premises are located.

Loss of "Rental Value" must be caused by direct physical loss or damage at the described premises caused by or resulting from any Covered Cause of Loss.

e. Dependent Properties — Business Income

(1) Your coverage for Business Income, as provided and limited in this form, is extended to apply to the actual loss of Business Income you sustain due to direct physical loss of or damage to "dependent property" caused by or resulting from a Covered Cause of Loss.

However this Additional Coverage does not apply when the only loss to dependent property is loss or damage to "electronic data", including destruction or corruption of "electronic data". If the dependent property sustains loss or damage to "electronic data" and other property, coverage under this Additional Coverage will not continue once the other property is repaired, rebuilt or replaced.

(2) Under the Loss Determination Condition below, the following is added to the Resumption Of Operations provision:

We will reduce the amount of your Business Income loss to the extent you can resume "operations", in whole or in part, by using any other available source of materials or outlet for your products.

(3) The most we will pay under this Additional Coverage is $50,000 in any one occurrence regardless of the number of dependent properties.

Payments under this Additional Coverage will not increase the applicable Limit of Insurance.

(4) The provisions of this Additional Coverage are superseded by **CP 15 08** Business Income From Dependent Properties — Broad Form, or **CP 15 09** Business Income From Dependent Properties — Limited Form, if attached to and made a part of this policy.

f. Ordinance Or Law — Increased Period Of Restoration

(1) If a Covered Cause of Loss occurs to property at the premises described in the Declarations, coverage is extended to include the amount of actual and necessary loss you sustain during the increased period of "suspension" of "operations" caused by or resulting from the enforcement of any ordinance or law that:

(a) Regulates the construction or repair of any property;

(b) Requires the tearing down of parts of any property not damaged by a Covered Cause of Loss; and

(c) Is in force at the time of loss.

However, coverage is not extended under this Additional Coverage to include loss caused by or resulting from the enforcement of any ordinance or law which requires any insured or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of "pollutants".

g. Transit — Business Income

(1) This insurance is extended to apply to the actual loss of Business Income you sustain caused by direct physical loss or damage by a Covered Cause of Loss to Covered Property while in or on a vehicle or in transit more than 1,000 feet from a covered premises while:

(a) In or on a vehicle you own, rent or lease;

(b) In the custody of a public or contract trucker;

(c) In the custody of an air or rail carrier; or

(d) While waterborne on inland waterways. However, there is no coverage under this Additional Coverage for any imported or exported property that is covered under any ocean marine cargo policy that anyone has obtained.

(2) There is no coverage under this Additional Coverage resulting from loss or damage to:

(a) "Fine arts", "antiques", fur garments, jewelry, precious or semiprecious stones, gold, silver, platinum, or other precious metals or alloys; or

(b) Mail shipments in the custody of the U.S. Postal Service.

(3) This Additional Coverage will continue to apply to such property in the due course of transit, after the expiration or cancellation of this policy, until arrival at and accepted by an authorized representative at the invoiced destination, but for no longer than 30 days after the date of the shipment origination, but this will not cut short the "period of restoration".

(4) You must retain accurate records of all shipments of Covered Property for one year.

(5) The most we will pay under this Additional Coverage is $50,000 in any one occurrence.

Payments under this Additional Coverage will not increase the applicable Limit of Insurance.

5. Coverage Extensions

a. Newly Acquired Locations

(1) You may extend your Business Income Coverage to apply to property at any premises you acquire other than fairs or exhibitions.

(2) The most we will pay under this Extension is $250,000 at each premises.

Payments under this Coverage Extension are separate from the Limit(s) of Insurance shown in the Declarations for any other coverage.

(3) Insurance under this Extension for each newly acquired premises will

end when any of the following first occurs:

(a) This policy expires;

(b) 180 days expire after you acquire or begin to construct the property; or

(c) You report values to us.

We will charge you additional premium for values reported from the date you acquire the property.

b. Spoilage Due To Power Outage, Mechanical Breakdown, Or Contamination — Business Income

(1) You may extend your Business Income Coverage to apply to loss caused by spoilage of "perishable stock" caused by:

(a) Breakdown or Contamination, meaning:

(i) Change in temperature or humidity caused by mechanical breakdown or mechanical failure of refrigerating, cooling, or humidity control equipment; and

(ii) Contamination by the refrigerant.

(b) Power Outage, meaning change in temperature or humidity caused by complete or partial interruption of electrical power due to conditions beyond your control.

(2) This coverage does not apply to loss to stock which is outside of a building or in or on a vehicle unless the stock is being moved to prevent or reduce loss covered by this policy.

(3) Only the following Exclusions contained in Paragraph **B.1.** of the Causes Of Loss — Special Form apply to this Coverage Extension:

(a) **B.1.b.** Earth Movement;

(b) **B.1.c.** Governmental Action;

(c) **B.1.d.** Nuclear Hazard;

(d) **B.1.f.** War And Military Action; and

(e) **B.1.g.** Water.

(4) The following Exclusions are added:

We will not pay for loss or damage caused by:

(a) The disconnecting of any refrigerating, cooling or humidity control system from the source of power.

(b) Shutting off electrical power by turning off the switch that controls the flow of electricity.

(c) The inability of an Electrical Utility Company or other power source to provide sufficient power due to:

(i) Lack of fuel; or

(ii) Governmental order.

(d) A power source at the described premises not having enough power to meet demand due to lack of generating capacity.

(5) For the purposes of this Coverage Extension, the "period of restoration" begins 24 hours after the time of direct physical loss.

(6) The most we will pay under this Coverage Extension is $50,000 per occurrence.

c. Utility Service — Business Income

(1) You may extend your Business Income Coverage to apply to loss caused by the interruption of service to the described premises or Newly Acquired Locations. The interruption must result from direct physical loss or damage by a Covered Cause of Loss to the property described in paragraph **(2).**

(2) Utility Services

(a) Water Supply Services, meaning pumping stations and water mains supplying water to your premises.

(b) Communication Supply Services, meaning property supplying communication services, including telephone, radio, microwave or television services, to your premises, such as:

(i) Communication transmission lines, including optic fiber transmission lines;

(ii) Coaxial cables; and

(iii) Microwave radio relays except satellites.

(c) Power Supply Services, meaning the following types of property supplying electricity, steam or gas to your premises:

(i) Utility generating plants;

(ii) Switching stations;

(iii) Substations;

(iv) Transformers; and

(v) Transmission lines.

(3) For the purposes of this Coverage Extension, the "period of restoration" begins 24 hours after the time of direct physical loss.

(4) This Coverage Extension does not apply to loss caused by spoilage of "perishable stock" caused by interruption of Utility Services.

(5) The most we will pay under this Coverage Extension is $50,000 per occurrence.

Payments under this Coverage Extension will not increase the applicable Limit of Insurance.

(6) The provisions of this Coverage Extension are superseded by **CP 15 45** Utility Services — Time Element, if attached to and made a part of this policy.

B. Limits Of Insurance

1. The most we will pay for loss in any one occurrence is the applicable Limit of Insurance shown in the Declarations.

2. The amount of insurance stated in the Coverage Extension **A.5.a. Newly Acquired Locations** applies in accordance with the terms of that coverage and is separate from the Limit(s) of Insurance shown in the Declarations for any other coverage.

3. Payments under the following Additional Coverages and Coverage Extensions will not increase the applicable Limit of Insurance:

a. Additional Coverage **A.4.a. Expenses To Reduce Loss**

b. Additional Coverage **A.4.b. Civil Authority**

c. Additional Coverage **A.4.c. Alterations And New Buildings**

d. Additional Coverage **A.4.d. Extended Business Income**

e. Additional Coverage **A.4.e. Dependent Properties — Business Income**

f. Additional Coverage **A.4.f. Ordinance Or Law — Increased Period Of Restoration**

g. Additional Coverage **A.4.g. Transit — Business Income**

h. Coverage Extension **A.5.b. Spoilage Due To Power Outage, Mechanical Breakdown, Or Contamination — Business Income**

i. Coverage Extension **A.5.c. Utility Service — Business Income**

C. Deductible

1. We will not pay for loss in any one occurrence until the amount of loss exceeds the Deductible shown in the Declarations. We will then pay the amount of loss in excess of the Deductible, up to the applicable Limit of Insurance.

2. When the same occurrence involves loss to insurance under this coverage form and loss under the Building And Personal Property Coverage Form, only one deductible will be applied to the occurrence.

3. Windstorm, Hail or Hurricane percentage deductibles do not apply to Business Income coverage.

D. Loss Conditions

The following conditions apply in addition to the Common Policy Conditions and the Commercial Property Conditions.

1. Appraisal

If we and you disagree on the amount of Net Income and operating expense or the amount of loss, either may make written demand for an appraisal of the loss. In this event, each party will select a competent and impartial appraiser.

The two appraisers will select an umpire. If they cannot agree, either may request that selection be made by a judge of a court having jurisdiction. The appraisers will state separately the amount of Net Income and operating expense or amount of loss. If they fail to agree, they will submit their differences

to the umpire. A decision agreed to by any two will be binding. Each party will:

a. Pay its chosen appraiser; and

b. Bear the other expenses of the appraisal and umpire equally.

If there is an appraisal, we will still retain our right to deny the claim.

2. Duties In The Event Of Loss

a. You must see that the following are done in the event of loss:

(1) Notify the police if a law may have been broken.

(2) Give us prompt notice of the direct physical loss or damage. Include a description of the property involved.

(3) As soon as possible, give us a description of how, when, and where the direct physical loss or damage occurred.

(4) Take all reasonable steps to protect the Covered Property from further damage, and keep a record of your expenses necessary to protect the Covered Property, for consideration in the settlement of the claim. This will not increase the Limit of Insurance. However, we will not pay for any subsequent loss or damage resulting from a cause of loss that is not a Covered Cause of Loss. Also, if feasible, set the damaged property aside and in the best possible order for examination.

(5) As often as may be reasonably required, permit us to inspect the property proving the loss or damage and examine your books and records.

Also permit us to take samples of damaged and undamaged property for inspection, testing and analysis, and permit us to make copies from your books and records.

(6) Send us a signed, sworn proof of loss containing the information we request to investigate the claim. You must do this within 60 days after our request. We will supply you with the necessary forms.

(7) Cooperate with us in the investigation or settlement of the claim.

(8) If you intend to continue your business, you must resume all or part of your "operations" as quickly as possible.

b. We may examine any insured under oath, while not in the presence of any other insured and at such times as may be reasonably required, about any matter relating to this insurance or the claim, including an insured's books and records. In the event of an examination, an insured's answers must be signed.

3. Loss Determination

a. The amount of Business Income loss will be determined based on:

(1) The Net Income of the business before the direct physical loss or damage occurred;

(2) The likely Net Income of the business if no physical loss or damage had occurred, but not including any Net Income that would likely have been earned as a result of an increase in the volume of business due to favorable business conditions caused by the impact of the Covered Cause of Loss on customers or on other businesses;

(3) The operating expenses, including payroll expenses, necessary to resume "operations" with the same quality of service that existed just before the direct physical loss or damage; and

(4) Other relevant sources of information, including:

(a) Your financial records and accounting procedures;

(b) Bills, invoices and other vouchers; and

(c) Deeds, liens or contracts.

b. Resumption Of Operations

We will reduce the amount of your Business Income loss to the extent you can resume your "operations", in whole or in part, by using damaged or undamaged property (including merchandise or stock) at the described premises or elsewhere.

c. If you do not resume "operations", or do not resume "operations" as quickly as possible, we will pay based on the

length of time it would have taken to resume "operations" as quickly as possible.

4. Loss Payment

We will pay for covered loss within 30 days after we receive the sworn proof of loss, if you have complied with all of the terms of this Coverage Part and:

a. We have reached agreement with you on the amount of loss; or

b. An appraisal award has been made.

E. Optional Coverages

If shown as applicable in the Declarations, the following Optional Coverages apply separately to each item.

1. Maximum Period Of Indemnity

The most we will pay for the total of Business Income loss and Extra Expense is the lesser of:

a. The amount of loss sustained and expenses incurred during the 120 days immediately following the beginning of the "period of restoration"; or

b. The Limit of Insurance shown in the Declarations.

2. Monthly Limit Of Indemnity

The most we will pay for loss of Business Income in each period of 30 consecutive days after the beginning of the "period of restoration" is:

a. The Limit of Insurance, multiplied by

b. The fraction shown in the Declarations for this Optional Coverage.

EXAMPLE

When:	The Limit of Insurance is	$ 120,000
	The fraction shown in the Declarations for this Optional Coverage is	1/4
	The most we will pay for loss in each period of 30 consecutive days is: ($120,000 x 1/4 = $30,000)	$ 30,000
	If, in this example, the actual amount of loss is:	
	Days 1-30	$ 40,000
	Days 31-60	$ 20,000
	Days 61-90	$ 30,000
		$ 90,000

We will pay:	
Days 1-30	$ 30,000
Days 31-60	$ 20,000
Days 61-90	$ 30,000
	$ 80,000

The remaining $10,000 is not covered.

F. Definitions

1. "Antique" means an object having value because its:

a. craftsmanship is in the style or fashion of former times; and

b. age is 100 years old or older.

2. "Dependent property" means property operated by others whom you depend on to:

a. Deliver materials or services to you, or to others for your account. With respect to Contributing Locations, services does not mean water, communication or power supply services;

b. Accept your products or services;

c. Manufacture products for delivery to your customers under contract of sale; or

d. Attract customers to your business.

"Dependent property" does not include roads, bridges, tunnels, waterways, airfields, pipelines or any other similar areas or structures.

3. "Electronic data" means information, facts or computer programs stored as or on, created or used on, or transmitted to or from computer software (including systems and applications software), on hard or floppy disks, CD-ROMs, tapes, drives, cells, data processing devices or any other repositories of computer software which are used with electronically controlled equipment. The term computer programs, referred to in the foregoing description of "electronic data", means a set of related electronic instructions which direct the operations and functions of a computer or device connected to it, which enable the computer or device to receive, process, store, retrieve or send data.

4. "Fine arts" means paintings, etchings, pictures; tapestries; rare or art glass; art glass windows; valuable rugs; statuary; sculptures; "antique" furniture; bric-a-brac; porcelains; and similar property of rarity, historical value or artistic merit.

5. "Finished stock" means stock you have manufactured.

"Finished stock" also includes whiskey and alcoholic products being aged.

"Finished stock" does not include stock you have manufactured that is held for sale on the premises of any retail outlet insured under this Coverage Part.

6. "Operations" means:

   a. Your business activities occurring at the described premises; and

   b. The tenantability of the described premises, if coverage for Business Income Including "Rental Value" or "Rental Value" applies.

7. "Period of restoration" means the period of time that:

   a. Begins 72 hours after the time of direct physical loss or damage caused by or resulting from any Covered Cause of Loss at the described premises; and

   b. Ends on the earlier of:

      (1) The date when the property at the described premises should be repaired, rebuilt or replaced with reasonable speed and similar quality; or

      (2) The date when business is resumed at a new permanent location.

   "Period of restoration" does not include any increased period required due to the enforcement of any ordinance or law that:

      (1) Regulates the construction, use or repair, or required the tearing down of any property; or

      (2) Requires any insured or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of "pollutants".

   The expiration date of this policy will not cut short the "period of restoration".

8. "Perishable stock" means personal property which is maintained under controlled conditions for its preservation and which is susceptible to loss or damage if the controlled conditions change.

9. "Pollutants" means any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste. Waste includes materials to be recycled, reconditioned or reclaimed.

10. "Rental Value" means Business Income that consists of:

    a. Net Income (Net Profit or Loss before income taxes) that would have been earned or incurred as rental income from tenant occupancy of the premises described in the Declarations as furnished and equipped by you, including fair rental value of any portion of the described premises which is occupied by you; and

    b. Continuing normal operating expenses incurred in connection with that premises, including:

       (1) Payroll; and

       (2) The amount of charges which are the legal obligation of the tenant(s) but would otherwise be your obligations.

11. "Suspension" means:

    a. The slowdown or cessation of your business activities; or

    b. That a part or all of the described premises is rendered untenantable, if coverage for Business Income Including "Rental Value" or "Rental Value" applies.

Safeco Optimum Property ™ for Automobile Service Businesses
EXTRA EXPENSE COVERAGE FORM

Various provisions in this policy restrict coverage. Read the entire policy carefully to determine rights, duties and what is and is not covered.

Throughout this policy the words "you" and "your" refer to the Named Insured shown in the Declarations. The words "we", "us" and "our" refer to the Company providing this insurance.

Other words and phrases that appear in quotation marks have special meaning. Refer to Section **E.** Definitions.

A. Coverage

We will pay the actual and necessary Extra Expense you sustain due to direct physical loss of or damage to property at premises which are described in the Declarations and for which an Extra Expense Limit of Insurance is shown in the Declarations. The loss or damage must be caused by or result from a Covered Cause of Loss. With respect to loss of or damage to personal property in the open or personal property in a vehicle, the described premises include the area within 1,000 feet of the site at which the described premises are located.

With respect to the requirements set forth in the preceding paragraph, if you occupy only part of the site at which the described premises are located, your premises means:

a. The portion of the building which you rent, lease or occupy; and

b. Any area within the building or on the site at which the described premises are located, if that area services, or is used to gain access to, the described premises.

1. Extra Expense

Extra Expense means necessary expenses you incur during the "period of restoration" that you would not have incurred if there had been no direct physical loss or damage to property. Coverage pertains to expenses (other than the expense to repair or replace property) which are incurred to:

a. Avoid or minimize the "suspension" of business and to continue "operations" at the described premises or at replacement premises or temporary locations, including relocation expenses and costs to equip and operate the replacement location or temporary location.

b. Minimize the "suspension" of business if you cannot continue "operations".

We will also pay Extra Expense to repair or replace property, but only to the extent it reduces the amount of loss that otherwise would have been payable under this Coverage Form.

2. Covered Causes Of Loss, Exclusions And Limitations

See applicable Causes Of Loss Form as shown in the Declarations.

3. Additional Limitation — Interruption Of Computer Operations

Coverage for Extra Expense does not apply when action is taken to avoid or minimize a "suspension" of "operations" caused by destruction or corruption of "electronic data", or any loss or damage to "electronic data", except as provided under the Coverage Extension for Electronic Data Processing found in the Building And Personal Property Coverage Form.

4. Additional Coverages

a. Alterations And New Buildings

We will pay for the actual and necessary Extra Expense you incur due to direct physical loss or damage at the described premises caused by or resulting from any Covered Cause of Loss to:

(1) New buildings or structures, whether complete or under construction;

(2) Alterations or additions to existing buildings or structures; and

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(3) Machinery, equipment, supplies or building materials located on or within 1,000 feet of the described premises and:

(a) Used in the construction, alterations or additions; or

(b) Incidental to the occupancy of new buildings.

b. Civil Authority

In this Additional Coverage — Civil Authority, the described premises are premises to which this Coverage Form applies, as shown in the Declarations.

When a Covered Cause of Loss causes damage to property other than property at the described premises, we will pay for the actual and necessary Extra Expense you incur caused by action of civil authority that prohibits access to the described premises, provided that both of the following apply:

(1) Access to the area immediately surrounding the damaged property is prohibited by civil authority as a result of the damage, and the described premises are within that area but are not more than one mile from the damaged property; and

(2) The action of civil authority is taken in response to dangerous physical conditions resulting from the damage or continuation of the Covered Cause of Loss that caused the damage, or the action is taken to enable a civil authority to have unimpeded access to the damaged property.

Civil Authority coverage will begin immediately after the time of the first action of civil authority that prohibits access to the described premises and will end 30 consecutive days after the date of that action.

c. Dependent Properties — Extra Expense

(1) Your coverage for Extra Expense, as provided and limited in this form, is extended to apply to the actual and necessary Extra Expense you incur due to direct physical loss of or damage to "dependent property" caused by or resulting from a Covered Cause of Loss.

However this Additional Coverage does not apply when the only loss to "dependent property" is loss or damage to "electronic data", including destruction or corruption of "electronic data". If the "dependent property" sustains loss or damage to "electronic data" and other property, coverage under this Additional Coverage will not continue once the other property is repaired, rebuilt or replaced.

(2) The most we will pay under this Additional Coverage is $50,000 in any one occurrence regardless of the number of dependent properties.

Payments under this Additional Coverage will not increase the applicable Limit of Insurance.

d. Ordinance Or Law — Increased Period Of Restoration

(1) If a Covered Cause of Loss occurs to property at the premises described in the Declarations, coverage is extended to include the amount of actual and necessary loss you sustain during the increased period of "suspension" of "operations" caused by or resulting from the enforcement of any ordinance or law that:

(a) Regulates the construction or repair of any property;

(b) Requires the tearing down of parts of any property not damaged by a Covered Cause of Loss; and

(c) Is in force at the time of loss.

However, coverage is not extended under this Additional Coverage to include loss caused by or resulting from the enforcement of any ordinance or law which requires any insured or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of "pollutants".

5. Coverage Extensions

a. Newly Acquired Locations

(1) You may extend your Extra Expense Coverage to apply to property at any premises you acquire other than fairs or exhibitions.

(2) The most we will pay under this Extension is $250,000 at each premises.

Payments under this Coverage Extension are separate from the Limit(s) of Insurance shown in the Declarations for any other coverage.

(3) Insurance under this Extension for each newly acquired premises will end when any of the following first occurs:

(a) This policy expires;

(b) 180 days expire after you acquire or begin to construct the property; or

(c) You report values to us.

We will charge you additional premium for values reported from the date you acquire the property.

b. Spoilage Due To Power Outage, Mechanical Breakdown, Or Contamination — Extra Expense

(1) You may extend your Extra Expense Coverage to apply to loss caused by spoilage of "perishable stock" caused by:

(a) Breakdown or Contamination, meaning:

(i) Change in temperature or humidity caused by mechanical breakdown or mechanical failure of refrigerating, cooling, or humidity control equipment; and

(ii) Contamination by the refrigerant.

(b) Power Outage, meaning change in temperature or humidity caused by complete or partial interruption of electrical power due to conditions beyond your control.

(2) This coverage does not apply to loss to stock which is outside of a building or in or on a vehicle unless the stock is being moved to prevent or reduce loss covered by this policy.

(3) Only the following Exclusions contained in Paragraph **B.1.** of the Causes Of Loss — Special Form apply to this Coverage Extension:

(a) **B.1.b.** Earth Movement;

(b) **B.1.c.** Governmental Action;

(c) **B.1.d.** Nuclear Hazard;

(d) **B.1.f.** War And Military Action; and

(e) **B.1.g.** Water.

(4) The following Exclusions are added:

We will not pay for loss or damage caused by:

(a) The disconnecting of any refrigerating, cooling or humidity control system from the source of power.

(b) Shutting off electrical power by turning off the switch that controls the flow of electricity.

(c) The inability of an Electrical Utility Company or other power source to provide sufficient power due to:

(i) Lack of fuel; or

(ii) Governmental order.

(d) A power source at the described premises not having enough power to meet demand due to lack of generating capacity.

(5) The most we will pay under this Coverage Extension is $50,000 per occurrence.

c. Utility Service — Extra Expense

(1) You may extend your Extra Expense Coverage to apply to loss at the described premises or Newly Acquired Locations caused by the interruption of service to the described premises or Newly Acquired Locations. The interruption must result from direct physical loss or damage by a Covered Cause of Loss to the property described in Paragraph **(2),**

(2) Utility Services

(a) Water Supply Services, meaning pumping stations and water mains supplying water to your premises.

(b) Communication Supply Services, meaning property supplying communication services, including telephone, radio, microwave or television

services, to your premises, such as:

(i) Communication transmission lines, including optic fiber transmission lines;

(ii) Coaxial cables; and

(iii) Microwave radio relays except satellites.

(c) Power Supply Services, meaning the following types of property supplying electricity, steam or gas to your premises:

(i) Utility generating plants;

(ii) Switching stations;

(iii) Substations;

(iv) Transformers; and

(v) Transmission lines.

(3) This Coverage Extension does not apply to loss caused by spoilage of "perishable stock" caused by interruption of Utility Services.

(4) The most we will pay under this Coverage Extension is $50,000 per occurrence.

Payments under this Coverage Extension will not increase the applicable Limit of Insurance.

(5) The provisions of this Coverage Extension are superseded by CP 15 45 Utility Services — Time Element, if attached to and made a part of this policy.

B. Limits Of Insurance

1. The most we will pay for loss in any one occurrence is the applicable Limit of Insurance shown in the Declarations.

2. The amount of insurance stated in the Coverage Extension **A.5.a. Newly Acquired Locations** applies in accordance with the terms of that coverage and is separate from the Limit(s) of Insurance shown in the Declarations for any other coverage.

3. Payments under the following Additional Coverages and Coverage Extensions will not increase the applicable Limit of Insurance:

a. Additional Coverage **A.4.a. Alterations And New Buildings**

b. Additional Coverage **A.4.b. Civil Authority**

c. Additional Coverage **A.4.c. Dependent Properties — Extra Expense**

d. Additional Coverage **A.4.d. Ordinance Or Law — Increased Period Of Restoration**

e. Coverage Extension **A.5.b. Spoilage Due To Power Outage, Mechanical Breakdown, Or Contamination — Extra Expense**

f. Coverage Extension **A.5.c. Utility Service — Extra Expense**

C. Deductible

1. We will not pay for loss in any one occurrence until the amount of loss exceeds the Deductible shown in the Declarations. We will then pay the amount of loss in excess of the Deductible, up to the applicable Limit of Insurance.

2. When the same occurrence involves loss to insurance under this coverage form and loss under the Building And Personal Property Coverage Form, only one deductible will be applied to the occurrence.

3. Windstorm, Hail or Hurricane percentage deductibles do not apply to Extra Expense coverage.

D. Loss Conditions

The following conditions apply in addition to the Common Policy Conditions and the Commercial Property Conditions.

1. Appraisal

If we and you disagree on the amount of loss, either may make written demand for an appraisal of the loss. In this event, each party will select a competent and impartial appraiser. The two appraisers will select an umpire. If they cannot agree, either may request that selection be made by a judge of a court having jurisdiction. The appraisers will state separately the amount of loss. If they fail to agree, they will submit their differences to the umpire. A decision agreed to by any two will be binding. Each party will:

a. Pay its chosen appraiser; and

b. Bear the other expenses of the appraisal and umpire equally.

If there is an appraisal, we will still retain our right to deny the claim.

2. Duties If You Incur Extra Expense

a. You must see that the following are done if you incur Extra Expense:

(1) Notify the police if a law may have been broken.

(2) Give us prompt notice of the direct physical loss or damage. Include a description of the property involved.

(3) As soon as possible, give us a description of how, when, and where the direct physical loss or damage occurred.

(4) Take all reasonable steps to protect the Covered Property from further damage, and keep a record of your expenses necessary to protect the Covered Property, for consideration in the settlement of the claim. This will not increase the Limit of Insurance. However, we will not pay for any subsequent loss or damage resulting from a cause of loss that is not a Covered Cause of Loss. Also, if feasible, set the damaged property aside and in the best possible order for examination.

(5) As often as may be reasonably required, permit us to inspect the property proving the loss or damage and examine your books and records.

Also permit us to take samples of damaged and undamaged property for inspection, testing and analysis, and permit us to make copies from your books and records.

(6) Send us a signed, sworn proof of loss containing the information we request to investigate the claim. You must do this within 60 days after our request. We will supply you with the necessary forms.

(7) Cooperate with us in the investigation or settlement of the claim.

(8) If you intend to continue your business, you must resume all or part of your "operations" as quickly as possible.

b. We may examine any insured under oath, while not in the presence of any other insured and at such times as may be reasonably required, about any matter relating to this insurance or the claim, including an insured's books and records. In the event of an examination, an insured's answers must be signed.

3. Limits On Loss Payment

We will not pay more for Extra Expense than the percentages shown in the Declarations times the Limit of Insurance.

When the "period of restoration" is:

a. 30 days or less, the first percentage applies.

b. 60 days or less, but more than 30 days, the second percentage applies.

c. More than 60 days, the third percentage applies.

EXAMPLE:

The Limit of Insurance is	$ 100,000
The percentages shown in the Declarations are	40%-80%-100%
The "period of restoration" is	45 days
The amount of Extra Expenses incurred is	$ 90,000

We will not pay more than $100,000 times 80% (the percentage applicable for a "period of restoration" of 31-60 days), or $80,000. The remaining $10,000 is not covered.

4. Loss Determination

a. The amount of Extra Expense will be determined based on:

(1) All expenses that exceed the normal operating expenses that would have been incurred by "operations" during the "period of restoration" if no direct physical loss or damage had occurred. We will deduct from the total of such expenses:

(a) The salvage value that remains of any property bought for temporary use during the "period of restoration", once "operations" are resumed; and

(b) Any Extra Expense that is paid for by other insurance, except for insurance that is written subject to the same plan, terms, conditions and provisions as this insurance; and

(2) Necessary expenses that reduce the Extra Expense otherwise incurred.

b. We will reduce the amount of your Extra Expense loss to the extent you can return "operations" to normal and discontinue such Extra Expense.

c. If you do not resume "operations", or do not resume "operations" as quickly as possible, we will pay based on the length of time it would have taken to resume "operations" as quickly as possible.

5. **Loss Payment**

We will pay for any loss within 30 days after we receive the proof of loss, if you have complied with all of the terms of this Coverage Part and:

a. We reach agreement with you on the amount of loss; or

b. An appraisal award has been made.

E. Definitions

1. "Dependent property" means property operated by others whom you depend on to:

a. Deliver materials or services to you, or to others for your account. With respect to Contributing Locations, services does not mean water, communication or power supply services;

b. Accept your products or services;

c. Manufacture products for delivery to your customers under contract of sale; or

d. Attract customers to your business.

"Dependent property" does not include roads, bridges, tunnels, waterways, airfields, pipelines or any other similar areas or structures.

2. "Electronic data" means information, facts or computer programs stored as or on, created or used on, or transmitted to or from computer software (including systems and applications software), on hard or floppy disks, CD-ROMs, tapes, drives, cells, data processing devices or any other repositories of computer software which are used with electronically controlled equipment. The term computer programs, referred to in the foregoing description of "electronic data", means a set of related electronic instructions which direct the operations and functions of a computer or device connected to it, which enable the computer or device to receive, process, store, retrieve or send data.

3. "Operations" means your business activities occurring at the described premises.

4. "Period of restoration" means the period of time that:

a. Begins with the date of direct physical loss or damage caused by or resulting from any Covered Cause of Loss at the described premises; and

b. Ends on the earlier of:

(1) The date when the property at the described premises should be repaired, rebuilt or replaced with reasonable speed and similar quality; or

(2) The date when business is resumed at a new permanent location.

"Period of restoration" does not include any increased period required due to the enforcement of any ordinance or law that:

(1) Regulates the construction, use or repair, or requires the tearing down of any property; or

(2) Requires any insured or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of "pollutants".

The expiration date of this policy will not cut short the "period of restoration".

5. "Perishable stock" means personal property which is maintained under controlled conditions for its preservation and which is susceptible to loss or damage if the controlled conditions change.

6. "Pollutants" means any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste. Waste includes materials to be recycled, reconditioned or reclaimed.

7. "Suspension" means the slowdown or cessation of your business activities.

Safeco Optimum Property ™ for Automobile Service Businesses
BUSINESS INCOME (AND EXTRA EXPENSE)
ACTUAL LOSS SUSTAINED COVERAGE FORM

Various provisions in this policy restrict coverage. Read the entire policy carefully to determine rights, duties and what is and is not covered.

Throughout this policy the words "you" and "your" refer to the Named Insured shown in the Declarations. The words "we", "us" and "our" refer to the Company providing this insurance.

Other words and phrases that appear in quotation marks have special meaning. Refer to Section **D.** Definitions.

A. Coverage

1. Business Income

Business Income means the:

a. Net Income (Net Profit or Loss before income taxes) that would have been earned or incurred; and

b. Continuing normal operating expenses incurred, including payroll.

For manufacturing risks, Net Income includes the net sales value of production.

Coverage is provided as described and limited below for one or more of the following options for which a Limit of Insurance is shown in the Declarations:

(1) Business Income Including "Rental Value".

(2) Business Income Other Than "Rental Value".

(3) "Rental Value".

If option **(1)** above is selected, the term Business Income will include "Rental Value". If option **(3)** above is selected, the term Business Income will mean "Rental Value" only.

If Limits of Insurance are shown under more than one of the above options, the provisions of this Coverage Part apply separately to each.

We will only pay for loss of Business Income that you sustain during the "period of restoration" and that occurs within 12 consecutive months after the date of direct physical loss or damage. With respect to loss of or damage to personal property in the open or personal property in a vehicle, the described premises include the area within 1,000 feet of the site at which the described premises are located.

With respect to the requirements set forth in the preceding paragraph, if you occupy only part of the site at which the described premises are located, your premises means:

a. The portion of the building which you rent, lease or occupy; and

b. Any area within the building or on the site at which the described premises are located, if that area services, or is used to gain access to, the described premises.

If you are operating at a Net Loss, continuing normal operating expenses will be offset by the net loss.

2. Extra Expense

a. Extra Expense coverage is provided at the premises described in the Declarations.

b. Extra Expense means necessary expenses you incur during the "period of restoration" that you would not have incurred if there had been no direct physical loss or damage to property caused by or resulting from a Covered Cause of Loss.

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We will pay Extra Expense (other than the expense to repair or replace property) to:

(1) Avoid or minimize the "suspension" of business and to continue "operations" at the described premises or at replacement premises or temporary locations, including relocation expenses and costs to equip and operate the replacement location or temporary location.

(2) Minimize the "suspension" of business if you cannot continue "operations".

We will also pay Extra Expense to repair or replace property, but only to the extent it reduces the amount of loss that otherwise would have been payable under this Coverage Form.

We will only pay Extra Expense you incur during the "period of restoration" and that occurs within 12 consecutive months after the date of direct physical loss or damage.

3. Covered Causes Of Loss, Exclusions And Limitations

See applicable Causes Of Loss Form as shown in the Declarations.

4. Additional Limitation — Interruption Of Computer Operations

a. Coverage for Business Income does not apply when a "suspension" of "operations" is caused by destruction or corruption of "electronic data", or any loss or damage to "electronic data", except as provided under the Coverage Extension for Electronic Data Processing found in the Building And Personal Property Coverage Form.

b. Coverage for Extra Expense does not apply when action is taken to avoid or minimize a "suspension" of "operations" caused by destruction or corruption of "electronic data", or any loss or damage to "electronic data", except as provided under the Coverage Extension for Electronic Data Processing found in the Building And Personal Property Coverage Form.

5. Additional Coverages

a. Civil Authority

In this Additional Coverage — Civil Authority, the described premises are premises to which this Coverage Form applies, as shown in the Declarations.

When a Covered Cause of Loss causes damage to property other than property at the described premises, we will pay for the actual loss of Business Income you sustain and necessary Extra Expense caused by action of civil authority that prohibits access to the described premises, provided that both of the following apply:

(1) Access to the area immediately surrounding the damaged property is prohibited by civil authority as a result of the damage, and the described premises are within that area but are not more than one mile from the damaged property; and

(2) The action of civil authority is taken in response to dangerous physical conditions resulting from the damage or continuation of the Covered Cause of Loss that caused the damage, or the action is taken to enable a civil authority to have unimpeded access to the damaged property.

Civil Authority coverage for Business Income will begin 72 hours after the time of the first action of civil authority that prohibits access to the described premises and will apply for a period of up to thirty consecutive days from the date on which such coverage began.

Civil Authority coverage for Extra Expense will begin immediately after the time of the first action of civil authority that prohibits access to the described premises and will end:

(1) 30 consecutive days after the date of that action; or

(2) When your Civil Authority coverage for Business Income ends;

whichever is later.

b. Alterations And New Buildings

We will pay for the actual loss of Business Income you sustain and necessary Extra Expense you incur due to direct physical loss or damage at the described premises caused by or resulting from any Covered Cause of Loss to:

(1) New buildings or structures, whether complete or under construction;

(2) Alterations or additions to existing buildings or structures; and

(3) Machinery, equipment, supplies or building materials located on or within 1,000 feet of the described premises and:

(a) Used in the construction, alterations or additions; or

(b) Incidental to the occupancy of new buildings.

If such direct physical loss or damage delays the start of "operations", the "period of restoration" for Business Income Coverage will begin on the date "operations" would have begun if the direct physical loss or damage had not occurred.

This Additional Coverage applies to losses that you incur during the "period of restoration" and that occur within 12 consecutive months after the date of direct physical loss or damage.

c. Extended Business Income

(1) Business Income Other Than "Rental Value"

If the necessary "suspension" of your "operations" produces a Business Income loss payable under this policy, we will pay for the actual loss of Business Income you incur during the period that:

(a) Begins on the date property (except "finished stock") is actually repaired, rebuilt or replaced and "operations" are resumed; and

(b) Ends on the earlier of:

(i) The date you could restore your "operations", with reasonable speed, to the level which would generate the business income amount that would have existed if no direct physical loss or damage had occurred; or

(ii) 180 consecutive days after the date determined in **(1)(a)** above, unless "180" is replaced in the Declarations by a different number of days.

However, Extended Business Income does not apply to loss of Business Income incurred as a result of unfavorable business conditions caused by the impact of the Covered Cause of Loss in the area where the described premises are located.

Loss of Business Income must be caused by direct physical loss or damage at the described premises caused by or resulting from any Covered Cause of Loss.

(2) "Rental Value"

If the necessary "suspension" of your "operations" produces a "Rental Value" loss payable under this policy, we will pay for the actual loss of "Rental Value" you incur during the period that:

(a) Begins on the date property is actually repaired, rebuilt or replaced and tenantability is restored; and

(b) Ends on the earlier of:

(i) The date you could restore tenant occupancy, with reasonable speed, to the level which would generate the "Rental Value" that would have existed if no direct physical loss or damage had occurred; or

(ii) 180 consecutive days after the date determined in **(2)(a)** above, unless "180" is replaced in the Declarations by a different number of days.

However, Extended Business Income does not apply to loss of "Rental Value" incurred as a result of unfavorable business conditions caused by the impact of the Covered Cause of Loss in the area where the described premises are located.

Loss of "Rental Value" must be caused by direct physical loss or damage at the described premises caused by or resulting from any Covered Cause of Loss.

d. Dependent Properties — Time Element

(1) Your coverage for Business Income and Extra Expense, as provided and limited in this form, is extended to apply to the actual loss of Business Income you sustain, and the actual and necessary Extra Expense you incur, due to direct physical loss of or damage to "dependent property" caused by or resulting from a Covered Cause of Loss.

However this Additional Coverage does not apply when the only loss to "dependent property" is loss or damage to "electronic data", including destruction or corruption of "electronic data". If the dependent property sustains loss or damage to "electronic data" and other property, coverage under this Additional Coverage will not continue once the other property is repaired, rebuilt or replaced.

(2) Under the Loss Determination Condition below, the following is added to the Resumption Of Operations provision:

We will reduce the amount of your Business Income loss, other than Extra Expense, to the extent you can resume "operations", in whole or in part, by using any other available source of materials or outlet for your products.

(3) The most we will pay under this Additional Coverage is $50,000 in any one occurrence regardless of the number of dependent properties.

(4) The provisions of this Additional Coverage are superseded by CP 15 08 Business Income From Dependent Properties — Broad Form, or CP 15 09 Business Income From Dependent Properties — Limited Form, if attached to and made a part of this policy.

e. Ordinance Or Law — Increased Period Of Restoration

(1) If a Covered Cause of Loss occurs to property at the premises described in the Declarations, coverage is extended to include the amount of actual and necessary loss you sustain during the increased period of "suspension" of "operations" caused by or resulting from the enforcement of any ordinance or law that:

(a) Regulates the construction or repair of any property;

(b) Requires the tearing down of parts of any property not damaged by a Covered Cause of Loss; and

(c) Is in force at the time of loss.

However, coverage is not extended under this Additional Coverage to include loss caused by or resulting from the enforcement of any ordinance or law which requires any insured or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of "pollutants".

We will only pay for loss under this Additional Coverage that occurs within 12 consecutive months after the date of direct physical loss or damage.

f. Transit — Business Income

(1) This insurance is extended to apply to the actual loss of Business Income you sustain caused by direct physical loss or damage by a Covered Cause of Loss to Covered Property while in or on a vehicle or in transit more than 1,000 feet from a covered premises while:

(a) In or on a vehicle you own, rent or lease;

(b) In the custody of a public or contract trucker;

(c) In the custody of an air or rail carrier; or

(d) While waterborne on inland waterways. However, there is no coverage under this Additional Coverage for any imported or exported property that is covered under any ocean marine cargo policy that anyone has obtained.

(2) There is no coverage under this Additional Coverage resulting from loss or damage to:

(a) "Fine arts", "antiques", fur garments, jewelry, precious or semiprecious stones, gold, silver, platinum, or other precious metals or alloys; or

(b) Mail shipments in the custody of the U.S. Postal Service.

(3) This Additional Coverage will continue to apply to such property in the due course of transit, after the expiration or cancellation of this policy, until arrival at and accepted by an authorized representative at the invoiced destination, but for no longer than 30 days after the date of the shipment origination, but this will not cut short the "period of restoration".

(4) You must retain accurate records of all shipments of Covered Property for one year.

(5) The most we will pay under this Additional Coverage is $50,000 in any one occurrence.

6. Coverage Extensions

a. Newly Acquired Locations

(1) You may extend your Business Income and Extra Expense Coverages to apply to property at any premises you acquire other than fairs or exhibitions.

(2) The most we will pay under this Extension, for the sum of Business Income loss and Extra Expense incurred, is $250,000 at each premises.

(3) Insurance under this Extension for each newly acquired premises will end when any of the following first occurs:

(a) This policy expires;

(b) 180 days expire after you acquire or begin to construct the property; or

(c) You report values to us.

We will charge you additional premium for values reported from the date you acquire the property.

b. Spoilage Due To Power Outage, Mechanical Breakdown, Or Contamination — Time Element

(1) You may extend your Business Income and Extra Expense Coverages to apply to loss caused by spoilage of "perishable stock" caused by:

(a) Breakdown or Contamination, meaning:

(i) Change in temperature or humidity caused by mechanical breakdown or mechanical failure of refrigerating, cooling, or humidity control equipment; and

(ii) Contamination by the refrigerant.

(b) Power Outage, meaning change in temperature or humidity caused by complete or partial interruption of electrical power due to conditions beyond your control.

(2) This coverage does not apply to loss to stock which is outside of a building or in or on a vehicle unless the stock is being moved to prevent or reduce loss covered by this policy.

(3) Only the following Exclusions contained in Paragraph **B.1.** of the Causes Of Loss — Special Form apply to this Coverage Extension:

(a) **B.1.b.** Earth Movement;

(b) **B.1.c.** Governmental Action;

(c) **B.1.d.** Nuclear Hazard;

(d) **B.1.f.** War And Military Action; and

(e) **B.1.g.** Water.

(4) The following Exclusions are added:

We will not pay for loss or damage caused by:

(a) The disconnecting of any refrigerating, cooling or humidity control system from the source of power.

(b) Shutting off electrical power by turning off the switch that controls the flow of electricity.

(c) The inability of an Electrical Utility Company or other power source to provide sufficient power due to:

(i) Lack of fuel; or

(ii) Governmental order.

(d) A power source at the described premises not having enough power to meet demand due to lack of generating capacity.

(5) For the purposes of this Coverage Extension, the "period of restoration" begins 24 hours after the time of direct physical loss for Business Income coverage, or immediately after the time of direct physical loss or damage for Extra Expense coverage.

(6) The most we will pay under this Coverage Extension is $50,000 per occurrence.

c. Utility Service — Time Element

(1) You may extend your Business Income and Extra Expense Coverages to apply to loss caused by the interruption of service to the described premises or Newly Acquired Locations. The interruption must result from direct physical loss or damage by a Covered Cause of Loss to the property described in Paragraph **(2).**

(2) Utility Services

(a) Water Supply Services, meaning pumping stations and water mains supplying water to your premises.

(b) Communication Supply Services, meaning property supplying communication services, including telephone, radio, microwave or television services, to your premises, such as:

(i) Communication transmission lines, including optic fiber transmission lines;

(ii) Coaxial cables; and

(iii) Microwave radio relays except satellites.

(c) Power Supply Services, meaning the following types of property supplying electricity, steam or gas to your premises:

(i) Utility generating plants;

(ii) Switching stations;

(iii) Substations;

(iv) Transformers; and

(v) Transmission lines.

(3) For the purposes of this Coverage Extension, the "period of restoration" begins 24 hours after the time of direct physical loss for Business Income coverage, or immediately after the time of direct physical loss or damage for Extra Expense coverage.

(4) This Coverage Extension does not apply to loss caused by spoilage of "perishable stock" caused by interruption of Utility Services.

(5) The most we will pay under this Coverage Extension is $50,000 per occurrence.

(6) The provisions of this Coverage Extension are superseded by CP 15 45 Utility Services — Time Element, if attached to and made a part of this policy.

B. Deductible

1. We will not pay for loss in any one occurrence until the amount of loss exceeds the Deductible shown in the Declarations. We will then pay the amount of covered loss in excess of the Deductible.

2. When the same occurrence involves loss to insurance under this coverage form and loss under the Building And Personal Property Coverage Form, only one deductible will be applied to the occurrence.

3. Windstorm, Hail or Hurricane percentage deductibles do not apply to Business Income coverage or Extra Expense coverage.

C. Loss Conditions

The following conditions apply in addition to the Common Policy Conditions and the Commercial Property Conditions.

1. Appraisal

If we and you disagree on the amount of Net Income and operating expense or the amount of loss, either may make written

demand for an appraisal of the loss. In this event, each party will select a competent and impartial appraiser.

The two appraisers will select an umpire. If they cannot agree, either may request that selection be made by a judge of a court having jurisdiction. The appraisers will state separately the amount of Net Income and operating expense or amount of loss. If they fail to agree, they will submit their differences to the umpire. A decision agreed to by any two will be binding. Each party will:

a. Pay its chosen appraiser; and

b. Bear the other expenses of the appraisal and umpire equally.

If there is an appraisal, we will still retain our right to deny the claim.

2. Duties In The Event Of Loss

a. You must see that the following are done in the event of loss:

(1) Notify the police if a law may have been broken.

(2) Give us prompt notice of the direct physical loss or damage. Include a description of the property involved.

(3) As soon as possible, give us a description of how, when, and where the direct physical loss or damage occurred.

(4) Take all reasonable steps to protect the Covered Property from further damage, and keep a record of your expenses necessary to protect the Covered Property, for consideration in the settlement of the claim. However, we will not pay for any subsequent loss or damage resulting from a cause of loss that is not a Covered Cause of Loss. Also, if feasible, set the damaged property aside and in the best possible order for examination.

(5) As often as may be reasonably required, permit us to inspect the property proving the loss or damage and examine your books and records.

Also permit us to take samples of damaged and undamaged property for inspection, testing and analysis, and permit us to make copies from your books and records.

(6) Send us a signed, sworn proof of loss containing the information we request to investigate the claim. You must do this within 60 days after our request. We will supply you with the necessary forms.

(7) Cooperate with us in the investigation or settlement of the claim.

(8) If you intend to continue your business, you must resume all or part of your "operations" as quickly as possible.

b. We may examine any insured under oath, while not in the presence of any other insured and at such times as may be reasonably required, about any matter relating to this insurance or the claim, including an insured's books and records. In the event of an examination, an insured's answers must be signed.

3. Loss Determination

a. The amount of Business Income loss will be determined based on:

(1) The Net Income of the business before the direct physical loss or damage occurred;

(2) The likely Net Income of the business if no physical loss or damage had occurred, but not including any Net Income that would likely have been earned as a result of an increase in the volume of business due to favorable business conditions caused by the impact of the Covered Cause of Loss on customers or on other businesses;

(3) The operating expenses, including payroll expenses, necessary to resume "operations" with the same quality of service that existed just before the direct physical loss or damage; and

(4) Other relevant sources of information, including:

(a) Your financial records and accounting procedures;

(b) Bills, invoices and other vouchers; and

(c) Deeds, liens or contracts.

b. The amount of Extra Expense will be determined based on:

(1) All expenses that exceed the normal operating expenses that would have been incurred by "operations" during the "period of restoration" if no direct physical loss or damage had

occurred. We will deduct from the total of such expenses:

(a) The salvage value that remains of any property bought for temporary use during the "period of restoration", once "operations" are resumed; and

(b) Any Extra Expense that is paid for by other insurance, except for insurance that is written subject to the same plan, terms, conditions and provisions as this insurance; and

(2) Necessary expenses that reduce the Business Income loss that otherwise would have been incurred.

c. Resumption Of Operations

We will reduce the amount of your:

(1) Business Income loss, other than Extra Expense, to the extent you can resume your "operations", in whole or in part, by using damaged or undamaged property (including merchandise or stock) at the described premises or elsewhere.

(2) Extra Expense loss to the extent you can return "operations" to normal and discontinue such Extra Expense.

d. If you do not resume "operations", or do not resume "operations" as quickly as possible, we will pay based on the length of time it would have taken to resume "operations" as quickly as possible.

4. Loss Payment

We will pay for covered loss within 30 days after we receive the sworn proof of loss, if you have complied with all of the terms of this Coverage Part and:

a. We have reached agreement with you on the amount of loss; or

b. An appraisal award has been made.

D. Definitions

1. "Antique" means an object having value because its:

a. craftsmanship is in the style or fashion of former times; and

b. age is 100 years old or older.

2. "Dependent property" means property operated by others whom you depend on to:

a. Deliver materials or services to you, or to others for your account. With respect to Contributing Locations, services does not mean water, communication or power supply services;

b. Accept your products or services;

c. Manufacture products for delivery to your customers under contract of sale; or

d. Attract customers to your business.

"Dependent property" does not include roads, bridges, tunnels, waterways, airfields, pipelines or any other similar areas or structures.

3. "Electronic data" means information, facts or computer programs stored as or on, created or used on, or transmitted to or from computer software (including systems and applications software), on hard or floppy disks, CD-ROMs, tapes, drives, cells, data processing devices or any other repositories of computer software which are used with electronically controlled equipment. The term computer programs, referred to in the foregoing description of "electronic data", means a set of related electronic instructions which direct the operations and functions of a computer or device connected to it, which enable the computer or device to receive, process, store, retrieve or send data.

4. "Fine arts" means paintings, etchings, pictures; tapestries; rare or art glass; art glass windows; valuable rugs; statuary; sculptures; "antique" furniture; bric-a-brac; porcelains; and similar property of rarity, historical value or artistic merit.

5. "Finished stock" means stock you have manufactured.

"Finished stock" also includes whiskey and alcoholic products being aged.

"Finished stock" does not include stock you have manufactured that is held for sale on the premises of any retail outlet insured under this Coverage Part.

6. "Operations" means:

a. Your business activities occurring at the described premises; and

b. The tenantability of the described premises, if coverage for Business Income

Including "Rental Value" or "Rental Value" applies.

7. "Period of restoration" means the period of time that:

a. Begins:

(1) 72 hours after the time of direct physical loss or damage for Business Income coverage; or

(2) Immediately after the time of direct physical loss or damage for Extra Expense coverage;

caused by or resulting from any Covered Cause of Loss at the described premises; and

b. Ends on the earlier of:

(1) The date when the property at the described premises should be repaired, rebuilt or replaced with reasonable speed and similar quality; or

(2) The date when business is resumed at a new permanent location.

"Period of restoration" does not include any increased period required due to the enforcement of any ordinance or law that

(1) Regulates the construction, use or repair, or requires the tearing down of any property; or

(2) Requires any insured or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of "pollutants".

The expiration date of this policy will not cut short the "period of restoration".

8. "Perishable stock" means personal property which is maintained under controlled conditions for its preservation and which is susceptible to loss or damage if the controlled conditions change.

9. "Pollutants" means any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste. Waste includes materials to be recycled, reconditioned or reclaimed.

10. "Rental Value" means Business Income that consists of:

a. Net Income (Net Profit or Loss before income taxes) that would have been earned or incurred as rental income from tenant occupancy of the premises described in the Declarations as furnished and equipped by you, including fair rental value of any portion of the described premises which is occupied by you; and

b. Continuing normal operating expenses incurred in connection with that premises, including:

(1) Payroll; and

(2) The amount of charges which are the legal obligation of the tenant(s) but would otherwise be your obligations.

11. "Suspension" means:

a. The slowdown or cessation of your business activities; or

b. That a part or all of the described premises is rendered untenantable, if coverage for Business Income Including "Rental Value" or "Rental Value" applies.

Safeco Optimum Property ™ for Apartments
BUILDING AND PERSONAL PROPERTY COVERAGE FORM

Various provisions in this policy restrict coverage. Read the entire policy carefully to determine rights, duties and what is and is not covered.

Throughout this policy the words "you" and "your" refer to the Named Insured shown in the Declarations. The words "we", "us" and "our" refer to the Company providing this insurance.

Other words and phrases that appear in quotation marks have special meaning. Refer to Section **H.** Definitions.

A. Coverage

We will pay for direct physical loss of or damage to Covered Property at the premises described in the Declarations caused by or resulting from any Covered Cause of Loss.

1. Covered Property

Covered Property, as used in this Coverage Part, means the type of property described in this section, **A.1.,** and limited in **A.2.,** Property Not Covered, if a Limit of Insurance is shown in the Declarations for that type of property.

a. Building, meaning the building or structure described in the Declarations, including:

(1) Foundations of buildings, structures, machinery or boilers;

(2) Underground pipes, flues or drains;

(3) Completed additions;

(4) Fixtures, including outdoor fixtures such as light poles;

(5) Permanently installed:

(a) Machinery and

(b) Equipment;

(6) Fences and signs, whether attached to the building or not;

(7) Antennas (including satellite dishes) and their lead-in wiring, masts or towers;

(8) Personal property owned by you that is used to maintain or service the building or structure or its premises, including:

(a) Fire-extinguishing equipment;

(b) Outdoor furniture;

(c) Floor coverings; and

(d) Appliances used for refrigerating, ventilating, cooking, dishwashing or laundering;

(9) If not covered by other insurance:

(a) Additions under construction, alterations and repairs to the building or structure;

(b) Materials, equipment, supplies and temporary structures, on or within 1,000 feet of the described premises, used for making additions, alterations or repairs to the building or structure.

b. Business Personal Property located in or on the building described in the Declarations or in the open (or in a vehicle) within 1,000 feet of the described premises.

Business Personal Property means:

(1) Your Business Personal Property owned by your business; and includes:

(a) Furniture and fixtures;

(b) Machinery and equipment;

(c) "Stock";

(d) Patterns, dies, molds and forms;

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(e) All other personal property owned by you and used in your business;

(f) Labor, materials or services furnished or arranged by you on personal property of others;

(g) Your use interest as tenant in improvements and betterments. Improvements and betterments are fixtures, alterations, installations or additions:

(i) Made a part of the building or structure you occupy but do not own; and

(ii) You acquired or made at your expense but cannot legally remove.

(2) Tools and equipment owned by your employees that are used in your business operations.

(3) Personal property owned by others that is in your care, custody or control (including leased property as provided in written lease agreements); and includes:

(a) Leased personal property which you have a contractual responsibility to insure;

(b) Building plate glass that you have a contractual responsibility to insure as a building tenant;

(c) All other personal property of others.

However, our payment for loss of or damage to personal property of others will only be for the account of the owner of the property.

2. Property Not Covered

Covered Property does not include:

a. Accounts, bills, currency, food stamps or other evidences of debt, "money", notes or "securities", except as provided under the Additional Coverage for Money and Securities. Lottery tickets held for sale are not "securities";

b. Animals, unless owned by others and boarded by you, or if owned by you, only as "stock" while inside of buildings;

c. Automobiles held for sale;

d. Bridges, roadways, walks, patios or other paved surfaces;

e. Contraband, or property in the course of illegal transportation or trade;

f. The cost of excavations, grading, backfilling or filling;

g. Land (including land on which the property is located), water, growing crops or lawns;

h. Personal effects owned by you, your officers, your partners or members, your managers or your employees, except as provided by the Coverage Extension for Personal Effects;

i. Personal property while airborne or waterborne, except as provided under the Coverage Extension for Property In Transit;

j. Bulkheads, pilings, piers, wharves or docks;

k. Property that is covered under another coverage form of this or any other policy in which it is more specifically described, except for the excess of the amount due (whether you can collect on it or not) from that other insurance;

l. Retaining walls that are not part of a building;

m. "Electronic data", except as provided by the Coverage Extension for Electronic Data Processing. This Paragraph, **m.** does not apply to your "stock" of prepackaged software;

n. The cost to replace or restore the information on "valuable papers and records", including those which exist as "electronic data", except as provided by the Coverage Extension for Valuable Papers And Records;

o. Vehicles or self-propelled machines (including aircraft or watercraft) that:

(1) Are licensed for use on public roads; or

(2) Are operated principally away from the described premises.

This paragraph does not apply to:

(a) Vehicles or self-propelled machines or autos you manufacture, process or warehouse;

(b) Vehicles or self-propelled machines, other than autos, you hold for sale;

(c) Rowboats or canoes out of water at the described premises; or

(d) Trailers, but only to the extent provided for in the Coverage Extension for Non-owned Detached Trailers;

p. The following property while outside of buildings:

(1) Grain, hay, straw or other crops;

(2) Trees, shrubs, plants, sod or lawns (other than "stock" of trees, shrubs, plants or sod), except as provided in the Coverage Extension for Outdoor Trees, Shrubs, Plants, Sod and Lawns.

3. Covered Causes Of Loss

See applicable Causes Of Loss Form(s) as shown in the Declarations.

4. Additional Coverages

a. Arson, Vandalism or Theft Reward

We will pay a reward for information which leads to an arson, vandalism or "theft" conviction involving a covered loss at a premises described in the Declarations.

The most we will pay for this Additional Coverage is $50,000 or 25% of the amount that we pay for direct physical loss or damage to the Covered Property that has sustained loss or damage by arson, vandalism or "theft", whichever is less. This limit applies per occurrence regardless of the number of persons providing this information. No deductible applies to this Additional Coverage.

Payments under this Additional Coverage are separate from the Limit(s) of Insurance shown in the Declarations for any other coverage.

b. Computer Fraud

(1) We will pay for loss or damage to "money", "securities" and "other property" resulting directly from the use of any computer to fraudulently cause a transfer of that property from inside the "premises" or "banking premises":

(a) To a person (other than a "messenger") outside those "premises"; or

(b) To a place outside those "premises".

(2) This Additional Coverage does not cover:

(a) Loss resulting from any dishonest or criminal act committed by you, your partners, your "members", your "employees", "managers", directors, trustees or authorized representatives:

(i) Whether acting alone or in collusion with other persons; or

(ii) While performing services for you or otherwise.

(b) Loss, or that part of any loss, the proof of which as to its existence or amount is dependent upon an inventory computation or a profit and loss computation.

(c) Loss resulting from:

(i) The unauthorized disclosure of your confidential information including, but not limited to, patents, trade secrets, processing methods or customer lists; or

(ii) The unauthorized use or disclosure of confidential information of another person or entity which is held by you including, but not limited to, financial information, personal information, credit card information or similar non-public information.

(3) If you have reason to believe that any loss involves a violation of law, you must notify the local law enforcement authorities.

(4) Under this Additional Coverage, "occurrence" means:

(a) An individual act or event;

(b) The combined total of all separate acts or events whether or not related; or

(c) A series of acts or events whether or not related;

committed by a person acting alone or in collusion with other persons, or not committed by any person, during the policy period shown in the Declarations.

(5) Unless a higher limit is shown in the Declarations, the most we will pay for all loss under this Additional Coverage is $50,000 in any one "occurrence", regardless of the number of persons involved in committing the fraud.

Unless a higher limit is shown in the Declarations, the most we will pay in any one policy period regardless of the number of "occurrences" or persons involved in committing the fraud is $100,000. With respect to an occurrence which begins in one policy year and continues or results in additional loss or damage in a subsequent policy year(s), all loss or damage is deemed to be sustained in the policy year in which the occurrence began.

No deductible applies to this Additional Coverage.

Payments under this Additional Coverage are separate from the Limit(s) of Insurance shown in the Declarations for any other coverage.

(6) If Computer Fraud coverage is provided under the Crime Coverage Part of this policy, that coverage replaces the Computer Fraud coverage provided by this Additional Coverage. The provisions of this Additional Coverage would no longer apply.

c. Contract Penalty

(1) We will pay for penalties contained within a written contract purchase or sales agreement with a customer or vendor that you are required to pay because you are unable to complete a project, fill an order, or complete a purchase in accordance with contract terms or conditions. Your inability to complete a project, fill an order, or complete a purchase on time must be a direct result of physical loss of or damage to covered property caused by a Covered Cause of Loss at a covered premises in the policy period.

(2) The most we will pay for this Additional Coverage is $50,000 in any one policy period regardless of the number of contracts or penalties.

Payments under this Additional Coverage are separate from the Limit(s) of Insurance shown in the Declarations for any other coverage.

d. Debris Removal

(1) Subject to Paragraphs **(3)** and **(4),** we will pay your expense to remove debris of Covered Property caused by or resulting from a Covered Cause of Loss that occurs during the policy period. The expenses will be paid only if they are reported to us in writing within 180 days of the date of direct physical loss or damage.

(2) Debris Removal does not apply to costs to:

(a) Extract "pollutants" from land or water;

(b) Remove, restore or replace polluted land or water; or

(c) Remove debris of outdoor trees, shrubs, plants, sod or lawns except to remove such debris from covered buildings or personal property, or as is provided under the Coverage Extension for Outdoor Trees, Shrubs, Plants, Sod And Lawns.

(3) Subject to the exceptions in Paragraph **(4),** the following provisions apply:

(a) The most we will pay for the total of direct physical loss or damage plus debris removal expense is the Limit of Insurance applicable to the Covered Property that has sustained loss or damage.

(b) Subject to **(a)** above, the amount we will pay for debris removal expense is limited to 25% of the sum of the deductible plus the amount that we pay for direct physical loss or damage to the Covered

Property that has sustained loss or damage.

(4) We will pay up to an additional $50,000 for debris removal expense, for each premises described in the Declarations, in any one occurrence of physical loss or damage to Covered Property, if one or both of the following circumstances apply:

(a) The total of the actual debris removal expense plus the amount we pay for direct physical loss or damage exceeds the Limit of Insurance on the Covered Property that has sustained loss or damage.

(b) The actual debris removal expense exceeds 25% of the sum of the deductible plus the amount that we pay for direct physical loss or damage to the Covered Property that has sustained loss or damage.

Therefore, if **(4)(a)** and/or **(4)(b)** apply, our total payment for direct physical loss or damage and debris removal expense may reach but will never exceed the Limit of Insurance on the Covered Property that has sustained loss or damage, plus $50,000.

(5) Examples

EXAMPLE #1

Limit of Insurance	$ 90,000
Amount of Deductible	$ 1,000
Amount of Loss	$ 50,000
Amount of Loss Payable	$ 49,000
($50,000	- $1,000)
Debris Removal Expense	$ 10,000
Debris Removal Expense Payable	$ 10,000

($10,000 is 20% of $50,000)

The debris removal expense is less than 25% of the sum of the loss payable plus the deductible. The sum of the loss payable and the debris removal expense ($49,000 + $10,000 = $59,000) is less than the Limit of Insurance. Therefore the full amount of debris removal expense is payable in accordance with the terms of Paragraph **(3).**

EXAMPLE #2

Limit of Insurance	$ 90,000
Amount of Deductible	$ 1,000
Amount of Loss	$ 80,000
Amount of Loss Payable	$ 79,000
($80,000	- $1,000)
Debris Removal Expense	$ 64,000
Debris Removal Expense Payable	
Basic Amount	$ 11,000
Additional Amount	$ 50,000

The basic amount payable for debris removal expense under the terms of Paragraph **(3)** is calculated as follows: $80,000 ($79,000 + $1,000) x .25 = $20,000; capped at $11,000. The cap applies because the sum of the loss payable ($79,000) and the basic amount payable for debris removal expense ($11,000) cannot exceed the Limit of Insurance ($90,000).

The additional amount payable for debris removal expense is provided in accordance with the terms of Paragraph **(4),** because the debris removal expense ($64,000) exceeds 25% of the loss payable plus the deductible ($64,000 is 80% of $80,000), and because the sum of the loss payable and debris removal expense ($79,000 + $64,000 = $143,000) would exceed the Limit of Insurance ($90,000). The additional amount of covered debris removal expense is $50,000, the maximum payable under Paragraph **(4).** Thus the total payable for debris removal expense in this example is $61,000; $3,000 of the debris removal expense is not covered.

e. Employee Theft

(1) We will pay for direct loss of or damage to "money", "securities" and "other property" resulting directly from "theft" committed by an "employee", whether identified or not, acting alone or in collusion with other persons.

For the purposes of this Additional Coverage, "theft" shall also include "forgery".

(2) We will not pay for loss or damage:

(a) Resulting from "theft" or any other dishonest act that you or any of your partners or

"members" commit whether acting alone or in collusion with other persons.

(b) Resulting from:

(i) The unauthorized disclosure of your confidential information including, but not limited to, patents, trade secrets, processing methods or customer lists; or

(ii) The unauthorized use or disclosure of confidential information of another person or entity which is held by you including, but not limited to, financial information, personal information, credit card information or similar non-public information.

(c) The only proof of which as to its existence or amount is:

(i) An inventory computation; or

(ii) A profit and loss computation.

(3) Under this Additional Coverage, "occurrence" means:

(a) An individual act;

(b) The combined total of all separate acts whether or not related; or

(c) A series of acts whether or not related;

committed by an "employee" acting alone or in collusion with other persons, during the Policy Period shown in the Declarations.

(4) All loss or damage:

(a) Caused by one or more persons; or

(b) Involving a single act or series of acts;

is considered one occurrence.

(5) The property covered under this Additional Coverage is limited to property:

(a) That you own or lease; or

(b) That you hold for others whether or not you are legally liable for the loss of such property.

However, this Additional Coverage is for your benefit only. It provides no rights or benefits to any other person or organization. Any claim for loss that is covered under this policy must be presented by you.

(6) If any loss is covered:

(a) Partly by this insurance; and

(b) Partly by any prior canceled or terminated insurance that we or any affiliate had issued to you or any predecessor in interest;

the most we will pay is the larger of the amount recoverable under this insurance or the prior insurance.

We will pay only for loss or damage you sustain through acts committed or events occurring during the policy period. Regardless of the number of years this policy remains in force or the number of premiums paid, no Limit of Insurance cumulates from year to year or period to period.

(7) This Additional Coverage is canceled as to any "employee" immediately upon discovery by:

(a) You; or

(b) Any of your partners, "members", "managers", officers or directors not in collusion with the "employee";

of any dishonest act committed by that "employee" before or after being hired by you.

(8) We will pay only for covered loss or damage sustained during the policy period and discovered no later than one year from the end of the policy period.

(9) If you (or any predecessor in interest) sustained loss or damage during the policy period of any prior insurance that you could have recovered under that insurance except that the time within which to discover loss or damage had expired, we will pay for it under this Additional Coverage, provided:

(a) This Additional Coverage became effective at the time of

cancellation or termination of the prior insurance; and

(b) The loss or damage would have been covered by this Additional Coverage had it been in effect when the acts or events causing the loss or damage were committed or occurred.

(10) The insurance under Paragraph **(9)** above is part of, not in addition to, the Limit of Insurance applying to this Additional Coverage and is limited to the lesser of the amount recoverable under:

(a) This Additional Coverage as of its effective date; or

(b) The prior insurance had it remained in effect.

(11) Employee Benefit Plans

(a) "Employee benefit plans" (hereafter referred to as Plan) owned, controlled or operated by you and which you provide solely for the benefit of your "employees" are included as Insureds under this Additional Coverage.

(b) If any Plan is insured jointly with any other entity under this insurance, you or the Plan Administrator must select a Limit of Insurance for Employee Theft that is sufficient to provide a Limit of Insurance for each Plan that is at least equal to that required if each plan were separately insured.

(c) With respect to loss sustained by any such Plan, this Additional Coverage is replaced by the following:

We will pay for loss of or damage to "funds", and "other property" resulting directly from fraudulent or dishonest acts committed by an "employee", whether identified or not, acting alone or in collusion with other persons.

(d) If the first Named Insured is an entity other than a Plan, any payment we make for loss sustained by any Plan will be made to the Plan sustaining the loss.

(e) If two or more Plans are insured under this insurance, any payment we make for loss:

(i) Sustained by two or more Plans; or

(ii) Of commingled "funds" or "other property" of two or more Plans;

resulting directly from an occurrence will be made to each Plan sustaining loss in the proportion that the Limit of Insurance required for each Plan bears to the total Limit of Insurance of all Plans sustaining loss.

(f) The insurance under this Paragraph **(11)** is part of, not in addition to, the Limit of Insurance applying to this Employee Theft Additional Coverage.

(12) The most we will pay for loss or damage in any one "occurrence" is $50,000, unless a higher limit is shown in the Declarations. No deductible applies to this Additional Coverage.

Payments under this Additional Coverage are separate from the Limit(s) of Insurance shown in the Declarations for any other coverage.

(13) If Employee Dishonesty or Employee Theft coverage is provided under the Crime Coverage Part of this policy, that coverage replaces the Employee Theft coverage provided by this Additional Coverage. The provisions of this Additional Coverage would no longer apply.

f. Extra Expense

(1) We will pay the actual and necessary Extra Expense you sustain due to direct physical loss or damage to property at the premises described in the Declarations, including personal property in the open (or in a vehicle) within 1,000 feet, caused by or resulting from any Covered Cause of Loss. If you are a tenant, your premises is the portion of the building which you rent, lease or occupy, including:

(a) All routes within the building to gain access to the described premises; and

(b) Your personal property in the open (or in a vehicle) within 1,000 feet.

(2) Extra Expense means necessary expenses you incur during the "period of restoration" that you would not have incurred if there had been no direct physical loss or damage to property:

(a) To avoid or minimize the suspension of business and to continue "operations":

(i) At the described premises; or

(ii) At replacement premises or temporary locations, including:

(aa) Relocation expenses; and

(bb) Costs to equip and operate the replacement or temporary locations;

(b) To minimize the suspension of business if you cannot continue "operations", or

(c) **(i)** To repair or replace any property; or

(ii) To research, replace or restore the lost information on damaged "valuable papers and records", to the extent it reduces the amount of loss that otherwise would have been payable under this Additional Coverage.

(3) The most we will pay for loss or damage under this Additional Coverage is $25,000. No deductible applies to this Additional Coverage.

Payments under this Additional Coverage are separate from the Limit(s) of Insurance shown in the Declarations for any other coverage.

(4) If two or more of this policy's coverages apply to the same loss, we will not pay more than the actual amount of loss.

(5) The provisions of this Additional Coverage are superseded if Extra Expense coverage is provided by another form attached to and made a part of this policy.

g. Fire Department Service Charge

When the fire department is called to save or protect Covered Property from a Covered Cause of Loss, we will pay up to $50,000, unless a higher limit is shown in the Declarations, for your liability for fire department service charges:

(1) Assumed by contract or agreement prior to loss; or

(2) Required by local ordinance.

No deductible applies to this Additional Coverage.

Payments under this Additional Coverage are separate from the Limit(s) of Insurance shown in the Declarations for any other coverage.

h. Fire Extinguisher Systems Recharge

(1) We will pay the actual cost of recharging or replacing, whichever is less, your:

(a) Portable fire extinguishers; or

(b) Automatic fire suppression or extinguishing systems

if they are discharged to fight a fire at the premises described in the Declarations or at immediately adjacent premises which expose your property to loss.

(2) We will not pay for:

(a) Halon, or any other fire extinguishing agent that is no longer in production; or

(b) any costs resulting from the enforcement of any ordinance or law that regulates the recharging, repair or replacement of fire suppression or extinguishing systems or the extinguishing agent.

(3) The most we will pay under this Additional Coverage in any one occurrence is $50,000. No deductible applies to this Additional Coverage.

Payments under this Additional Coverage are separate from the Limit(s) of Insurance shown in the Declarations for any other coverage.

i. Forgery Or Alteration

(1) We will pay for loss resulting directly from "forgery" or alteration of

checks, drafts, promissory notes, or similar written promises, orders or directions to pay a sum certain in "money" that are:

(a) Made or drawn by or drawn upon you; or

(b) Made or drawn by one acting as your agent;

or that are purported to have been so made or drawn.

(2) If you are sued for refusing to pay any instrument covered in Paragraph **i.(1)** on the basis that it has been forged or altered, and you have our written consent to defend against the suit, we will pay for any reasonable legal expenses that you incur and pay in that defense.

(3) For the purposes of this Additional Coverage, a substitute check as defined in the Check Clearing for the 21st Century Act shall be treated the same as the original it replaced.

(4) We will not pay for loss caused by or resulting from dishonest or criminal acts committed by any of your "employees", directors or trustees:

(a) Whether acting alone or in collusion with other persons; or

(b) While performing services for you or otherwise.

(5) Under this Additional Coverage, "occurrence" means:

(a) An individual act;

(b) The combined total of all separate acts whether or not related; or

(c) A series of acts whether or not related;

committed by a person acting alone or in collusion with other persons, or not committed by any person, during the Policy Period shown in the Declarations.

(6) The most we will pay for loss in any one "occurrence" is $25,000, unless a higher limit is shown in the Declarations. This Additional Coverage is subject to a separate deductible of $1,000 in any one "occurrence". No other deductible applies.

Payments under this Additional Coverage are separate from the Limit(s) of Insurance shown in the Declarations for any other coverage.

(7) If Forgery Or Alteration coverage is provided under the Crime Coverage Part of this policy, that coverage replaces the Forgery Or Alteration coverage provided by this Additional Coverage. The provisions of this Additional Coverage would no longer apply.

j. Lock And Key Replacement

We will pay the cost for rekeying, repair or replacement, whichever is less, of exterior and interior door locks located at premises described in the Declarations if your door keys are stolen in a covered "theft" loss. For the purposes of this Additional Coverage, "theft" losses also include those acts of "theft" committed by "employees".

The most we will pay for loss in any one occurrence is $2,500. No deductible applies to this Additional Coverage.

Payments under this Additional Coverage are separate from the Limit(s) of Insurance shown in the Declarations for any other coverage.

k. Money And Securities

(1) We will pay for loss of your "money" and "securities" resulting directly from "theft", disappearance, or destruction:

(a) Inside the "premises" or "banking premises".

(b) Outside the "premises", which means outside the building you occupy in conducting your business:

(i) while in the care and custody of you, any of your partners or any "employees"; or

(ii) while in the care and custody of an armored motor vehicle company.

But we will pay only for the amount of loss that you cannot recover:

(aa) Under your contract with the armored vehicle company; and

(bb) From any insurance or indemnity carried by, or for the benefit of customers of, the armored motor vehicle company.

(2) Exclusions **B.1.c.,** Government Action; **B.1.d.,** Nuclear Hazard; **B.1.f.,** War And Military Action, and **B.2.k.** Pollution of the Causes Of Loss — Special Form apply to this Money And Securities coverage.

(3) The following additional Exclusions apply to this Money And Securities coverage:

(a) We will not pay for loss caused by or resulting from any of the following:

(i) Any dishonest or criminal act committed by any of your "employees", directors or trustees or authorized representatives:

(aa) Acting alone or in collusion with other persons; or

(bb) While performing services for you or otherwise.

(ii) Loss that is an indirect result of any act or occurrence covered by this insurance, including, but not limited to, loss resulting from:

(aa) Your inability to realize income that you would have realized had there been no loss of, or loss from damage to, "money" or "securities";

(bb) Payment of damages of any type for which you are legally liable; or

(cc) Payment of costs, fees or other expenses you incur in establishing the existence or the amount of loss under this Additional Coverage;

(iii) Expenses related to any legal action;

(iv) Accounting or arithmetical errors or omissions;

(v) Giving or surrendering of property in any exchange or purchase;

(vi) Voluntary parting of title to or possession of property resulting from your, or anyone acting on your express or implied authority, being induced by any dishonest act to voluntarily part with title to or possession of any property; or

(vii) Loss of property contained in any money operated device unless the amount of "money" deposited in it is recorded by a continuous recording instrument in the device.

(4) The following Additional Conditions apply:

(a) If you have reason to believe that any loss involves a violation of law, you must notify the local law enforcement authorities.

(b) You must keep records of all "money" and "securities" so we can verify the amount of any loss or damage.

(5) Under this Additional Coverage, "occurrence" means:

(a) An individual act or event;

(b) The combined total of all separate acts or events whether or not related; or

(c) A series of acts or events whether or not related;

committed by a person acting alone or in collusion with other persons, or not committed by any person, during the Policy Period shown in the Declarations.

(6) **(a)** The most we will pay for loss in any one "occurrence" inside the "premises" or "banking premises" is $25,000, unless a higher limit is shown in the Declarations.

(b) The most we will pay for loss in any one "occurrence" outside the "premises" is $25,000,

unless a higher limit is shown in the Declarations.

No deductible applies to this Additional Coverage.

Payments under this Additional Coverage are separate from the Limit(s) of Insurance shown in the Declarations for any other coverage.

(7) If Theft, Disappearance And Destruction coverage is provided under the Crime Coverage Part of this policy, that coverage replaces the Money And Securities coverage provided by this Additional Coverage. The provisions of this Additional Coverage would no longer apply.

l. Money Orders And Counterfeit Money

(1) We will pay for loss resulting directly from your having accepted in good faith, in exchange for merchandise, "money" or services:

(a) Money orders issued by any post office, express company or bank that are not paid upon presentation; or

(b) "Counterfeit money" that is acquired during the regular course of business.

(2) If you have reason to believe that any loss involves a violation of law, you must notify the local law enforcement authorities.

(3) Under this Additional Coverage

(a) "Counterfeit Money" means an imitation of "money" that is intended to deceive and to be taken as genuine.

(b) "Occurrence" means:

(i) An individual act or event;

(ii) The combined total of all separate acts or events whether or not related; or

(iii) A series of acts or events whether or not related;

committed by a person acting alone or in collusion with other persons, or not committed by any person, during the Policy Period shown in the Declarations.

(4) The most we will pay for all loss resulting directly from an "occurrence" is $5,000, unless a higher limit is shown in the Declarations. This Additional Coverage is subject to a separate deductible of $250 in any one "occurrence". No other deductible applies.

Payments under this Additional Coverage are separate from the Limit(s) of Insurance shown in the Declarations for any other coverage.

(5) If either Money Orders And Counterfeit Paper Currency or Money Orders And Counterfeit Money coverage is provided under the Crime Coverage Part of this policy, that coverage replaces the Money Orders And Counterfeit Money coverage provided by this Additional Coverage. The provisions of this Additional Coverage would no longer apply.

m. Ordinance Or Law

(1) Application of Coverage(s)

The Coverage(s) provided by this Additional Coverage apply only if both **(1)(a)** and **(1)(b)** are satisfied and are then subject to the qualifications set forth in **(1)(c).**

(a) The ordinance or law:

(i) Regulates the demolition, construction or repair of buildings, or establishes zoning or land use requirements at the described premises; and

(ii) Is in force at the time of loss.

But coverage under this Additional Coverage applies only in response to the minimum requirements of the ordinance or law. Losses and costs incurred in complying with recommended actions or standards that exceed actual requirements are not covered under this Additional Coverage.

(b) **(i)** The building sustains direct physical damage that is covered under this policy and such damage results in enforcement of the ordinance or law; or

(ii) The building sustains both direct physical damage that is covered under this policy and direct physical damage that is not covered under this policy, and the building damage in its entirety results in enforcement of the ordinance or law.

(iii) But if the building sustains direct physical damage that is not covered under this policy, and such damage is the subject of the ordinance or law, then there is no coverage under this Additional Coverage even if the building has also sustained covered direct physical damage.

(c) In the situation described in **(1)(b)(ii)** above, we will not pay the full amount of loss otherwise payable under the terms of Coverages **A, B,** and/or **C** of this Additional Coverage. Instead, we will pay a proportion of such loss; meaning the proportion that the covered direct physical damage bears to the total direct physical damage. (Section **(7)** of this Additional Coverage provides an example of this procedure.)

However, if the covered direct physical damage, alone, would have resulted in enforcement of the ordinance or law, then we will pay the full amount of loss otherwise payable under the terms of Coverages **A, B** and/or **C** of this Additional Coverage.

(2) We will not pay under Coverage **A, B** or **C** of this Additional Coverage for:

(a) Enforcement of any ordinance or law which requires the demolition, repair, replacement, reconstruction, remodeling or remediation of property due to contamination by "pollutants" or due to the presence, growth, proliferation, spread or any activity of "fungus", wet or dry rot or bacteria; or

(b) The costs associated with the enforcement of any ordinance or law which requires any insured or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of "pollutants", "fungus", wet or dry rot, or bacteria.

(3) Coverage

(a) Coverage A — Coverage For Loss To The Undamaged Portion Of The Building

With respect to the building that has sustained covered direct physical damage, we will pay under Coverage **A** for the loss in value of the undamaged portion of the building as a consequence of enforcement of an ordinance or law that requires demolition of undamaged parts of the same building.

Coverage **A** is included within the Limit of Insurance shown in the Declarations as applicable to the covered building. Coverage **A** does not increase the Limit of Insurance.

(b) Coverage B — Demolition Cost Coverage

With respect to the building that has sustained covered direct physical damage, we will pay the cost to demolish and clear the site of undamaged parts of the same building, as a consequence of enforcement of an ordinance or law that requires demolition of such undamaged property.

(c) Coverage C — Increased Cost Of Construction Coverage

(i) With respect to the building that has sustained covered direct physical damage, we will pay the increased cost to:

(aa) Repair or reconstruct damaged portions of that building; and/or

(bb) Reconstruct or remodel undamaged portions of that building, whether or not demolition is required;

when the increased cost is a consequence of enforcement of the minimum requirements of the ordinance or law.

(ii) However:

(aa) This coverage applies only if the restored or remodeled property is intended for similar occupancy as the current property, unless such occupancy is not permitted by zoning or land use ordinance or law.

(bb) We will not pay for the increased cost of construction if the building is not repaired, reconstructed or remodeled.

(iii) When a building is damaged or destroyed and Coverage **C** applies to that building in accordance with **(c)(i)** above, coverage for the increased cost of construction also applies to repair or reconstruction of the following, subject to the same conditions stated in **(c)(i):**

(aa) The cost of excavations, grading, backfilling and filling; and

(bb) Pilings.

The items listed in **(iii)(aa)** and **(iii)(bb)** above are deleted from Property Not Covered, but only with respect to the coverage described in this Provision, **(c)(iii).**

(4) Loss Payment

(a) Both of the following loss payment Provisions, **(4)(b)** and **(4)(c),** are subject to the apportionment procedures set forth in Section **(1)(c)** of this Additional Coverage.

(b) When there is a loss in value of an undamaged portion of a building to which Coverage **A** applies, the loss payment for that building, including damaged and undamaged portions, will be determined as follows:

(i) If Replacement Cost coverage applies and the property is being repaired or replaced, on the same or another premises, we will not pay more than the lesser of:

(aa) The amount you would actually spend to repair, rebuild or reconstruct the building, but not for more than the amount it would cost to restore the building on the same premises and to the same height, floor area, style and comparable quality of the original property insured; or

(bb) The Limit of Insurance shown in the Declarations as applicable to the covered building.

(ii) If Replacement Cost coverage applies and the property is not repaired or replaced, or if Replacement Cost coverage does not apply, we will not pay more than the lesser of:

(aa) The "actual cash value" of the building at the time of loss; or

(bb) The Limit of Insurance shown in the Declarations as applicable to the covered building.

(c) The most we will pay for the total of all covered losses for Coverage **B** — Demolition Cost and Coverage **C** — Increased Cost Of Construction combined is $200,000, unless a higher limit for Ordinance Or Law — Coverages **B** and **C** is shown in the Declarations.

Payments under Coverage **B** and/or **C** are separate from the Limit(s) of Insurance shown in the Declarations for any other coverage.

Subject to this combined Limit of Insurance, the following loss payment provisions apply:

(i) For Demolition Cost, we will not pay more than the amount you actually spend to demolish and clear the site of the described premises.

(ii) With respect to the Increased Cost Of Construction:

(aa) We will not pay for the increased cost of construction:

(1) Until the property is actually repaired or replaced, at the same or another premises; and

(2) Unless the repairs or replacement are made as soon as reasonably possible after the loss or damage, not to exceed two years. We may extend this period in writing during the two years.

(bb) If the building is repaired or replaced at the same premises, or if you elect to rebuild at another premises, the most we will pay for the increased cost of construction is the increased cost of construction at the same premises.

(cc) If the ordinance or law requires relocation to another premises, the most we will pay for the increased cost of construction is the increased cost of construction at the new premises.

(5) The terms of this Additional Coverage apply separately to each building.

(6) Under this Additional Coverage we will not pay for loss due to any ordinance or law that:

(a) You were required to comply with before the loss, even if the building was undamaged; and

(b) You failed to comply with.

(7) Example of Proportionate Loss Payment for Ordinance Or Law coverage losses (procedure as set forth in Section **(1)(c)** of this Additional Coverage.)

Assume:

- Wind is a Covered Cause of Loss; Flood is an excluded Cause of Loss
- The building has a value of $200,000
- Total direct physical damage to building: $100,000
- The ordinance or law in this jurisdiction is enforced when building damage equals or exceeds 50% of the building's value
- Portion of direct physical damage that is covered (caused by wind): $30,000
- Portion of direct physical damage that is not covered (caused by flood): $70,000
- Loss under Ordinance Or Law Coverage **C** of this endorsement: $60,000

Step 1:

Determine the proportion that the covered direct physical damage bears to the total direct physical damage.

$30,000 ÷ $100,000 = .30

Step 2:

Apply that proportion to the Ordinance or Law loss.

$60,000 x .30 = $18,000

In this example, the most we will pay under this Additional Coverage for the Coverage **C** loss is $18,000, subject to all the provisions of this Additional Coverage.

Note: The same procedure applies to losses under Coverages **A** and **B** of this Additional Coverage.

n. Pollutant Clean-up and Removal

We will pay your expense to extract "pollutants" from land or water at the described premises if the discharge, dispersal, seepage, migration, release or escape of the "pollutants" is caused by or results from a Covered Cause of Loss that occurs during the policy period. The expenses will be paid only if they are reported to us in writing within 180 days of the date on which the Covered Cause of Loss occurs.

This Additional Coverage does not apply to costs to test for, monitor or assess the existence, concentration or effects of "pollutants". But we will pay for testing which is performed in the course of extracting the "pollutants" from the land or water.

The most we will pay under this Additional Coverage for each described premises is $50,000 for the sum of all covered expenses arising out of Covered Causes of Loss occurring during each separate 12-month period of this policy.

Payments under this Additional Coverage are separate from the Limit(s) of Insurance shown in the Declarations for any other coverage.

o. Preservation Of Property

If it is necessary to move Covered Property from the described premises to preserve it from loss or damage by a Covered Cause of Loss, we will pay for any direct physical loss or damage to that property:

(1) While it is being moved or while temporarily stored at another location; and

(2) Only if the loss or damage occurs within 90 days after the property is first moved.

Payments under this Additional Coverage will not increase the applicable Limit of Insurance.

If a loss is covered by both a specific coverage form on this policy and an Additional Coverage, the coverage provisions of the specific coverage form apply to the loss.

5. Coverage Extensions

Except as otherwise provided, the following Extensions apply to property located in or on the building described in the Declarations or in the open (or in a vehicle) within 1,000 feet of the described premises.

a. Accounts Receivable

(1) On Your Premises

(a) You may extend the insurance that applies to Business Personal Property at the premises described in the Declarations to apply to Accounts Receivable, including those records that exist as electronic records.

(b) We will pay:

(i) All amounts due from your customers that you are unable to collect;

(ii) Interest charges on any loan required to offset amounts you are unable to collect pending our payment of these amounts;

(iii) Collection expenses in excess of your normal collection expenses that are made necessary by the loss or damage; and

(iv) Other reasonable expenses that you incur to reestablish your records of accounts receivable;

that result from Covered Causes of Loss to your records of accounts receivable.

(c) The following Exclusions in the Causes Of Loss — Special Form do not apply to this Accounts Receivable coverage:

(i) **B.1.b.** Earth Movement; **B.1.e.** Utility Services; **B.1.g.** Water; and

(ii) All **B.2.** Exclusions except **B.2.b.** Consequential Loss; **B.2.d.(1)** Wear And Tear; **B.2.e.** Steam Apparatus; **B.2.g.** Dishonesty; **B.2.h.** False Pretense; **B.2.j.** Collapse; and **B.2.k.** Pollution.

(d) The following additional Exclusions apply to this Accounts Receivable coverage:

(i) We will not pay for loss or damage caused by or resulting from any of the following:

(aa) Alteration, falsification, concealment, or destruction of records of accounts receivable done to conceal the wrongful giving, taking or withholding of money, securities or other property. This exclusion applies only to the extent of the wrongful giving, taking or withholding;

(bb) Bookkeeping, accounting or billing errors or omissions; or

(cc) Electrical or magnetic injury, disturbance or erasure of electronic recordings.

But we will pay for direct loss or damage caused by lightning.

(dd) Unauthorized instructions to transfer property to any person or to any place.

(ii) We will not pay for loss or damage that requires any audit of records or any inventory computation to prove its factual existence.

(e) **(i)** If you cannot accurately establish the amount of accounts receivable outstanding as of the time of loss or damage, the following method will be used:

(aa) Determine the total of the average monthly amounts of accounts receivable for the 12 months immediately preceding the month in which the loss or damage occurs; and

(bb) Adjust that total for any normal fluctuations in the amount of accounts receivable for the month in which the loss or damage occurred or for any demonstrated variance from the average for that month.

(ii) The following will be deducted from the total amount of accounts receivable, however that amount is established:

(aa) The amount of the accounts for which there is no loss or damage;

(bb) The amount of the accounts that you are able to re-establish or collect;

(cc) An amount to allow for probable bad debts that you are normally unable to collect; and

(dd) All unearned interest and service charges.

(f) You will pay us the amount of all recoveries you receive for loss or damage paid by us. But any recoveries in excess of the amount we have paid belong to you.

(g) The most we will pay for under this Coverage Extension is $250,000 per premises, unless a higher limit is shown in the Declarations.

No deductible applies to this Coverage Extension.

(2) Away From Your Premises

(a) Subject to Paragraphs **(1)(b)** through **(1)(f),** you may extend the insurance that applies to Business Personal Property to apply to Accounts Receivable, including those records that exist as electronic records, while away from premises described in the Declarations.

(b) The most we will pay for this Away From Your Premises

coverage is $25,000 per occurrence.

No deductible applies to this Coverage Extension.

(c) This coverage while away from described premises is not increased by the Flex Additional Coverage — Blanket Limit Of Insurance.

Payments under this Coverage Extension are separate from the Limit(s) of Insurance shown in the Declarations for any other coverage.

If Accounts Receivable coverage is provided for any premises under the Inland Marine Coverage Part of this policy, that coverage replaces the Accounts Receivable coverage provided by this Coverage Extension as respects that premises. The provisions of this Coverage Extension would apply to all other premises, including Away From Your Premises coverage, except for the location that is covered for Accounts Receivable under the Inland Marine Coverage Part.

b. Auxiliary Private Structures

If not otherwise covered by this policy, you may extend the insurance that applies to Building to apply to garages and storage buildings on the described premises.

The most we will pay under this Coverage Extension is $15,000 or 10% of the Limit that applies to Building, whichever is less.

Payments under this Coverage Extension are separate from the Limit(s) of Insurance shown in the Declarations for any other coverage.

c. Brands And Labels

(1) If Covered Business Personal Property is damaged by a Covered Cause of Loss, we may take all or any part of the property at an agreed or appraised value. When you do not want your damaged "stock" sold under your brand or label, you may:

(a) Remove the brand or label from "stock" or its containers, and relabel the "stock" to comply with the law; or

(b) Label the damaged "stock" as salvage, but in doing so, you must cause no further damage to it.

(2) In either case, we will pay the difference between the salvage value of the damaged "stock" with the brand or label attached, and its salvage value with the brand or label removed. In addition, we will pay reasonable costs for removing the brands or labels and relabeling the damaged "stock".

(3) The most we will pay under this Coverage Extension is $50,000, unless a higher limit is shown in the Declarations.

Payments under this Coverage Extension will not increase the applicable Limit of Insurance.

d. Consequential Damage To Pairs Or Sets

If a part or parts of pairs or sets of "stock" are damaged by a Covered Cause of Loss, causing the part or parts that are not damaged to be unmarketable as a complete product, you may extend the insurance that applies to Business Personal Property to cover the consequential damage to your undamaged parts of such pairs or sets.

Payments under this Coverage Extension will not increase the applicable Limit of Insurance.

e. Deferred Payments

(1) You may extend the insurance that applies to Business Personal Property to cover direct physical loss by a Covered Cause of Loss to the following:

(a) Business Personal Property which you have sold under an installment or deferred payment plan and which is in possession of the buyer. We will pay only for your remaining interest in the property.

(b) Business Personal Property which is rented or leased to others.

(2) The most we will pay for loss or damage under this Extension is $50,000, unless a higher limit is shown in the Declarations.

Payments under this Coverage Extension will not increase the applicable Limit of Insurance.

f. Electronic Data Processing

(1) On Your Premises

(a) Equipment, Media And Data

(i) You may extend the insurance that applies to Business Personal Property at the premises described in the Declarations to cover direct physical loss or damage by a Covered Cause of Loss to:

(aa) "Hardware"; and

(bb) "Software"

while at a premises described in the Declarations.

(ii) Covered Property under this Extension does not include:

(aa) "Stock"; or

(bb) Computerized production equipment or apparatus.

(iii) Except as is noted in Paragraph **(3)(d),** the most we will pay for loss or damage under Paragraph **(a)** of this Extension is $200,000 per occurrence, unless a higher limit is shown in the Declarations.

(b) Business Income

(i) We will pay for the actual loss of Business Income you sustain due to the necessary suspension of your "operations" during the "period of restoration". The suspension must be caused by direct physical loss of or damage to "hardware" or "software" while at a premises described in the Declarations, caused by or resulting from any Covered Cause of Loss.

(ii) Business Income means the:

(aa) Net Income (Net Profit or Loss before income taxes) that would have been earned or incurred; and

(bb) Continuing normal operating expenses incurred, including payroll.

(iii) Except as is noted in Paragraph **(3)(d),** the most we will pay for loss or damage under Paragraph **(b)** is $25,000 per occurrence, unless a higher limit is shown in the Declarations. No deductible applies to this coverage.

(c) Extra Expense

(i) We will pay the actual and necessary Extra Expense you sustain due to direct physical loss or damage to "hardware" or "software" while at a premises described in the Declarations, caused by or resulting from any Covered Cause of Loss.

(ii) Extra Expense means necessary expenses you incur during the "period of restoration" that you would not have incurred if there had been no direct physical loss or damage to property:

(aa) To avoid or minimize the suspension of business and to continue "operations":

(1) At the described premises; or

(2) At replacement premises or temporary locations, including relocation expenses and costs to equip and operate the replacement or temporary location;

(bb) To minimize the suspension of business if you cannot continue "operations"; or

(cc) To repair or replace any property.

(iii) Except as is noted in Paragraph **(3)(d),** the most we will pay for loss or damage under Paragraph **(c)** is $25,000 per occurrence, unless a higher limit is shown in the Declarations. No deductible applies to this coverage.

(d) The following Exclusions in the Causes Of Loss — Special Form do not apply to this Electronic Data Processing coverage:

(i) **B.1.b.** Earth Movement; **B.1.e.** Utility Services; **B.1.g.** Water; and

(ii) All **B.2.** Exclusions except **B.2.b.** Consequential Loss; **B.2.d.(1)** Wear And Tear; **B.2.e.** Steam Apparatus; **B.2.g.** Dishonesty; **B.2.h.** False Pretense; **B.2.j.** Collapse; and **B.2.k.** Pollution.

(e) The following additional Exclusions apply to this Electronic Data Processing coverage:

We will not pay for loss or damage caused by or resulting from any of the following:

(i) "Computer Virus" or "Computer Hacking". Except as provided under the Virus And Hacking Coverage in Paragraph **(3),** we will not pay for:

(aa) any direct or indirect loss or damage; or

(bb) loss of access, loss of use, or loss of functionality

caused by a "computer virus" or by "computer hacking".

(ii) Deterioration, depreciation or obsolescence.

(f) Under this Electronic Data Processing coverage:

(i) "Computer hacking" means an unauthorized intrusion by an individual or group of individuals, whether employed by you or not, into "hardware", "software", or a computer network that results in:

(aa) deletion, destruction, generation, or modification of "software";

(bb) alteration, contamination, corruption, degradation, or destruction of the integrity, quality, or performance of "software";

(cc) observation, scanning, or copying of "electronic data", "programs and applications", and "proprietary programs";

(dd) damage, destruction, inadequacy, malfunction, degradation, or corruption of any "hardware" or "media" used with "hardware"; or

(ee) denial of access to or denial of services from your "hardware" or your computer network.

(ii) "Computer virus" means the introduction of any malicious, self-replicating electronic data processing code or other code into "hardware" or "software" that is intended to result in:

(aa) deletion, destruction, generation, or modification of "software";

(bb) alteration, contamination, corruption, degradation, or destruction of the integrity, quality, or performance of "software";

(cc) damage, destruction, inadequacy, malfunction, degradation, or corruption of any "hardware" or "media" used with "hardware"; or

(dd) denial of access to or denial of services from your "hardware" or your computer network.

(iii) "Pollutants" means:

(aa) any solid, liquid, gaseous or thermal irritant or contaminant including smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste. Waste includes materials to be recycled, reconditioned or reclaimed.

(bb) electrical or magnetic emissions, whether visible or invisible, and sound emissions.

But we will pay for direct loss or damage caused by lightning.

(2) Away From Your Premises

(a) Subject to Paragraphs **(1)(d)** through **(1)(f),** you may extend the insurance that applies to Business Personal Property to cover direct physical loss or damage to "hardware" or "software" caused by a Covered Cause of Loss while it is in the custody of you, your officers, your partners, or your employees:

(i) at your residence or the residence of your officers, partners, or employees;

(ii) temporarily at a premises that is not described in the Declarations; or

(iii) in transit.

(b) Covered Property under this Extension does not include "stock" or computerized production equipment or apparatus.

(c) We will not pay for loss or damage to property that is voluntarily released to the care, custody or control of anyone else including property while in transit as checked baggage.

(d) The most we will pay for loss or damage under Paragraph **(2)** is $100,000 per occurrence, unless a higher limit is shown in the Declarations. This Away From Your Premises coverage is subject to a separate deductible of $1,000 in any one occurrence. No other deductible applies.

(3) Virus And Hacking Coverage

(a) We cover direct physical loss of or damage to covered "hardware" and "software" while at a premises described in the Declarations caused by a "computer virus" or by "computer hacking".

(b) We cover loss of Business Income and/or Extra Expense caused by a "computer virus" or by "computer hacking". Coverage begins 12 hours after the time of direct physical loss for Business Income coverage.

(c) We do not cover:

(i) loss of exclusive use of, or loss of or reduction in economic or market value of, any "electronic data" or "proprietary programs" that have been copied, scanned, or altered;

(ii) "theft" from your "electronic data" or "proprietary programs" of confidential information through the observation of the "electronic data" or "proprietary programs" by accessing covered "hardware" or your computer network without any alteration or other physical loss or damage to the records or programs. Confidential information includes, but is not limited to, customer information, processing methods, or trade secrets; and

(iii) denial of access to or services from your "hardware" or your computer network.

(d) The most we will pay during one policy year for all covered losses described in Paragraphs **(1)(a), (1)(b)** and **(1)(c)** under the Virus And Hacking Coverage **(3)(a)** and **(3)(b)** combined is $100,000, unless a higher limit is shown in the Declarations. With respect to an occurrence which begins in one policy year and continues or

results in additional loss or damage in a subsequent policy year(s), all loss or damage is deemed to be sustained in the policy year in which the occurrence began.

Payments under this Coverage Extension are separate from the Limit(s) of Insurance shown in the Declarations for any other coverage.

If Electronic Data Processing coverage is provided for any premises under the Inland Marine Coverage Part of this policy, that coverage replaces the Electronic Data Processing coverage provided by this Coverage Extension as respects that premises. The provisions of this Coverage Extension would apply to all other premises, including Away From Your Premises coverage, except for the location that is covered for Electronic Data Processing under the Inland Marine Coverage Part.

g. Exhibitions

(1) You may extend the insurance that applies to Business Personal Property while en route to or from, or temporarily on display, at exhibitions, fairs or trade shows.

(2) Exclusions **B.1.b.,** Earth Movement, an **B.1.g.,** Water, of the Causes Of Loss — Special Form do not apply to this Exhibitions coverage.

(3) Under this Coverage Extension, we will not pay for "theft" from an unattended vehicle except when it is securely locked, its windows are fully closed, and there is visible evidence that entry into the vehicle was forced. This exclusion does not apply to Covered Property in the custody of a carrier for hire.

(4) The most we will pay for loss or damage under this Extension is $50,000, unless a higher limit is shown in the Declarations.

Payments under this Coverage Extension are separate from the Limit(s) of Insurance shown in the Declarations for any other coverage.

This Coverage Extension is subject to a separate deductible of $1,000 in any one occurrence. No other deductible applies.

(5) If Exhibition coverage is provided under the Inland Marine Coverage Part of this policy, that coverage replaces the Exhibition coverage provided by this Coverage Extension. The provisions of this Coverage Extension would no longer apply.

h. Fine Arts

(1) On Your Premises

(a) You may extend the insurance that applies to Business Personal Property to cover "fine arts" at the premises described in the Declarations.

(b) Exclusions **B.1.b.,** Earth Movement, and **B.1.g.,** Water, of the Causes Of Loss — Special Form do not apply to this Fine Arts coverage.

(c) In the event of total loss of an article or articles which are part of a pair or set, you may choose to have us pay the market value of the whole set and surrender the remaining pieces to us.

(d) This Extension does not cover:

(i) numismatic or philatelic objects or collections;

(ii) furs or fur-trimmed garments; or

(iii) jewelry, precious or semi-precious stones, gold, silver, platinum, or other precious metals or alloys.

(e) We will not pay for loss caused directly or indirectly by breakage of art glass windows, statuary, marbles, glassware, bric-a-brac, porcelains and similar fragile articles, unless caused by fire, lightning, aircraft, theft or attempted theft, weather conditions, earthquake, flood, explosion, malicious damage, or collision, derailment or overturn of the transporting conveyance.

(f) The most we will pay for loss or damage under this Coverage Extension is $50,000 per premises, unless a higher limit is shown in the Declarations.

(2) Property On Exhibit

Subject to Paragraphs **(1)(b)** through **(1)(e),** you may extend the insurance that applies to Business

Personal Property to cover "fine arts" while temporarily on exhibit in a premises not owned or occupied by you. The most we will pay for loss or damage to property on exhibition is $10,000 per occurrence.

(3) Property Off Premises For Framing, Renovating, Packing, Or Appraising

Subject to Paragraphs **(1)(b)** through **(1)(e),** you may extend the insurance that applies to Business Personal Property to cover "fine arts" while temporarily in a premises not owned, occupied, or operated by you for framing, renovating, packing, or appraising. The most we will pay for loss or damage to property off premises for framing, renovating, packing, or appraising is $10,000 per occurrence.

(4) Transit

Subject to Paragraphs **(1)(b)** through **(1)(e),** you may extend the insurance that applies to Business Personal Property to cover "fine arts" while in transit. The most we will pay for loss or damage to property in transit is $10,000 per occurrence.

Payments under this Coverage Extension are separate from the Limit(s) of Insurance shown in the Declarations for any other coverage.

If Commercial Fine Arts coverage is provided under the Inland Marine Coverage Part of this policy, that coverage replaces the Fine Arts coverage provided by this Coverage Extension. The provisions of this Coverage Extension would no longer apply.

i. Inflation Guard

If Building or Business Personal Property coverage is shown in the Declarations and Replacement Cost coverage applies, then this Coverage Extension applies to that property as follows:

(1) The Limit of Insurance for property to which this Coverage Extension applies will automatically increase by up to 6%.

(2) The amount of increase will be:

(a) the Limit of Insurance that applied on the most recent of the policy inception date, the policy anniversary date, or any other policy change amending the Limit of Insurance, times

(b) the 6%, expressed as a decimal (example: 6% is .06), times

(c) the number of days since the beginning of the current policy year or the effective date of the most recent policy change amending the Limit of Insurance, divided by 365.

(3) The insured may purchase a higher percentage under this Coverage Extension. If the insured chooses a higher percentage, it will be reflected in the Declarations.

EXAMPLE:

If: The applicable Limit of Insurance is	$ 100,000
The annual percentage increase is	6%
The number of days since the beginning of the policy year (or last policy change) is	146
The amount of increase is $100,000 x .06 x 146 ÷ 365 =	$ 2,400

j. Inventory, Appraisals And Other Claims Expenses

(1) You may extend the insurance that applies to Business Personal Property to pay the necessary and reasonable costs for taking inventories, making appraisals, and preparing other documents that we require when loss or damage occurs to Covered Property. This coverage does not apply to your expenses for appraisals to resolve disputes involving value or loss as described in Loss Condition **E.2. Appraisal.**

(2) The most we will pay under this Coverage Extension is $50,000, unless a higher limit is shown in the Declarations.

Payments under this Coverage Extension will not increase the applicable Limit of Insurance.

k. Newly Acquired Or Constructed Property

(1) Buildings

If this policy covers Building, you may extend that insurance to apply to:

(a) Your new buildings while being built on the described premises; and

(b) Buildings you acquire at locations, other than the described premises, intended for:

(i) Similar use as the building described in the Declarations; or

(ii) Use as a warehouse.

The most we will pay for loss or damage under this Extension is $1,000,000 at each building.

(2) Business Personal Property

If this policy covers Business Personal Property, you may extend that insurance to apply to:

(a) Business personal property, including such property that you newly acquire, at any location you acquire other than at fairs, trade shows or exhibitions;

(b) Business personal property, including such property that you newly acquire, located at your newly constructed or acquired buildings at the location described in the Declarations; or

(c) Business personal property that you newly acquire, located at the described premises.

The most we will pay for loss or damage under this Extension is $500,000 at each building.

This Extension does not apply to:

(a) Personal property of others that is temporarily in your possession in the course of installing or performing work on such property; or

(b) Personal property of others that is temporarily in your possession in the course of your manufacturing or wholesaling activities.

(3) Period of Coverage

With respect to insurance on or at each newly acquired or constructed property, coverage will end when any of the following first occurs:

(a) This policy expires;

(b) 180 days expire after you acquire the property or begin construction of that part of the building that would qualify as covered property; or

(c) You report values to us.

We will charge you additional premium for values reported from the date you acquire the property or begin construction of that part of the building that would qualify as covered property.

l. Non-owned Detached Trailers

(1) You may extend the insurance that applies to Business Personal Property to apply to loss or damage to trailers that you do not own, provided that:

(a) The trailer is used in your business;

(b) The trailer is in your care, custody or control at the premises described in the Declarations; and

(c) You have a contractual responsibility to pay for loss or damage to the trailer.

(2) We will not pay for any loss or damage that occurs:

(a) While the trailer is attached to any motor vehicle or motorized conveyance, whether or not the motor vehicle or motorized conveyance is in motion;

(b) During hitching or unhitching operations, or when a trailer becomes accidentally unhitched from a motor vehicle or motorized conveyance.

(3) The most we will pay for loss or damage under this Extension is $10,000, unless a higher limit is shown in the Declarations.

Payments under this Coverage Extension are separate from the

Limit(s) of Insurance shown in the Declarations for any other coverage.

(4) This insurance is excess over the amount due (whether you can collect on it or not) from any other insurance covering such property.

m. Outdoor Trees, Shrubs, Plants, Sod And Lawns

You may extend the insurance provided by this Coverage Form to apply to your outdoor trees, shrubs, plants, sod and lawns (other than "stock" of trees, shrubs, plants or sod), including debris removal expense. Loss or damage must be caused by or result from any of the following causes of loss:

(1) Fire;

(2) Lightning;

(3) Explosion;

(4) Riot or Civil Commotion;

(5) Aircraft; or

(6) Vehicles operated by other than you or an employee.

The most we will pay for loss or damage under this Coverage Extension is $50,000, but not more than $10,000 for any one tree, shrub or plant. The $10,000 limitation to individual plants does not apply to sod or lawns. These limits apply to any one occurrence, regardless of the types or number of items lost or damaged in that occurrence.

Payments under this Coverage Extension are separate from the Limit(s) of Insurance shown in the Declarations for any other coverage.

The Limits of Insurance applicable to this Coverage Extension includes their debris removal expense. Such debris removal expense is not included in the Additional Coverage **A.4.d.** for Debris Removal.

n. Personal Effects

(1) You may extend the insurance that applies to Business Personal Property to personal effects owned by you, your officers, your partners or members, your managers or your employees. This extension does not apply to loss or damage by "theft". Our payment for loss of or damage to personal effects of others will only be for the account of the owner of the property.

(2) Personal effects do not include tools and equipment owned by your employees that are used in your business operations.

(3) The most we will pay under this Coverage Extension is $50,000, unless a higher limit is shown in the Declarations.

Payments under this Coverage Extension are separate from the Limit(s) of Insurance shown in the Declarations for any other coverage.

o. Property In Transit

(1) You may extend the insurance provided by this Coverage Part to apply to covered Business Personal Property in or on a vehicle or in transit, including loading and unloading, more than 1,000 feet from a covered premises while:

(a) In or on a vehicle you own, rent or lease;

(b) In the custody of a carrier for hire; or

(c) In the custody of an air or rail carrier

within the United States of America, its territories and possessions, Canada, and Puerto Rico.

(2) Exclusions **B.1.b.,** Earth Movement, and **B.1.g.,** Water, of the Causes Of Loss — Special Form do not apply to this Property In Transit coverage.

(3) Except as is noted in Paragraph **(4)** below, the reference to property while airborne or waterborne in **A.2.i.** of Property Not Covered does not apply to this Coverage Extension.

(4) There is no coverage for exported or imported property:

(a) That is covered under any ocean marine cargo policy that anyone has obtained to cover exports or imports; or

(b) While on an ocean or air conveyance.

(5) There is no coverage under this Extension for loss to property that you become legally obligated to pay as a common or contract carrier

under a bill of lading, contract of carriage, or shipping receipt that is issued by you or that is issued on your behalf.

(6) There is no coverage under this Extension for:

(a) Sales representatives' samples (including containers);

(b) Property of any type while en route to or from a trade show, exhibition, or fair;

(c) "Fine arts", "antiques", fur garments, jewelry, precious or semiprecious stones, gold, silver, platinum, or other precious metals or alloys;

(d) Mail shipments in the custody of the U.S. Postal Service;

(e) Electronic data processing "hardware" or "software", except for "stock";

(f) "Valuable papers and records"; or

(g) Accounts receivable.

(7) The most we will pay in any occurrence under this Coverage Extension is $50,000, unless a higher limit is shown in the Declarations.

Payments under this Coverage Extension are separate from the Limit(s) of Insurance shown in the Declarations for any other coverage.

This Coverage Extension is subject to a separate deductible of $1,000 in any one occurrence. No other deductible applies.

(8) If either Motor Truck Cargo Owners coverage or Transportation coverage are provided under the Inland Marine Coverage Part of this policy, that coverage replaces this Property In Transit Coverage Extension. The provisions of this Coverage Extension would no longer apply.

p. Property Off-premises

(1) You may extend the insurance provided to Business Personal Property to apply to your Covered Property while it is away from the described premises, if it is:

(a) Temporarily at a location you do not own, lease or operate; or

(b) In storage at a location you lease.

(2) This Coverage Extension does not apply to:

(a) Property in or on a vehicle or otherwise in transit;

(b) Property at any fair, trade show or exhibition;

(c) Property in the care, custody or control of your sales representatives, or you while acting as a sales representative;

(d) "Contractors' equipment";

(e) Materials, supplies, machinery, fixtures, and equipment that you are installing, constructing, or rigging as part of your installation or construction project, or will become a permanent part of your installation or construction project while they are at a storage location away from the described premises;

(f) Property covered under the Deferred Payments Additional Coverage;

(g) Electronic data processing "hardware" or "software", except for "stock";

(h) "Valuable papers and records"; or

(i) Accounts receivable.

(3) There is no coverage under this Coverage Extension for loss caused by or resulting from:

(a) Earth movement; or

(b) Flood, whether arising from natural or external forces; surface water; waves; tides; tidal waves; overflow of any body of water, or their spray, all whether driven by wind or not.

This exclusion applies whether or not coverage is provided under this policy by any endorsement to Business Personal Property for the causes of loss described in **(3)(a)** or **(3)(b)** above.

(4) The most we will pay for loss or damage under this Coverage Extension is $100,000, unless a higher limit is shown in the Declarations.

Payments under this Coverage Extension are separate from the Limit(s) of Insurance shown in the Declarations for any other coverage.

q. Sales Representatives Samples

(1) You may extend the insurance that applies to Business Personal Property to samples of your stock in trade (including containers) while the property is in the custody of:

(a) your sales representatives and agents; or

(b) your custody while acting as a sales representative

if more than 1,000 feet from a premises described in the Declarations, not including any other premises that is owned, operated, or leased by you.

(2) Exclusions **B.1.b.,** Earth Movement, and **B.1.g.,** Water, of the Causes Of Loss — Special Form do not apply to this Sales Representatives Samples coverage.

(3) Under this Coverage Extension, we will not pay for "theft" from an unattended vehicle except when it is securely locked, its windows are fully closed, and there is visible evidence that entry into the vehicle was forced.

(4) There is no coverage under this Extension for jewelry, precious or semiprecious stones, gold, silver, platinum, or other precious metals or alloys.

(5) The most we will pay for loss or damage under this Coverage Extension is $50,000, unless a higher limit is shown in the Declarations.

Payments under this Coverage Extension are separate from the Limit(s) of Insurance shown in the Declarations for any other coverage.

This Coverage Extension is subject to a separate deductible of $1,000 in any one occurrence. No other deductible applies.

(6) If Salespersons Samples coverage is provided under the Inland Marine Coverage Part of this policy, that coverage replaces the Sales Representatives Samples coverage provided by this Coverage Extension. The provisions of this Coverage Extension would no longer apply.

r. Signs — Supplemental Coverage

(1) You may extend the insurance that applies to Business Personal Property to apply to direct physical loss of or damage to signs (other than signs covered under **A.1.a.** Buildings) located at a premises described in the Declarations:

(a) Owned by you; or

(b) That you have a contractual responsibility to insure as a building tenant.

(2) The most we will pay for loss or damage under this Coverage Extension is $50,000, unless a higher limit is shown in the Declarations.

Payments under this Coverage Extension are separate from the Limit(s) of Insurance shown in the Declarations for any other coverage.

s. Spoilage Due To Power Outage, Mechanical Breakdown, Or Contamination — Direct Damage

(1) You may extend the insurance that applies to Business Personal Property to apply to spoilage of "perishable stock" caused by:

(a) Breakdown or Contamination, meaning:

(i) Change in temperature or humidity caused by mechanical breakdown or mechanical failure of refrigerating, cooling, or humidity control apparatus or equipment, only while such equipment or apparatus is at the described premises; and

(ii) Contamination by the refrigerant.

(b) Power Outage, meaning change in temperature or humidity resulting from complete or partial interruption of electrical power, either on or off the described premises, due to conditions beyond your control.

(2) With respect to the coverage provided by this extension, property located outside of a building or in or on a vehicle is considered to be Property Not Covered unless the stock is being moved to prevent or reduce loss covered by this policy.

(3) We will also pay any necessary expenses you incur to reduce the amount of loss under this coverage. We will pay for such expenses to the extent that they do not exceed the amount of loss that otherwise would have been payable under this Coverage Extension.

(4) Only the following Exclusions contained in Paragraph **B.1.** of the Causes Of Loss — Special Form apply to this Spoilage Due To Power Outage, Mechanical Breakdown, Or Contamination — Direct Damage coverage:

(a) **B.1.b.** Earth Movement;

(b) **B.1.c.** Governmental Action;

(c) **B.1.d.** Nuclear Hazard;

(d) **B.1.f.** War And Military Action; and

(e) **B.1.g.** Water.

(5) The following additional Exclusions are added:

We will not pay for loss or damage caused by:

(a) The disconnecting of any refrigerating, cooling or humidity control system from the source of power.

(b) The deactivation of electrical power caused by the manipulation of any switch or other device used to control the flow of electrical power or current.

(c) The inability of an Electrical Utility Company or other power source to provide sufficient power due to:

(i) Lack of fuel; or

(ii) Governmental order.

(d) The inability of a power source at the described premises to provide sufficient power due to lack of generating capacity to meet demand.

(e) Breaking of any glass that is a permanent part of any refrigerating, cooling or humidity control unit.

(6) The provisions of this Coverage Extension are superseded if the Spoilage Coverage endorsement is attached to and made a part of this policy.

(7) The most we will pay for loss or damage under this Coverage Extension is $50,000 per building, unless a higher limit is shown in the Declarations.

Payments under this Coverage Extension will not increase the applicable Limits of Insurance.

t. Utility Services — Direct Damage

(1) You may extend the insurance that applies to Covered Property to apply to loss of or damage to Covered Property, other than "perishable stock", caused by the interruption in utility service to premises described in the Declarations. The interruption in utility service must result from direct physical loss or damage by a Covered Cause of Loss to the following property:

(a) Water Supply Services, meaning the following types of property supplying water to the described premises:

(i) Pumping stations; and

(ii) Water mains.

(b) Communication Supply Services, meaning property supplying communication services, including telephone, radio, microwave or television services

to the described premises, such as:

(i) Communication transmission lines, including optic fiber transmission lines;

(ii) Coaxial cables; and

(iii) Microwave radio relays except satellites.

(c) Power Supply Services, meaning the following types of property supplying electricity, steam or gas to the described premises:

(i) Utility generating plants;

(ii) Switching stations;

(iii) Substations;

(iv) Transformers; and

(v) Transmission lines.

(2) The Utility Services exclusion in **B.1.e.** of the Causes Of Loss — Special Form does not apply to this Utility Services — Direct Damage coverage.

(3) The provisions of this Coverage Extension are superseded if the Utility Services — Direct Damage endorsement is attached to and made a part of this policy.

(4) The most we will pay for loss or damage under this Coverage Extension is $50,000 at each covered building, unless a higher limit is shown in the Declarations.

Payments under this Coverage Extension will not increase the applicable Limit of Insurance.

u. Valuable Papers And Records

(1) On Your Premises

(a) You may extend the insurance that applies to Business Personal Property at the premises described in the Declarations to apply to the cost to replace or restore the lost information on "valuable papers and records" for which duplicates do not exist.

(b) The following Exclusions in the Causes Of Loss — Special Form do not apply to this Valuable Papers And Records coverage:

(i) **B.1.b.** Earth Movement; **B.1.e.** Utility Services; **B.1.g.** Water; and

(ii) All **B.2.** Exclusions except **B.2.b.** Consequential Loss; **B.2.d.(1)** Wear And Tear; **B.2.e.** Steam Apparatus; **B.2.g.** Dishonesty; **B.2.h.** False Pretense; **B.2.j.** Collapse; and **B.2.k.** Pollution.

(c) The following additional Exclusion applies to this Valuable Papers And Records coverage:

We will not pay for loss or damage caused by or resulting from electrical or magnetic injury, disturbance or erasure of electronic recordings.

But we will pay for direct loss or damage caused by lightning.

(d) We will also pay for the cost of blank material for reproducing the records (whether or not duplicates exist), and (when there is a duplicate) for the cost of labor to transcribe or copy the records. The costs of blank material and labor are subject to the applicable Limit of Insurance on Business Personal Property and therefore coverage of such costs in not additional insurance.

(e) The most we will pay under this Coverage Extension to replace or restore the lost information is $250,000 per premises, unless a higher limit is shown in the Declarations.

(2) Away From Your Premises

(a) Subject to Paragraphs **(b)** through **(d),** we will pay up to $25,000 per occurrence to apply to the cost to replace or restore the lost information on "valuable papers and records" for which duplicates do not exist, while they are away from premises described in the Declarations.

(b) This coverage while away from described premises is not

increased by the Flex Additional Coverage — Blanket Limit Of Insurance.

Payments under this Coverage Extension are separate from the Limit(s) of Insurance shown in the Declarations for any other coverage.

If Valuable Papers And Records coverage is provided for any premises under the Inland Marine Coverage Part of this policy, that coverage replaces the Valuable Papers And Records coverage provided by this Coverage Extension as respects that premises. The provisions of this Coverage Extension would apply to all other premises, including Away From Your Premises coverage, except for the location that is covered for Valuable Papers And Records under the Inland Marine Coverage Part.

v. Worldwide Personal Property

(1) You may extend the insurance that applies to Business Personal Property to apply to property while it is:

(a) in the course of transit; or

(b) at a premises

located in any part of the world other than the United States of America (including its territories and possessions), Puerto Rico or Canada.

(2) There is no coverage under this Extension for:

(a) "stock" other than sales representatives' samples;

(b) "money"; or

(c) "securities" other than airline tickets.

(3) We will not pay for loss or damage caused by or resulting from "theft" to property that is voluntarily released to the care, custody or control of anyone else including property released as checked baggage.

(4) The most we will pay for under this Coverage Extension is $10,000 per occurrence.

Payments under this Coverage Extension are separate from the Limit(s) of Insurance shown in the Declarations for any other coverage.

If a loss is covered by both a specific coverage form on this policy and a Coverage Extension, the coverage provisions of the specific coverage form apply to the loss.

6. Flex Additional Coverage — Blanket Limit Of Insurance

a. In the event that covered loss or damage exceeds the specific Limits of Insurance provided in the Coverage Extensions described in **6.b.** plus the applicable deductible, we will pay up to $250,000 to apply in any one occurrence caused by a Covered Cause of Loss only while at a premises described in the Declarations.

You may apportion this Limit among these coverages as you choose.

Payments under the Flex Additional Coverage — Blanket Limit Of Insurance are separate from the Limit(s) of Insurance shown in the Declarations for any other coverage, and will apply in excess of the specific Coverage Extension limits of insurance plus any deductible applying to them.

b. The Coverages Extensions applicable to this Flex Additional Coverage — Blanket Limit Of Insurance include:

(1) Coverage Extension **A.5.a. Accounts Receivable**

(2) Coverage Extension **A.5.c. Brands And Labels**

(3) Coverage Extension **A.5.l. Non-owned Detached Trailers**

(4) Coverage Extension **A.5.m. Outdoor Trees, Shrubs, Plants, Sod And Lawns**

The $10,000 limit for any one tree, shrub or plant described in **A.5.m.** applies to coverage provided by this Flex Additional Coverage — Blanket Limit Of Insurance.

(5) Coverage Extension **A.5.n. Personal Effects**

(6) Coverage Extension **A.5.u. Valuable Papers and Records**

c. The Away From Your Premises coverage for Coverage Extensions **A.5.a.(2) Accounts Receivable** and **A.5.u.(2) Valuable Papers And Records** do not apply to this Flex Additional Coverage — Blanket Limit Of Insurance.

B. Exclusions And Limitations

See applicable Causes Of Loss Form(s) as shown in the Declarations.

C. Limits Of Insurance

1. The most we will pay for loss or damage in any one occurrence is the applicable Limit of Insurance shown in the Declarations, plus additional limit(s) provided by the Additional Coverages, Coverage Extensions, and the Flex Additional Coverage — Blanket Limit Of Insurance, other than those outlined in Paragraph **C.5.**
2. Building Limit — Annual Adjustment: We will adjust the Limit of Insurance for Buildings on each anniversary and/or the renewal of the policy. The amount of the adjustment will be the percent of increase or decrease as that which has occurred during the preceding policy year in the cost-of-construction factor, as reported in the publication of a recognized independent appraisal company.
3. Business Personal Property — Annual Adjustment: We will adjust the Limit of Insurance for Business Personal Property on each anniversary and/or renewal of the policy. The amount of the adjustment will be based on inflation and the economic factors for the preceding year.
4. Except as noted in Paragraph **C.5.,** the limits applicable to the Additional Coverages and Coverage Extensions are separate from the Limit(s) of Insurance shown in the Declarations for any other coverages.
5. Payments under the following Additional Coverages and Coverage Extensions will not increase the applicable Limits of Insurance:
   - **a.** Additional Coverage **A.4.m. Ordinance Or Law — Coverage A**
   - **b.** Additional Coverage **A.4.o. Preservation Of Property**
   - **c.** Coverage Extension **A.5.c. Brands And Labels**
   - **d.** Coverage Extension **A.5.d. Consequential Damage To Pairs Or Sets**
   - **e.** Coverage Extension **A.5.e. Deferred Payments**
   - **f.** Coverage Extension **A.5.j. Inventory, Appraisals And Other Claims Expenses**
   - **g.** Coverage Extension **A.5.s. Spoilage Due To Power Outage, Mechanical Breakdown, Or Contamination — Direct Damage**
   - **h.** Coverage Extension **A.5.t. Utility Service — Direct Damage**

D. Deductible

In any one occurrence of loss or damage (hereinafter referred to as loss), if the adjusted amount of loss is less than or equal to the Deductible, we will not pay for that loss. If the adjusted amount of loss exceeds the Deductible, we will then subtract the Deductible from the adjusted amount of loss, and will pay the resulting amount or the Limit of Insurance, whichever is less.

When the occurrence involves loss to more than one item of Covered Property and separate Limits of Insurance apply, the losses will not be combined in determining application of the Deductible. But the Deductible will be applied only once per occurrence.

EXAMPLE #1:

Deductible:	$	1,000
Limit of Insurance — Building #1:	$	60,000
Limit of Insurance — Building #2:	$	80,000
Loss to Building #1:	$	60,100
Loss to Building #2:	$	90,000

The amount of loss to Building #1 ($60,100) is less than the sum ($61,000) of the Limit of Insurance applicable to Building #1 plus the Deductible.

The Deductible will be subtracted from the amount of loss in calculating the loss payable for Building #1:

	$ 60,100	
-	$ 1,000	
	$ 59,100	Loss Payable — Building #1

The Deductible applies once per occurrence and therefore is not subtracted in determining the amount of loss payable for Building #2. Loss payable for Building #2 is the Limit of Insurance of $80,000.

Total amount of loss payable: $59,100 + $80,000 = $139,100

EXAMPLE #2:

The Deductible and Limits of Insurance are the same as those in Example #1.

Loss to Building #1: (exceeds Limit of Insurance plus Deductible)	$	70,000
Loss to Building #2: (exceeds Limit of Insurance plus Deductible)	$	90,000

Loss Payable — Building #1: (Limit of Insurance)	$	60,000
Loss Payable — Building #2: (Limit of Insurance)	$	80,000
Total amount of loss payable:	$	140,000

No deductible applies to the following:

a. Additional Coverage **A.4.a. Arson, Vandalism Or Theft Reward**

b. Additional Coverage **A.4.b. Computer Fraud**

c. Additional Coverage **A.4.e. Employee Theft**

d. Additional Coverage **A.4.f. Extra Expense**

e. Additional Coverage **A.4.g. Fire Department Service Charge**

f. Additional Coverage **A.4.h. Fire Extinguisher Systems Recharge**

g. Additional Coverage **A.4.j. Lock And Key Replacement**

h. Additional Coverage **A.4.k. Money And Securities**

i. Coverage Extension **A.5.a. Accounts Receivable**

E. Loss Conditions

The following conditions apply in addition to the Common Policy Conditions and the Commercial Property Conditions.

1. Abandonment

There can be no abandonment of any property to us.

2. Appraisal

If we and you disagree on the value of the property or the amount of loss, either may make written demand for an appraisal of the loss. In this event, each party will select a competent and impartial appraiser. The two appraisers will select an umpire. If they cannot agree, either may request that selection be made by a judge of a court having jurisdiction. The appraisers will state separately the value of the property and amount of loss. If they fail to agree, they will submit their differences to the umpire. A decision agreed to by any two will be binding. Each party will:

a. Pay its chosen appraiser; and

b. Bear the other expenses of the appraisal and umpire equally.

If there is an appraisal, we will still retain our right to deny the claim.

3. Duties In the Event Of Loss Or Damage

a. You must see that the following are done in the event of loss or damage to Covered Property:

(1) Notify the police if a law may have been broken.

(2) Give us prompt notice of the loss or damage. Include a description of the property involved.

(3) As soon as possible, give us a description of how, when and where the loss or damage occurred.

(4) Take all reasonable steps to protect the Covered Property from further damage, and keep a record of your expenses necessary to protect the Covered Property, for consideration in the settlement of the claim. This will not increase the Limit of Insurance. However, we will not pay for any subsequent loss or damage resulting from a cause of loss that is not a Covered Cause of Loss. Also, if feasible, set the damaged property aside and in the best possible order for examination.

(5) At our request, give us complete inventories of the damaged and undamaged property. Include quantities, costs, values and amount of loss claimed.

(6) As often as may be reasonably required, permit us to inspect the property proving the loss or damage and examine your books and records.

Also permit us to take samples of damaged and undamaged property for inspection, testing and analysis, and permit us to make copies from your books and records.

(7) Send us a signed, sworn proof of loss containing the information we request to investigate the claim. You must do this within 60 days after our request. We will supply you with the necessary forms.

(8) Cooperate with us in the investigation or settlement of the claim.

b. We may examine any insured under oath, while not in the presence of any other insured and at such times as may be reasonably required, about any matter relating to this insurance or the claim, including an insured's books and

records. In the event of an examination, an insured's answers must be signed.

4. Loss Payment

a. In the event of loss or damage covered by this Coverage Form, at our option, we will either:

(1) Pay the value of lost or damaged property;

(2) Pay the cost of repairing or replacing the lost or damaged property, subject to **b.** below;

(3) Take all or any part of the property at an agreed or appraised value; or

(4) Repair, rebuild or replace the property with other property of like kind and quality, subject to **b.** below.

We will determine the value of lost or damaged property, or the cost of its repair or replacement, in accordance with the applicable terms of the Valuation Condition in this Coverage Form or any applicable provision which amends or supersedes the Valuation Condition.

b. The cost to repair, rebuild or replace does not include the increased cost attributable to enforcement of any ordinance or law regulating the construction, use or repair of any property.

c. We will give notice of our intentions within 30 days after we receive the sworn proof of loss.

d. We will not pay you more than your financial interest in the Covered Property.

e. We may adjust losses with the owners of lost or damaged property if other than you. If we pay the owners, such payments will satisfy your claims against us for the owners' property. We will not pay the owners more than their financial interest in the Covered Property.

f. We may elect to defend you against suits arising from claims of owners of property. We will do this at our expense.

g. We will pay for covered loss or damage within 30 days after we receive the sworn proof of loss, if you have complied with all of the terms of this Coverage Part and:

(1) We have reached agreement with you on the amount of loss; or

(2) An appraisal award has been made.

h. A party wall is a wall that separates and is common to adjoining buildings that are owned by different parties. In settling covered losses involving a party wall, we will pay a proportion of the loss to the party wall based on your interest in the wall in proportion to the interest of the owner of the adjoining building. However, if you elect to repair or replace your building and the owner of the adjoining building elects not to repair or replace that building, we will pay you the full value of the loss to the party wall, subject to all applicable policy provisions including Limits of Insurance, the Valuation Condition and all other provisions of this Loss Payment Condition. Our payment under the provisions of this paragraph does not alter any right of subrogation we may have against any entity, including the owner or insurer of the adjoining building, and does not alter the terms of the Transfer Of Rights Of Recovery Against Others To Us Condition in this policy.

5. Recovered Property

If either you or we recover any property after loss settlement, that party must give the other prompt notice. At your option, the property will be returned to you. You must then return to us the amount we paid to you for the property. We will pay recovery expenses and the expenses to repair the recovered property, subject to the Limit of Insurance.

6. Vacancy

a. Description of Terms

(1) As used in this Vacancy Condition, the term building and the term vacant have the meanings set forth in **(1)(a)** and **(1)(b)** below:

(a) When this policy is issued to a tenant, and with respect to that tenant's interest in Covered Property, building means the unit or suite rented or leased to the tenant. Such building is vacant when it does not contain enough business personal property to conduct customary operations.

(b) When this policy is issued to the owner or general lessee of a building, building means the entire building. Such building is

vacant unless at least 31% of its total square footage is:

(i) Rented to a lessee or sub-lessee and used by the lessee or sub-lessee to conduct its customary operations; and/or

(ii) Used by the building owner to conduct customary operations.

(2) Buildings under construction or renovation are not considered vacant.

b. Vacancy Provisions

If the building where loss or damage occurs has been vacant for more than 60 consecutive days before that loss or damage occurs:

(1) We will not pay for any loss or damage caused by any of the following even if they are Covered Causes of Loss:

(a) Fire caused by acts of vandalism;

(b) Vandalism, including fire caused by acts of vandalism;

(c) Sprinkler leakage, unless you have protected the system against freezing;

(d) Building glass breakage;

(e) Water damage;

(f) "Theft"; or

(g) Attempted "theft".

(2) With respect to Covered Causes of Loss other than those listed in **b.(1)(a)** through **b.(1)(g)** above, we will reduce the amount we would otherwise pay for the loss or damage by 15%.

7. Valuation

a. We will determine the value of Covered Property in the event of loss or damage at replacement cost (without deduction for depreciation) of the time of loss or damage, except as provided in **c.** through **f.** below.

b. We will not pay more for loss or damage on a replacement cost basis than the least of **(1), (2)** or **(3),** subject to **c.** below:

(1) The Limit of Insurance applicable to the lost or damaged property;

(2) The cost to replace the lost or damaged property with other property:

(a) Of comparable material and quality; and

(b) Used for the same purpose; or

(3) The amount actually spent that is necessary to repair or replace the lost or damaged property.

If a building is rebuilt at a new premises, the cost described in **b.(2)** above is limited to the cost which would have been incurred if the building had been rebuilt at the original premises.

c. The cost of repair or replacement does not include the increased cost attributable to enforcement of any ordinance or law regulating the construction, use or repair of any property.

d. You may make a claim for loss or damage covered by this insurance on an "actual cash value" basis instead of on a replacement cost basis. In the event you elect to have loss or damage settled on an "actual cash value" basis, you may still make a claim for the additional coverage on a replacement cost basis if you notify us of your intent to do so within 180 days after the loss or damage.

e. With respect to replacement cost on the personal property of others, the following limitation applies:

If an item(s) of personal property of others is subject to a written contract which governs your liability for loss or damage to that item(s), then valuation of that item(s) will be based on the amount for which you are liable under such contract, but not to exceed the lesser of the replacement cost of the property or the applicable Limit of Insurance.

f. The following types of property are valued as follows:

(1) Contents of a residence at "actual cash value".

(2) Subject to the exceptions in Paragraphs **(a)** and **(b)** below, "stock" at "actual cash value", unless Re-

placement Cost is shown in the Declarations as Including "Stock".

The following types of "stock" are valued as follows:

(a) "Stock" you have sold but not delivered at the selling price less discounts and expenses you otherwise would have had.

(b) Used or second-hand merchandise held in storage or for sale at "actual cash value".

(3) "Fine arts" at market value at the time of loss.

(4) "Money" up to and including its face value.

(5) "Securities" up to and including their value at the close of business on the day the loss occurred. We may, at our option:

(a) Pay the market value of such "securities" or replace them in kind, in which event you must assign to us all your rights, title and interest in and to those "securities"; or

(b) Pay the cost of any Lost Securities Bond required in connection with issuing duplicates of the "securities". However, we will be liable only for the payment of so much of the cost of the bond as would be charged for a bond having a penalty not exceeding the lesser of the:

(i) market value of the "securities" at the close of business on the day the loss was discovered; or

(ii) Limit of Insurance applicable to the "securities".

(6) Electronic data processing "hardware":

(a) That is replaced — at the cost of replacing the "hardware" with new equipment that is functionally comparable to the "hardware" that is being replaced;

(b) That is not repaired or replaced — at "actual cash value";

(c) In no event will we pay more than the reasonable cost of restoring partially damaged "hardware" to its condition directly prior to the damage.

(7) Electronic data processing "software":

(a) "Programs and applications"

(i) At the cost to reinstall the "programs or applications" from the licensed discs that were originally used to install the programs or applications.

(ii) If the original licensed discs are lost, damaged, or can no longer be obtained, the value of "programs and applications" will be based on the cost of the most current version of the "programs or applications".

(b) "Proprietary programs":

(i) At the cost of reproduction from duplicate copies. The cost of reproduction includes, but is not limited to, the cost of labor to copy or transcribe from duplicate copies.

(ii) If duplicate copies do not exist, at the cost of research or other expenses necessary to reproduce, replace, or restore loss "proprietary programs".

(c) "Electronic data":

(i) At the cost of reproduction from duplicate copies. The cost of reproduction includes, but is not limited to, the cost of labor to copy or transcribe from duplicate copies.

(ii) If duplicate copies do not exist, at the cost of research or other expenses necessary to reproduce, replace, or restore lost files, documents, and records.

(d) "Media" at the cost to repair or replace the "media" with material of the same kind or quality.

(8) Glass at the cost of replacement with safety-glazing material if required by law.

(9) Tenant's Improvements and Betterments at:

(a) Replacement Cost of the lost or damaged property if you make repairs promptly.

(b) A proportion of your original cost if you do not make repairs promptly. We will determine the proportionate value as follows:

(i) Multiply the original cost by the number of days from the loss or damage to the expiration of the lease; and

(ii) Divide the amount determined in **(i)** above by the number of days from the installation of improvements to the expiration of the lease.

If your lease contains a renewal option, the expiration of the renewal option period will replace the expiration of the lease in this procedure.

(c) Nothing if others pay for repairs or replacement.

F. Additional Condition — Mortgageholders

The following condition applies in addition to the Common Policy Conditions and the Commercial Property Conditions.

1. The term mortgageholder includes trustee.

2. We will pay for covered loss of or damage to buildings or structures to each mortgageholder shown in the Declarations in their order of precedence, as interests may appear.

3. The mortgageholder has the right to receive loss payment even if the mortgageholder has started foreclosure or similar action on the building or structure.

4. If we deny your claim because of your acts or because you have failed to comply with the terms of this Coverage Part, the mortgageholder will still have the right to receive loss payment if the mortgageholder:

a. Pays any premium due under this Coverage Part at our request if you have failed to do so;

b. Submits a signed, sworn proof of loss within 60 days after receiving notice from us of your failure to do so; and

c. Has notified us of any change in ownership, occupancy or substantial change in risk known to the mortgageholder.

All of the terms of this Coverage Part will then apply directly to the mortgageholder.

5. If we pay the mortgageholder for any loss or damage and deny payment to you because of your acts or because you have failed to comply with the terms of this Coverage Part:

a. The mortgageholder's rights under the mortgage will be transferred to us to the extent of the amount we pay; and

b. The mortgageholder's right to recover the full amount of the mortgageholder's claim will not be impaired.

At our option, we may pay to the mortgageholder the whole principal on the mortgage plus any accrued interest. In this event, your mortgage and note will be transferred to us and you will pay your remaining mortgage debt to us.

6. If we cancel this policy, we will give written notice to the mortgageholder at least:

a. 10 days before the effective date of cancellation if we cancel for your nonpayment of premium; or

b. 30 days before the effective date of cancellation if we cancel for any other reason.

7. If we elect not to renew this policy, we will give written notice to the mortgageholder at least 10 days before the expiration date of this policy.

G. Optional Coverage — Actual Cash Value

If shown as applicable in the Declarations, the Optional Coverage — Actual Cash Value applies separately to each item.

1. "Actual cash value" replaces Replacement Cost in the Valuation Loss Condition of this Coverage Form.

2. If the cost to repair or replace the damaged building property is $5,000 or less, we will pay the cost of building repairs or replacement.

The cost of building repairs or replacement does not include the increased cost attributable to enforcement of any ordinance or law regulating the construction, use or repair of any property. However, the following property will be valued at the "actual cash value" even when attached to the building:

a. Awnings or floor coverings;

b. Appliances for refrigerating, ventilating, cooking, dishwashing or laundering; or

c. Outdoor equipment or furniture.

H. Definitions

1. "Actual cash value" means:

a. When the damage to property is economically repairable, "actual cash value" means the cost of repairing the damage with like kind and quality, less reasonable deduction for wear and tear, deterioration and obsolescence.

b. When the loss or damage to property creates a total loss, "actual cash value" means the market value of the property in a condition equal to that of the destroyed property, if reasonably available on the used market.

c. Otherwise, "actual cash value" shall mean the market value of new property of like kind and quality, less reasonable deductible for wear or tear, deterioration and obsolescence.

2. "Antique" means an object having value because its:

a. craftsmanship is in the style or fashion of former times; and

b. age is 100 years old or older.

3. "Banking premises" means the interior of that portion of any building occupied by a banking institution or similar safe depository.

4. "Contractors' equipment" means machinery, equipment, and tools of a mobile nature that you use in your contracting, installation, erection, repair, or moving operations or projects.

"Contractors' equipment" also means:

a. self-propelled vehicles designed and used primarily to carry mounted equipment; or

b. vehicles designed for highway use that are unlicensed and not operated on public roads.

5. "Electronic data" means information, facts or computer programs stored as or on, created or used on, or transmitted to or from computer software (including systems and applications software), on hard or floppy disks, CD-ROMs, tapes, drives, cells, data processing devices or any other repositories of computer software which are used with electronically controlled equipment. The term computer programs, referred to in the foregoing description of "electronic data", means a set of related electronic instructions which direct the operations and functions of a computer or device connected to it, which enable the computer or device to receive, process, store, retrieve or send data.

6. "Employee":

a. "Employee" means:

(1) Any natural person

(a) While in your service and for the first 30 days immediately after termination of service, unless such termination is due to "theft" or any dishonest act committed by the "employee";

(b) Who you compensate directly by salary, wages, or commissions; and

(c) Who you have the right to direct and control while performing services for you;

(2) Any natural person who is furnished temporarily to you:

(a) To substitute for a permanent "employee" as defined in Paragraph **(1),** who is on leave; or

(b) To meet seasonal or short-term work load conditions;

while that person is subject to your direction and control and performing services for you, excluding, however, any such person while having care and custody of property outside the "premises";

(3) Any natural person who is leased to you under a written agreement between you and a labor leasing firm, to perform duties related to the conduct of your business, but does not mean a temporary employee as defined in Paragraph **(2);**

(4) Any natural person who is:

(a) A trustee, officer, employee, administrator or manager, except an administrator or manager who is an independent

contractor, of any "employee benefit plan"; and

(b) A director or trustee of yours while that person is engaged in handling "funds" or "other property" of any "employee benefit plan";

(5) Any natural person who is a former "employee", partner, "member", "manager", director or trustee retained as a consultant while performing services for you;

(6) Any natural person who is a guest student or intern pursuing studies or duties, excluding, however, any such person while having care and custody of property outside the "premises";

(7) Any "employee" of an entity merged or consolidated with you prior to the effective date of this policy; or

(8) Any of your "managers", directors or trustees while:

(a) Performing acts within the scope of the usual duties of an "employee"; or

(b) Acting as a member of any committee duly elected or appointed by resolution of your board of directors or board of trustees to perform specific, as distinguished from general, directorial acts on your behalf.

b. "Employee" does not mean any agent, broker, factor, commission merchant, consignee, independent contractor or representative of the same general character not specified in Paragraph **6.a.**

7. "Employee benefit plan" means any welfare or pension benefit plan shown in the Declarations that you sponsor and which is subject to the Employee Retirement Income Security Act of 1974 (ERISA) and any amendments thereto.

8. "Fine arts" means paintings; etchings; pictures; tapestries; rare or art glass; art glass windows; valuable rugs; statuary; sculptures; "antique" furniture; bric-a-brac; porcelains; and similar property of rarity, historical value, or artistic merit.

"Fine arts" does not mean "valuable papers and records".

9. "Forgery" means the signing of the name of another person or organization with intent to deceive; it does not mean a signature which consists in whole or in part of one's own name signed with or without authority, in any capacity, for any purpose.

10. "Funds" means "money" and "securities".

11. "Fungus" means any type or form of fungus, including mold or mildew, and any mycotoxins, spores, scents or by-products produced or released by fungi.

12. "Hardware" means a network of electronic machine components (microprocessors) capable of accepting instructions and information, processing the information according to the instructions, and producing desired results.

a. "Hardware" includes but is not limited to:

(1) mainframe and mid-range computers and network servers;

(2) personal computers and workstations;

(3) laptops, palmtops, notebook PCs, other portable computer devices and accessories including, but not limited to, multimedia projectors; and

(4) peripheral data processing equipment, including but not limited to, printers, keyboards, monitors, and modems.

b. "Hardware" does not include "software".

13. "Manager" means a person serving in a directorial capacity for a limited liability company.

14. "Media" means processing, recording, or storage media used with "hardware". This includes but is not limited to films, tapes, cards, discs, drums, cartridges, cells, or flashdrives.

15. "Member" means an owner of a limited liability company represented by its membership interest, who also may serve as a "manager".

16. "Messenger" means you, or a relative of yours, or any of your partners or "members", or any "employee" while having care and custody of property outside the "premises".

17. "Money" means:

a. Currency, coins and bank notes in current use and having a face value; and

b. Travelers checks, register checks and money orders held for sale to the public.

18. "Operations" means the type of your business activities occurring at the described premises.

19. "Other property" means any tangible property other than "money" or "securities" that has intrinsic value.

"Other property" does not include computer programs, electronic data or any property specifically excluded under this insurance.

20. "Period of Restoration" means the period of time that:

a. Begins:

(1) 72 hours after the time of direct physical loss or damage for Business Income coverage; or

(2) Immediately after the time of direct physical loss or damage for Extra Expense coverage;

caused by or resulting from any Covered Cause of Loss at the described premises; and

b. Ends on the earlier of:

(1) The date when the property at the described premises should be repaired, rebuilt or replaced with reasonable speed and similar quality; or

(2) The date when business is resumed at a new permanent location.

"Period of restoration" does not include any increased period required due to the enforcement of any ordinance or law that

(1) Regulates the construction, use or repair, or requires the tearing down of any property; or

(2) Requires any insured or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of "pollutants".

The expiration date of this policy will not cut short the "period of restoration".

21. "Perishable stock" means personal property maintained under controlled conditions for its preservation and susceptible to loss or damage if the controlled conditions change.

22. "Pollutants" means any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste. Waste includes materials to be recycled, reconditioned or reclaimed.

23. "Premises" means the interior of that portion of any building you occupy in conducting your business. This definition applies whenever this term appears in quotation marks in this coverage form.

24. "Programs and applications" means operating programs and applications that you purchase and that are:

a. stored on "media"; or

b. pre-installed and stored in "hardware".

25. "Proprietary programs" means proprietary applications or programs that are developed in-house or that you had developed specifically for you and that are:

a. stored on "media"; or

b. installed and stored in "hardware".

26. "Securities" means negotiable and nonnegotiable instruments or contracts representing either "money" or other property and includes:

a. Tokens, tickets, revenue and other stamps (whether represented by actual stamps or unused value in a meter) in current use; and

b. Evidences of debt issued in connection with credit or charge cards, which cards are not issued by you;

but does not include "money".

27. "Software" means "media", "electronic data", "programs and applications", and "proprietary programs".

28. "Stock" means merchandise held in storage or for sale, raw materials and in-process or finished goods, including supplies used in their packing or shipping.

29. "Theft" means the unlawful taking of property to the deprivation of the Insured.

30. "Valuable papers and records" means inscribed, printed or written documents, manuscripts or records, including abstracts, books, deeds, drawings, films, maps or mortgages.

But "valuable papers and records" does not mean "money" or "securities", converted data, programs or instructions used in your data processing operations, including the materials on which the data is recorded.

Safeco Optimum Property ™ for Apartments
CAUSES OF LOSS — SPECIAL FORM

Words and phrases that appear in quotation marks have special meaning. Refer to Section **H.** Definitions.

A. Covered Causes Of Loss

Covered Causes of Loss means Risks Of Direct Physical Loss unless the loss is:

1. Excluded in Section **B.,** Exclusions; or

2. Limited in Section **C.,** Limitations;

that follow.

B. Exclusions

1. We will not pay for loss or damage caused directly or indirectly by any of the following. Such loss or damage is excluded regardless of the cause of the loss, or any other cause or event that contributes concurrently or in any sequence to the loss.

a. Ordinance Or Law

The enforcement of any ordinance or law:

(1) Regulating the construction, use or repair of any property; or

(2) Requiring the tearing down of any property, including the cost of removing its debris.

This exclusion, Ordinance Or Law, applies whether the loss results from:

(a) An ordinance or law that is enforced even if the property has not been damaged; or

(b) The increased costs incurred to comply with an ordinance or law in the course of construction, repair, renovation, remodeling or demolition of property, or removal of its debris, following a physical loss to that property.

b. Earth Movement

(1) Earthquake, including any earth sinking, rising or shifting related to such event;

(2) Landslide, including any earth sinking, rising or shifting related to such event;

(3) Mine subsidence, meaning subsidence of a man-made mine, whether or not mining activity has ceased;

(4) Earth sinking (other than sinkhole collapse), rising or shifting including soil conditions which cause settling, cracking or other disarrangement of foundations or other parts of realty. Soil conditions include contraction, expansion, freezing, thawing, erosion, improperly compacted soil and the action of water under the ground surface.

But if Earth Movement, as described in **b.(1)** through **(4)** above, results in fire or explosion, we will pay for the loss or damage caused by that fire or explosion.

(5) Volcanic eruption, explosion or effusion. But if volcanic eruption, explosion or effusion results in fire, building glass breakage or Volcanic Action, we will pay for the loss or damage caused by that fire, building glass breakage or Volcanic Action.

Volcanic Action means direct loss or damage resulting from the eruption of a volcano when the loss or damage is caused by:

(a) Airborne volcanic blast or airborne shock waves;

(b) Ash, dust or particulate matter; or

(c) Lava flow.

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All volcanic eruptions that occur within any 168-hour period will constitute a single occurrence.

Volcanic Action does not include the cost to remove ash, dust or particulate matter that does not cause direct physical loss or damage to the described property.

(6) This Exclusion does not apply to the following coverages from the Building And Personal Property Coverage Form:

(a) Coverage Extension **A.5.a. Accounts Receivable**

(b) Coverage Extension **A.5.f. Electronic Data Processing**

(c) Coverage Extension **A.5.g. Exhibitions**

(d) Coverage Extension **A.5.h. Fine Arts**

(e) Coverage Extension **A.5.o. Property In Transit**

(f) Coverage Extension **A.5.q. Sales Representatives Samples**

(g) Coverage Extension **A.5.u. Valuable Papers And Records**

c. Governmental Action

Seizure or destruction of property by order of governmental authority.

But we will pay for loss or damage caused by or resulting from acts of destruction ordered by governmental authority and taken at the time of a fire to prevent its spread, if the fire would be covered under this Coverage Part.

d. Nuclear Hazard

Nuclear reaction or radiation, or radioactive contamination, however caused.

But if nuclear reaction or radiation, or radioactive contamination, results in fire, we will pay for the loss or damage caused by that fire.

e. Utility Services

The failure of power, communication, water or other utility service supplied to the described premises, however caused, if the failure:

(1) Originates away from the described premises; or

(2) Originates at the described premises, but only if such failure involves equipment used to supply the utility service to the described premises from a source away from the described premises.

Failure of any utility service includes lack of sufficient capacity and reduction in supply.

Loss or damage caused by a surge of power is also excluded, if the surge would not have occurred but for an event causing a failure of power.

But if the failure or surge of power, or the failure of communication, water or other utility service, results in a Covered Cause of Loss, we will pay for the loss or damage caused by that Covered Cause of Loss.

Communication services include but are not limited to service relating to Internet access or access to any electronic, cellular or satellite network.

f. War And Military Action

(1) War, including undeclared or civil war;

(2) Warlike action by a military force, including action in hindering or defending against an actual or expected attack, by any government, sovereign or other authority using military personnel or other agents; or

(3) Insurrection, rebellion, revolution, usurped power, or action taken by governmental authority in hindering or defending against any of these.

g. Water

(1) (a) Flood, whether or not arising from natural forces;

(b) Surface water;

(c) Waves;

(d) Tides;

(e) Tidal waves; or

(f) Overflow of any body of water

or their spray, all whether or not driven by wind;

(2) Release of water held by a dam, levee or dike, or by a water or flood control device;

(3) Mudslide or mudflow;

(4) Water that backs up or overflows from a sewer, drain or sump, except as provided below in the Additional Coverage for Back Up of Sewer, Drain or Sump; or

(5) Water under the ground surface pressing on, or flowing or seeping through:

(a) Foundations, walls, floors or paved surfaces;

(b) Basements, whether paved or not; or

(c) Doors, windows or other openings.

But if Water, as described in **g.(1)** through **g.(5)** above, results in fire, explosion or sprinkler leakage, we will pay for the loss or damage caused by that fire, explosion or sprinkler leakage.

(6) This Exclusion does not apply to the following coverages from the Building And Personal Property Coverage Form:

(a) Coverage Extension **A.5.a. Accounts Receivable**

(b) Coverage Extension **A.5.f. Electronic Data Processing**

(c) Coverage Extension **A.5.g. Exhibitions**

(d) Coverage Extension **A.5.h. Fine Arts**

(e) Coverage Extension **A.5.o. Property In Transit**

(f) Coverage Extension **A.5.q. Sales Representatives Samples**

(g) Coverage Extension **A.5.u. Valuable Papers And Records**

h. "Fungus", Wet Rot, Dry Rot And Bacteria

Presence, growth, proliferation, spread or any activity of "fungus", wet or dry rot or bacteria.

But if "fungus", wet or dry rot or bacteria results in a "specified cause of loss", we will pay for the loss or damage caused by that "specified cause of loss".

This exclusion does not apply:

1. When "fungus", wet or dry rot or bacteria results from fire or lightning; or

2. To the extent that coverage is provided in the Additional Coverage — Limited Coverage for "Fungus", Wet Rot, Dry Rot And Bacteria with respect to loss or damage by a cause of loss other than fire or lightning.

Exclusions **B.1.a.** through **B.1.h.** apply whether or not the loss event results in widespread damage or affects a substantial area.

2. We will not pay for loss or damage caused by or resulting from any of the following:

a. Electrical, Magnetic Or Electromagnetic Energy: Artificially generated electrical, magnetic or electromagnetic energy that damages, disturbs, disrupts or otherwise interferes with any:

(1) Electrical or electronic wire, device, appliance, system or network; or

(2) Device, appliance, system or network utilizing cellular or satellite technology.

For the purpose of this exclusion, electrical, magnetic or electromagnetic energy includes but is not limited to:

(1) Electrical current, including arcing;

(2) Electrical charge produced or conducted by a magnetic or electromagnetic field;

(3) Pulse of electromagnetic energy; or

(4) Electromagnetic waves or microwaves.

But if fire results, we will pay for the loss or damage caused by that fire.

b. Consequential Loss: Delay, loss of use or loss of market.

c. Smoke, Vapor, Gas: Smoke, vapor or gas from agricultural smudging or industrial operations.

d. Other Types Of Loss:

(1) Wear and tear;

(2) Rust or other corrosion, decay, deterioration, hidden or latent defect or any quality in property that causes it to damage or destroy itself;

(3) Smog;

(4) Settling, cracking, shrinking or expansion;

(5) Nesting or infestation, or discharge or release of waste products or secretions, by insects, birds, rodents or other animals.

(6) Mechanical breakdown, including rupture or bursting caused by centrifugal force. But if mechanical breakdown results in elevator collision, we will pay for the loss or damage caused by that elevator collision.

(7) The following causes of loss to personal property:

(a) Dampness or dryness of atmosphere;

(b) Changes in or extremes of temperature; or

(c) Marring or scratching.

But if an excluded cause of loss that is listed in **2.d.(1)** through **(7)** results in a "specified cause of loss" or building glass breakage, we will pay for the loss or damage caused by that "specified cause of loss" or building glass breakage.

e. Steam Apparatus: Explosion of steam boilers, steam pipes, steam engines or steam turbines owned or leased by you, or operated under your control. But if explosion of steam boilers, steam pipes, steam engines or steam turbines results in fire or combustion explosion, we will pay for the loss or damage caused by that fire or combustion explosion. We will also pay for loss or damage caused by or resulting from the explosion of gases or fuel within the furnace of any fired vessel or within the flues or passages through which the gases of combustion pass.

f. Continuous Seepage Or Leakage: Continuous or repeated seepage or leakage of water, or the presence or condensation of humidity, moisture or vapor, that occurs over a period of 14 days or more.

g. Dishonesty: Dishonest or criminal act by you, any of your partners, members, officers, managers, employees (including leased employees), directors, trustees, authorized representatives or anyone to whom you entrust the property for any purpose:

(1) Acting alone or in collusion with others; or

(2) Whether or not occurring during the hours of employment.

This exclusion does not apply to acts of destruction by your employees (including leased employees); but theft by employees (including leased employees) is not covered.

h. False Pretense: Voluntary parting with any property by you or anyone else to whom you have entrusted the property if induced to do so by any fraudulent scheme, trick, device or false pretense.

i. Exposed Property: Rain, snow, ice or sleet to personal property in the open.

j. Collapse: Collapse, including any of the following conditions of property or any part of the property:

(1) An abrupt falling down or caving in;

(2) Loss of structural integrity, including separation of parts of the property or property in danger of falling down or caving in; or

(3) Any cracking, bulging, sagging, bending, leaning, settling, shrinkage or expansion as such condition relates to **(1)** or **(2)** above.

But if collapse results in a Covered Cause of Loss at the described premises, we will pay for the loss or damage caused by that Covered Cause of Loss.

This exclusion, **j.,** does not apply:

(a) To the extent that coverage is provided under the Additional Coverage — Collapse; or

(b) To collapse caused by one or more of the following:

(i) The "specified causes of loss";

(ii) Breakage of building glass;

(iii) Weight of rain that collects on a roof; or

(iv) Weight of people or personal property.

k. Pollution: Discharge, dispersal, seepage, migration, release or escape of "pollutants" unless the discharge, dispersal, seepage, migration, release or escape is itself caused by any of the "specified causes of loss". But if the discharge, dispersal, seepage, migration, release or escape of "pollutants" results in a "specified cause of loss", we will pay for the loss or damage caused by that "specified cause of loss".

This exclusion, **k.,** does not apply to damage to glass caused by chemicals applied to the glass.

l. Neglect: Neglect of an insured to use all reasonable means to save and preserve property from further damage at and after the time of loss.

3. We will not pay for loss or damage caused by or resulting from any of the following, **3.a.** through **3.c.** But if an excluded cause of loss that is listed in **3.a.** through **3.c.** results in a Covered Cause of Loss, we will pay for the loss or damage caused by that Covered Cause of Loss.

a. Weather Conditions: Weather conditions. But this exclusion only applies if weather conditions contribute in any way with a cause or event excluded in Paragraph **1.** above to produce the loss or damage.

b. Acts Or Decisions: Acts or decisions, including the failure to act or decide, of any person, group, organization or governmental body.

c. Negligent Work: Faulty, inadequate or defective:

(1) Planning, zoning, development, surveying, siting;

(2) Design, specifications, workmanship, repair, construction, renovation, remodeling, grading, compaction;

(3) Materials used in repair, construction, renovation or remodeling; or

(4) Maintenance;

of part or all of any property on or off the described premises.

4. Special Exclusions

The following provisions apply only to the specified Coverage Forms.

a. Business Income (And Extra Expense) Coverage Form, Business Income (Without Extra Expense) Coverage Form, Business Income (And Extra Expense) Actual Loss Sustained Coverage Form, Or Extra Expense Coverage Form

We will not pay for:

(1) Any loss caused by or resulting from:

(a) Damage or destruction of "finished stock"; or

(b) The time required to reproduce "finished stock".

This exclusion does not apply to Extra Expense.

(2) Any increase of loss caused by or resulting from:

(a) Delay in rebuilding, repairing or replacing the property or resuming "operations", due to interference at the location of the rebuilding, repair or replacement by strikers or other persons; or

(b) Suspension, lapse or cancellation of any license, lease or contract. But if the suspension, lapse or cancellation is directly caused by the "suspension" of "operations", we will cover such loss that affects your Business Income during the "period of restoration" and any extension of the "period of restoration" in accordance with the terms of the Extended Business Income Additional Coverage.

(3) Any Extra Expense caused by or resulting from suspension, lapse or cancellation of any license, lease or contract beyond the "period of restoration".

(4) Any other consequential loss.

b. Leasehold Interest Coverage Form

(1) Paragraph **B.1.a.** Ordinance Or Law, does not apply to insurance under this Coverage Form.

(2) We will not pay for any loss caused by:

(a) Your canceling the lease;

(b) The suspension, lapse or cancellation of any license; or

(c) Any other consequential loss.

c. Legal Liability Coverage Form

(1) The following exclusions do not apply to insurance under this Coverage Form:

(a) Paragraph **B.1.a.,** Ordinance Or Law;

(b) Paragraph **B.1.c.,** Governmental Action;

(c) Paragraph **B.1.d.,** Nuclear Hazard;

(d) Paragraph **B.1.e.,** Utility Services; and

(e) Paragraph **B.1.f.,** War And Military Action.

(2) The following additional exclusions apply to insurance under this Coverage Form:

(a) Contractual Liability

We will not defend any claim or "suit", or pay damages that you are legally liable to pay, solely by reason of your assumption of liability in a contract or agreement. But this exclusion does not apply to a written lease agreement in which you have assumed liability for building damage resulting from an actual or attempted burglary or robbery, provided that:

(i) Your assumption of liability was executed prior to the accident; and

(ii) The building is Covered Property under this Coverage Form.

(b) Nuclear Hazard

We will not defend any claim or "suit", or pay any damages, loss, expense or obligation, resulting from nuclear reaction or radiation, or radioactive contamination, however caused.

5. Additional Exclusion

The following provisions apply only to the specified property.

LOSS OR DAMAGE TO PRODUCTS

We will not pay for loss or damage to any merchandise, goods or other product caused by or resulting from error or omission by any person or entity (including those having possession under an arrangement where work or a portion of the work is outsourced) in any stage of the development, production or use of the product, including planning, testing, processing, packaging, installation, maintenance or repair. This exclusion applies to any effect that compromises the form, substance or quality of the product. But if such error or omission results in a Covered Cause of Loss, we will pay for the loss or damage caused by that Covered Cause of Loss.

C. Limitations

The following limitations apply to all policy forms and endorsements, unless otherwise stated.

1. We will not pay for loss of or damage to property, as described and limited in this section. In addition, we will not pay for any loss that is a consequence of loss or damage as described and limited in this section.

a. Steam boilers, steam pipes, steam engines or steam turbines caused by or resulting from any condition or event inside such equipment. But we will pay for loss of or damage to such equipment caused by or resulting from an explosion of gases or fuel within the furnace of any fired vessel or within the flues or passages through which the gases of combustion pass.

b. Hot water boilers or other water heating equipment caused by or resulting from any condition or event inside such boilers or equipment, other than an explosion.

c. The interior of any building or structure, or to personal property in the building or structure, caused by or resulting from

rain, snow, sleet, ice, sand or dust, whether driven by wind or not, unless:

(1) The building or structure first sustains damage by a Covered Cause of Loss to its roof or walls through which the rain, snow, sleet, ice, sand or dust enters; or

(2) The loss or damage is caused by or results from thawing of snow, sleet or ice on the building or structure.

d. Property that is missing, where the only evidence of the loss or damage is a shortage disclosed on taking inventory, or other instances where there is no physical evidence to show what happened to the property.

e. Property that has been transferred to a person or to a place outside the described premises on the basis of unauthorized instructions.

2. We will not pay for loss of or damage to the following types of property unless caused by the "specified causes of loss" or building glass breakage:

a. Animals, and then only if they are killed or their destruction is made necessary.

b. Fragile articles such as statuary, marbles, chinaware and porcelains, if broken. This restriction does not apply to:

(1) Glass; or

(2) Containers of property held for sale.

3. The special limit shown for each category, **a.** through **c.,** is the total limit for loss of or damage to all property in that category. The special limit applies to any one occurrence of theft, regardless of the types or number of articles that are lost or damaged in that occurrence. The special limits are:

a. $5,000 for furs, fur garments and garments trimmed with fur.

b. $5,000 for jewelry, watches, watch movements, jewels, pearls, precious and semi-precious stones, bullion, gold, silver, platinum and other precious alloys or metals. This limit does not apply to jewelry and watches worth $100 or less per item.

c. $250 for stamps, tickets, including lottery tickets held for sale, and letters of credit.

These special limits are part of, not in addition to, the Limit of Insurance applicable to the Covered Property.

This limitation, **C.3.,** does not apply to Business Income coverage or to Extra Expense coverage.

4. We will not pay the cost to repair any defect to a system or appliance from which water, other liquid, powder or molten material escapes. But we will pay the cost to repair or replace damaged parts of fire-extinguishing equipment if the damage:

a. Results in discharge of any substance from an automatic fire protection system; or

b. Is directly caused by freezing.

However, this limitation does not apply to Business Income coverage or to Extra Expense coverage.

D. Additional Coverage — Collapse

The coverage provided under this Additional Coverage — Collapse applies only to an abrupt collapse as described and limited in **D.1.** through **D.7.**

1. For the purpose of this Additional Coverage — Collapse, abrupt collapse means an abrupt falling down or caving in of a building or any part of a building with the result that the building or part of the building cannot be occupied for its intended purpose.

2. We will pay for direct physical loss or damage to Covered Property, caused by abrupt collapse of a building or any part of a building that is insured under this Coverage Form or that contains Covered Property insured under this Coverage Form, if such collapse is caused by one or more of the following:

a. Building decay that is hidden from view, unless the presence of such decay is known to an insured prior to collapse;

b. Insect or vermin damage that is hidden from view, unless the presence of such damage is known to an insured prior to collapse;

c. Use of defective material or methods in construction, remodeling or renovation if the abrupt collapse occurs during the course of the construction, remodeling or renovation.

d. Use of defective material or methods in construction, remodeling or renovation if the abrupt collapse occurs after the

construction, remodeling or renovation is complete, but only if the collapse is caused in part by:

(1) A cause of loss listed in **2.a.** or **2.b.**;

(2) One or more of the "specified causes of loss";

(3) Breakage of building glass;

(4) Weight of people or personal property; or

(5) Weight of rain that collects on a roof.

3. This **Additional Coverage — Collapse** does **not** apply to:

a. A building or any part of a building that is in danger of falling down or caving in;

b. A part of a building that is standing, even if it has separated from another part of the building; or

c. A building that is standing or any part of a building that is standing, even if it shows evidence of cracking, bulging, sagging, bending, leaning, settling, shrinkage or expansion.

4. With respect to the following property:

a. Outdoor radio or television antennas (including satellite dishes) and their lead-in wiring, masts or towers;

b. Awnings, gutters and downspouts;

c. Yard fixtures;

d. Outdoor swimming pools;

e. Fences;

f. Piers, wharves and docks;

g. Beach or diving platforms or appurtenances;

h. Retaining walls; and

i. Walks, roadways and other paved surfaces;

if an abrupt collapse is caused by a cause of loss listed in **2.a.** through **2.d.,** we will pay for loss or damage to that property only if:

(1) Such loss or damage is a direct result of the abrupt collapse of a building insured under this Coverage Form; and

(2) The property is Covered Property under this Coverage Form.

5. If personal property abruptly falls down or caves in and such collapse is not the result of abrupt collapse of a building, we will pay for loss or damage to Covered Property caused by such collapse of personal property only if:

a. The collapse of personal property was caused by a cause of loss listed in **2.a.** through **2.d.;**

b. The personal property which collapses is inside a building; and

c. The property which collapses is not of a kind listed in **4.,** regardless of whether that kind of property is considered to be personal property or real property.

The coverage stated in this Paragraph **5.** does not apply to personal property if marring and/or scratching is the only damage to that personal property caused by the collapse.

6. This Additional Coverage — Collapse does not apply to personal property that has not abruptly fallen down or caved in, even if the personal property shows evidence of cracking, bulging, sagging, bending, leaning, settling, shrinkage or expansion.

7. This Additional Coverage — Collapse will not increase the Limits of Insurance provided in this Coverage Part.

8. The term Covered Cause of Loss includes the Additional Coverage — Collapse as described and limited in **D.1.** through **D.7.**

E. Additional Coverage — Limited Coverage For "Fungus", Wet Rot, Dry Rot And Bacteria

1. The coverage described in **E.2.** and **E.6.** only applies when the "fungus", wet or dry rot or bacteria is the result of one or more of the following causes that occurs during the policy period and only if all reasonable means were used to save and preserve the property from further damage at the time of and after that occurrence.

a. A "specified cause of loss" other than fire or lightning; or

b. Flood, if the Flood Coverage Endorsement applies to the affected premises.

2. We will pay for loss or damage by "fungus", wet or dry rot or bacteria. As used in this Limited Coverage, the term loss or damage means:

a. Direct physical loss or damage to Covered Property caused by "fungus", wet

or dry rot or bacteria, including the cost of removal of the "fungus", wet or dry rot or bacteria;

b. The cost to tear out and replace any part of the building or other property as needed to gain access to the "fungus", wet or dry rot or bacteria; and

c. The cost of testing performed after removal, repair, replacement or restoration of the damaged property is completed, provided there is a reason to believe that "fungus", wet or dry rot or bacteria are present.

3. The coverage described under **E.2.** of this Limited Coverage is limited to $15,000. Regardless of the number of claims, this limit is the most we will pay for the total of all loss or damage arising out of all occurrences of "specified causes of loss" (other than fire or lightning) and Flood which take place in a 12-month period (starting with the beginning of the present annual policy period). With respect to a particular occurrence of loss which results in "fungus", wet or dry rot or bacteria, we will not pay more than a total of $15,000 even if the "fungus", wet or dry rot or bacteria continues to be present or active, or recurs, in a later policy period.

4. The coverage provided under this Limited Coverage does not increase the applicable Limit of Insurance on any Covered Property. If a particular occurrence results in loss or damage by "fungus", wet or dry rot or bacteria, and other loss or damage, we will not pay more, for the total of all loss or damage, than the applicable Limit of Insurance on the affected Covered Property.

If there is covered loss or damage to Covered Property, not caused by "fungus", wet or dry rot or bacteria, loss payment will not be limited by the terms of this Limited Coverage, except to the extent that "fungus", wet or dry rot or bacteria causes an increase in the loss. Any such increase in the loss will be subject to the terms of this Limited Coverage.

5. The terms of this Limited Coverage do not increase or reduce the coverage provided under Paragraph **F.2.** (Water Damage, Other Liquids, Powder Or Molten Material Damage) of this Causes of Loss Form or under the Additional Coverage — Collapse.

6. The following, **6.a.** or **6.b.,** applies only if Business Income and/or Extra Expense Coverage applies to the described premises and only if the "suspension" of "operations" satisfies all terms and conditions of the applicable Business Income and/or Extra Expense Coverage Form.

a. If the loss which resulted in "fungus", wet or dry rot or bacteria does not in itself necessitate a "suspension" of "operations", but such "suspension" is necessary due to loss or damage to property caused by "fungus", wet or dry rot or bacteria, then our payment under Business Income and/or Extra Expense is limited to the amount of loss and/or expense sustained in a period of not more than 30 days. The days need not be consecutive.

b. If a covered "suspension" of "operations" was caused by loss or damage other than "fungus", wet or dry rot or bacteria but remediation of "fungus", wet or dry rot or bacteria prolongs the "period of restoration", we will pay for loss and/or expense sustained during the delay (regardless of when such a delay occurs during the "period of restoration"), but such coverage is limited to 30 days. The days need not be consecutive.

F. Additional Coverage — Back Up Of Sewer, Drain Or Sump

1. We will pay for

a. direct physical loss of or damage to Covered Property at the premises described in the Declarations; or

b. if Business Income and/or Extra Expense Coverage applies to the described premises, the loss of Business Income you sustain and/or necessary Extra Expense you incur at premises which are described in the Declarations

solely caused by water that backs up from a sewer, drain or sump.

2. We will not pay for water or other materials that back up from any sewer, drain or sump when it is caused by any flood.

3. Coverage under **F.1.b.** above applies only if the "suspension" of "operations" satisfies all terms and conditions of the applicable Business Income and/or Extra Expense Coverage Form.

4. The most we will pay in any one occurrence for this Additional Coverage under **F.1.a.** and **F.1.b.** combined is $50,000 per premises.

This coverage is included within the Limits of Insurance.

G. Additional Coverage Extensions

1. Water Damage, Other Liquids, Powder Or Molten Material Damage

If loss or damage caused by or resulting from covered water or other liquid, powder or molten material occurs, we will also pay the cost to tear out and replace any part of the building or structure to repair damage to the system or appliance from which the water or other substance escapes. This Coverage Extension does not increase the Limit of Insurance.

2. Glass

a. We will pay for expenses incurred to put up temporary plates or board up openings if repair or replacement of damaged glass is delayed.

b. We will pay for expenses incurred to remove or replace obstructions when repairing or replacing glass that is part of a building. This does not include removing or replacing window displays.

This Coverage Extension, **G.2.,** does not increase the Limit of Insurance.

H. Definitions

1. "Fungus" means any type or form of fungus, including mold or mildew, and any mycotoxins, spores, scents or by-products produced or released by fungi.

2. "Operations" means:

a. Your business activities occurring at the described premises; and

b. The tenantability of the described premises.

3. "Specified causes of loss" means the following: Fire; lightning; explosion; windstorm or hail; smoke; aircraft or vehicles; riot or civil commotion; vandalism; leakage from fire-extinguishing equipment; sinkhole collapse; volcanic action; falling objects; weight of snow, ice or sleet; water damage.

a. Sinkhole collapse means the sudden sinking or collapse of land into underground empty spaces created by the action of water on limestone or dolomite. This cause of loss does not include:

(1) The cost of filling sinkholes; or

(2) Sinking or collapse of land into man-made underground cavities.

b. Falling objects does not include loss or damage to:

(1) Personal property in the open; or

(2) The interior of a building or structure, or property inside a building or structure, unless the roof or an outside wall of the building or structure is first damaged by a falling object.

c. Water damage means accidental discharge or leakage of water or steam as the direct result of the breaking apart or cracking of a plumbing, heating, air conditioning or other system or appliance (other than a sump system including its related equipment and parts), that is located on the described premises and contains water or steam.

4. "Suspension" means:

a. The slowdown or cessation of your business activities; or

b. That a part or all of the described premises is rendered untenantable.

Safeco Optimum Property ™ for Apartments
BUSINESS INCOME (AND EXTRA EXPENSE) COVERAGE FORM

Various provisions in this policy restrict coverage. Read the entire policy carefully to determine rights, duties and what is and is not covered.

Throughout this policy the words "you" and "your" refer to the Named Insured shown in the Declarations. The words "we", "us" and "our" refer to the Company providing this insurance.

Other words and phrases that appear in quotation marks have special meaning. Refer to Section **F.** Definitions.

A. Coverage

1. Business Income

Business Income means the:

a. Net Income (Net Profit or Loss before income taxes) that would have been earned or incurred; and

b. Continuing normal operating expenses incurred, including payroll.

For manufacturing risks, Net Income includes the net sales value of production.

Coverage is provided as described and limited below for one or more of the following options for which a Limit of Insurance is shown in the Declarations:

(1) Business Income Including "Rental Value".

(2) Business Income Other Than "Rental Value".

(3) "Rental Value".

If option **(1)** above is selected, the term Business Income will include "Rental Value". If option **(3)** above is selected, the term Business Income will mean "Rental Value" only.

If Limits of Insurance are shown under more than one of the above options, the provisions of this Coverage Part apply separately to each.

We will pay for the actual loss of Business Income you sustain due to the necessary "suspension" of your "operations" during the "period of restoration". The "suspension" must be caused by direct physical loss of or damage to property at premises which are described in the Declarations and for which a Business Income Limit of Insurance is shown in the Declarations. The loss or damage must be caused by or result from a Covered Cause of Loss. With respect to loss of or damage to personal property in the open or personal property in a vehicle, the described premises include the area within 1,000 feet of the site at which the described premises are located.

With respect to the requirements set forth in the preceding paragraph, if you occupy only part of the site at which the described premises are located, your premises means:

a. The portion of the building which you rent, lease or occupy; and

b. Any area within the building or on the site at which the described premises are located, if that area services, or is used to gain access to, the described premises.

2. Extra Expense

a. Extra Expense coverage is provided at the premises described in the Declarations only if the Declarations show that Business Income coverage applies at that premises.

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b. Extra Expense means necessary expenses you incur during the "period of restoration" that you would not have incurred if there had been no direct physical loss or damage to property caused by or resulting from a Covered Cause of Loss.

We will pay Extra Expense (other than the expense to repair or replace property) to:

(1) Avoid or minimize the "suspension" of business and to continue operations at the described premises or at replacement premises or temporary locations, including relocation expenses and costs to equip and operate the replacement location or temporary location.

(2) Minimize the "suspension" of business if you cannot continue "operations".

We will also pay Extra Expense to repair or replace property, but only to the extent it reduces the amount of loss that otherwise would have been payable under this Coverage Form.

3. Covered Causes Of Loss, Exclusions And Limitations

See applicable Causes Of Loss Form as shown in the Declarations.

4. Additional Limitation — Interruption Of Computer Operations

a. Coverage for Business Income does not apply when a "suspension" of "operations" is caused by destruction or corruption of "electronic data", or any loss or damage to "electronic data", except as provided under the Coverage Extension for Electronic Data Processing found in the Building And Personal Property Coverage Form.

b. Coverage for Extra Expense does not apply when action is taken to avoid or minimize a "suspension" of "operations" caused by destruction or corruption of "electronic data", or any loss or damage to "electronic data", except as provided under the Coverage Extension for Electronic Data Processing found in the Building And Personal Property Coverage Form.

5. Additional Coverages

a. Civil Authority

In this Additional Coverage — Civil Authority, the described premises are premises to which this Coverage Form applies, as shown in the Declarations.

When a Covered Cause of Loss causes damage to property other than property at the described premises, we will pay for the actual loss of Business Income you sustain and necessary Extra Expense caused by action of civil authority that prohibits access to the described premises, provided that both of the following apply:

(1) Access to the area immediately surrounding the damaged property is prohibited by civil authority as a result of the damage, and the described premises are within that area but are not more than one mile from the damaged property; and

(2) The action of civil authority is taken in response to dangerous physical conditions resulting from the damage or continuation of the Covered Cause of Loss that caused the damage, or the action is taken to enable a civil authority to have unimpeded access to the damaged property.

Civil Authority coverage for Business Income will begin 72 hours after the time of the first action of civil authority that prohibits access to the described premises and will apply for a period of up to thirty consecutive days from the date on which such coverage began.

Civil Authority coverage for Extra Expense will begin immediately after the time of the first action of civil authority that prohibits access to the described premises and will end:

(1) 30 consecutive days after the date of that action; or

(2) When your Civil Authority coverage for Business Income ends;

whichever is later.

b. Alterations And New Buildings

We will pay for the actual loss of Business Income you sustain and necessary Extra Expense you incur due to direct physical loss or damage at the described premises caused by or resulting from any Covered Cause of Loss to:

(1) New buildings or structures, whether complete or under construction;

(2) Alterations or additions to existing buildings or structures; and

(3) Machinery, equipment, supplies or building materials located on or within 1,000 feet of the described premises and:

(a) Used in the construction, alterations or additions; or

(b) Incidental to the occupancy of new buildings.

If such direct physical loss or damage delays the start of "operations", the "period of restoration" for Business Income Coverage will begin on the date "operations" would have begun if the direct physical loss or damage had not occurred.

c. Extended Business Income

(1) Business Income Other Than "Rental Value"

If the necessary "suspension" of your "operations" produces a Business Income loss payable under this policy, we will pay for the actual loss of Business Income you incur during the period that:

(a) Begins on the date property (except "finished stock") is actually repaired, rebuilt or replaced and "operations" are resumed; and

(b) Ends on the earlier of:

(i) The date you could restore your "operations", with reasonable speed, to the level which would generate the business income amount that would have existed if no direct physical loss or damage had occurred; or

(ii) 180 consecutive days after the date determined in **(1)(a)** above, unless "180" is replaced in the Declarations by a different number of days.

However, Extended Business Income does not apply to loss of Business Income incurred as a result of unfavorable business conditions caused by the impact of the Covered Cause of Loss in the area where the described premises are located.

Loss of Business Income must be caused by direct physical loss or damage at the described premises caused by or resulting from any Covered Cause of Loss.

(2) "Rental Value"

If the necessary "suspension" of your "operations" produces a "Rental Value" loss payable under this policy, we will pay for the actual loss of "Rental Value" you incur during the period that:

(a) Begins on the date property is actually repaired, rebuilt or replaced and tenantability is restored; and

(b) Ends on the earlier of:

(i) The date you could restore tenant occupancy, with reasonable speed, to the level which would generate the "Rental Value" that would have existed if no direct physical loss or damage had occurred; or

(ii) 180 consecutive days after the date determined in **(2)(a)** above, unless "180" is replaced in the Declarations by a different number of days.

However, Extended Business Income does not apply to loss of "Rental Value" incurred as a result of unfavorable business conditions caused by the impact of the Covered Cause of Loss in the area where the described premises are located.

Loss of "Rental Value" must be caused by direct physical loss or damage at the described premises caused by or resulting from any Covered Cause of Loss.

d. Dependent Properties — Time Element

(1) Your coverage for Business Income and Extra Expense, as provided and limited in this form, is extended to apply to the actual loss of Business Income you sustain, and the actual and necessary Extra Expense you incur, due to direct physical loss of or damage to "dependent property" caused by or resulting from a Covered Cause of Loss.

However this Additional Coverage does not apply when the only loss to dependent property is loss or damage to "electronic data", including destruction or corruption of "electronic data". If the dependent property sustains loss or damage to "electronic data" and other property, coverage under this Additional Coverage will not continue once the other property is repaired, rebuilt or replaced.

(2) Under the Loss Determination Condition below, the following is added to the Resumption Of Operations provision:

We will reduce the amount of your Business Income loss, other than Extra Expense, to the extent you can resume "operations", in whole or in part, by using any other available source of materials or outlet for your products.

(3) The most we will pay under this Additional Coverage is $50,000 in any one occurrence regardless of the number of dependent properties.

Payments under this Additional Coverage will not increase the applicable Limit of Insurance.

(4) The provisions of this Additional Coverage are superseded by **CP 15 08** Business Income From Dependent Properties — Broad Form, or **CP 15 09** Business Income From Dependent Properties — Limited Form, if attached to and made a part of this policy.

e. Ordinance Or Law — Increased Period Of Restoration

(1) If a Covered Cause of Loss occurs to property at the premises described in the Declarations, coverage is extended to include the amount of actual and necessary loss you sustain during the increased period of "suspension" of "operations" caused by or resulting from the enforcement of any ordinance or law that:

(a) Regulates the construction or repair of any property;

(b) Requires the tearing down of parts of any property not damaged by a Covered Cause of Loss; and

(c) Is in force at the time of loss.

However, coverage is not extended under this Additional Coverage to include loss caused by or resulting from the enforcement of any ordinance or law which requires any insured or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of "pollutants".

f. Transit — Business Income

(1) This insurance is extended to apply to the actual loss of Business Income you sustain caused by direct physical loss or damage by a Covered Cause of Loss to Covered Property while in or on a vehicle or in transit more than 1,000 feet from a covered premises while:

(a) In or on a vehicle you own, rent or lease;

(b) In the custody of a public or contract trucker;

(c) In the custody of an air or rail carrier; or

(d) While waterborne on inland waterways. However, there is no coverage under this Additional Coverage for any imported or exported property that is covered under any ocean marine

cargo policy that anyone has obtained.

(2) There is no coverage under this Additional Coverage resulting from loss or damage to:

(a) "Fine arts", "antiques", fur garments, jewelry, precious or semiprecious stones, gold, silver, platinum, or other precious metals or alloys; or

(b) Mail shipments in the custody of the U.S. Postal Service.

(3) This Additional Coverage will continue to apply to such property in the due course of transit, after the expiration or cancellation of this policy, until arrival at and accepted by an authorized representative at the invoiced destination, but for no longer than 30 days after the date of the shipment origination, but this will not cut short the "period of restoration".

(4) You must retain accurate records of all shipments of Covered Property for one year.

(5) The most we will pay under this Additional Coverage is $50,000 in any one occurrence.

Payments under this Additional Coverage will not increase the applicable Limit of Insurance.

6. Coverage Extensions

a. Newly Acquired Locations

(1) You may extend your Business Income and Extra Expense Coverages to apply to property at any premises you acquire other than fairs or exhibitions.

(2) The most we will pay under this Extension, for the sum of Business Income loss and Extra Expense incurred, is $250,000 at each premises.

Payments under this Coverage Extension are separate from the Limit(s) of Insurance shown in the Declarations for any other coverage.

(3) Insurance under this Extension for each newly acquired premises will end when any of the following first occurs:

(a) This policy expires;

(b) 180 days expire after you acquire or begin to construct the property; or

(c) You report values to us.

We will charge you additional premium for values reported from the date you acquire the property.

b. Spoilage Due To Power Outage, Mechanical Breakdown, Or Contamination — Time Element

(1) You may extend your Business Income and Extra Expense Coverages to apply to loss caused by spoilage of "perishable stock" caused by:

(a) Breakdown or Contamination, meaning:

(i) Change in temperature or humidity caused by mechanical breakdown or mechanical failure of refrigerating, cooling, or humidity control equipment; and

(ii) Contamination by the refrigerant.

(b) Power Outage, meaning change in temperature or humidity caused by complete or partial interruption of electrical power due to conditions beyond your control.

(2) This coverage does not apply to loss to stock which is outside of a building or in or on a vehicle unless the stock is being moved to prevent or reduce loss covered by this policy.

(3) Only the following Exclusions contained in Paragraph **B.1.** of the Causes Of Loss — Special Form apply to this Coverage Extension:

(a) **B.1.b.** Earth Movement;

(b) **B.1.c.** Governmental Action;

(c) **B.1.d.** Nuclear Hazard;

(d) **B.1.f.** War And Military Action; and

(e) **B.1.g.** Water.

(4) The following Exclusions are added:

We will not pay for loss or damage caused by:

(a) The disconnecting of any refrigerating, cooling or humidity control system from the source of power.

(b) Shutting off electrical power by turning off the switch that controls the flow of electricity.

(c) The inability of an Electrical Utility Company or other power source to provide sufficient power due to:

(i) Lack of fuel; or

(ii) Governmental order.

(d) A power source at the described premises not having enough power to meet demand due to lack of generating capacity.

(5) For the purposes of this Coverage Extension, the "period of restoration" begins 24 hours after the time of direct physical loss for Business Income coverage, or immediately after the time of direct physical loss or damage for Extra Expense coverage.

(6) The most we will pay under this Coverage Extension is $50,000 per occurrence.

c. Utility Service —Time Element

(1) You may extend your Business Income and Extra Expense Coverages to apply to loss caused by the interruption of service to the described premises or Newly Acquired Locations. The interruption must result from direct physical loss or damage by a Covered Cause of Loss to the property described in paragraph **(2).**

(2) Utility Services

(a) Water Supply Services, meaning pumping stations and water mains supplying water to your premises.

(b) Communication Supply Services, meaning property supplying communication services, including telephone, radio, microwave or television services, to your premises, such as:

(i) Communication transmission lines, including optic fiber transmission lines;

(ii) Coaxial cables; and

(iii) Microwave radio relays except satellites.

(c) Power Supply Services, meaning the following types of property supplying electricity, steam or gas to your premises:

(i) Utility generating plants;

(ii) Switching stations;

(iii) Substations;

(iv) Transformers; and

(v) Transmission lines.

(3) For the purposes of this Coverage Extension, the "period of restoration" begins 24 hours after the time of direct physical loss for Business Income coverage, or immediately after the time of direct physical loss or damage for Extra Expense coverage.

(4) This Coverage Extension does not apply to loss caused by spoilage of "perishable stock" caused by interruption of Utility Services.

(5) The most we will pay under this Coverage Extension is $50,000 per occurrence.

Payments under this Coverage Extension will not increase the applicable Limit of Insurance.

(6) The provisions of this Coverage Extension are superseded by **CP 15 45** Utility Services — Time Element, if attached to and made a part of this policy.

B. Limits Of Insurance

1. The most we will pay for loss in any one occurrence is the applicable Limit of Insurance shown in the Declarations.

2. The amount of insurance stated in the Coverage Extension **A.6.a. Newly Acquired Locations** applies in accordance with the terms of that coverage and is separate from

the Limit(s) of Insurance shown in the Declarations for any other coverage.

3. Payments under the following Additional Coverages and Coverage Extensions will not increase the applicable Limit of Insurance:

   a. Additional Coverage **A.5.a. Civil Authority**

   b. Additional Coverage **A.5.b. Alterations And New Buildings**

   c. Additional Coverage **A.5.c. Extended Business Income**

   d. Additional Coverage **A.5.d. Dependent Properties — Time Element**

   e. Additional Coverage **A.5.e. Ordinance Or Law — Increased Period Of Restoration**

   f. Additional Coverage **A.5.f. Transit — Business Income**

   g. Coverage Extension **A.6.b. Spoilage Due To Power Outage, Mechanical Breakdown, Or Contamination — Time Element**

   h. Coverage Extension **A.6.c. Utility Service — Time Element**

C. Deductible

1. We will not pay for loss in any one occurrence until the amount of loss exceeds the Deductible shown in the Declarations. We will then pay the amount of loss in excess of the Deductible, up to the applicable Limit of Insurance.

2. When the same occurrence involves loss to insurance under this coverage form and loss under the Building And Personal Property Coverage Form, only one deductible will be applied to the occurrence.

3. Windstorm, Hail or Hurricane percentage deductibles do not apply to Business Income coverage or Extra Expense coverage.

D. Loss Conditions

The following conditions apply in addition to the Common Policy Conditions and the Commercial Property Conditions.

1. **Appraisal**

   If we and you disagree on the amount of Net Income and operating expense or the amount of loss, either may make written demand for an appraisal of the loss. In this event, each party will select a competent and impartial appraiser.

   The two appraisers will select an umpire. If they cannot agree, either may request that selection be made by a judge of a court having jurisdiction. The appraisers will state separately the amount of Net Income and operating expense or amount of loss. If they fail to agree, they will submit their differences to the umpire. A decision agreed to by any two will be binding. Each party will:

   a. Pay its chosen appraiser; and

   b. Bear the other expenses of the appraisal and umpire equally.

   If there is an appraisal, we will still retain our right to deny the claim.

2. **Duties In The Event Of Loss**

   a. You must see that the following are done in the event of loss:

      (1) Notify the police if a law may have been broken.

      (2) Give us prompt notice of the direct physical loss or damage. Include a description of the property involved.

      (3) As soon as possible, give us a description of how, when, and where the direct physical loss or damage occurred.

      (4) Take all reasonable steps to protect the Covered Property from further damage, and keep a record of your expenses necessary to protect the Covered Property, for consideration in the settlement of the claim. This will not increase the Limit of Insurance. However, we will not pay for any subsequent loss or damage resulting from a cause of loss that is not a Covered Cause of Loss. Also, if feasible, set the damaged property aside and in the best possible order for examination.

      (5) As often as may be reasonably required, permit us to inspect the property proving the loss or damage and examine your books and records.

      Also permit us to take samples of damaged and undamaged property for inspection, testing and analysis, and permit us to make copies from your books and records.

(6) Send us a signed, sworn proof of loss containing the information we request to investigate the claim. You must do this within 60 days after our request. We will supply you with the necessary forms.

(7) Cooperate with us in the investigation or settlement of the claim.

(8) If you intend to continue your business, you must resume all or part of your "operations" as quickly as possible.

b. We may examine any insured under oath, while not in the presence of any other insured and at such times as may be reasonably required, about any matter relating to this insurance or the claim, including an insured's books and records. In the event of an examination, an insured's answers must be signed.

3. Loss Determination

a. The amount of Business Income loss will be determined based on:

(1) The Net Income of the business before the direct physical loss or damage occurred;

(2) The likely Net Income of the business if no physical loss or damage had occurred, but not including any Net Income that would likely have been earned as a result of an increase in the volume of business due to favorable business conditions caused by the impact of the Covered Cause of Loss on customers or on other businesses;

(3) The operating expenses, including payroll expenses, necessary to resume "operations" with the same quality of service that existed just before the direct physical loss or damage; and

(4) Other relevant sources of information, including:

(a) Your financial records and accounting procedures;

(b) Bills, invoices and other vouchers; and

(c) Deeds, liens or contracts.

b. The amount of Extra Expense will be determined based on:

(1) All expenses that exceed the normal operating expenses that would have been incurred by "operations" during the "period of restoration" if no direct physical loss or damage had occurred. We will deduct from the total of such expenses:

(a) The salvage value that remains of any property bought for temporary use during the "period of restoration", once "operations" are resumed; and

(b) Any Extra Expense that is paid for by other insurance, except for insurance that is written subject to the same plan, terms, conditions and provisions as this insurance; and

(2) Necessary expenses that reduce the Business Income loss that otherwise would have been incurred.

c. Resumption Of Operations

We will reduce the amount of your:

(1) Business Income loss, other than Extra Expense, to the extent you can resume your "operations", in whole or in part, by using damaged or undamaged property (including merchandise or stock) at the described premises or elsewhere.

(2) Extra Expense loss to the extent you can return "operations" to normal and discontinue such Extra Expense.

d. If you do not resume "operations", or do not resume "operations" as quickly as possible, we will pay based on the length of time it would have taken to resume "operations" as quickly as possible.

4. Loss Payment

We will pay for covered loss within 30 days after we receive the sworn proof of loss, if you have complied with all of the terms of this Coverage Part and:

a. We have reached agreement with you on the amount of loss; or

b. An appraisal award has been made.

E. Optional Coverages

If shown as applicable in the Declarations, the following Optional Coverages apply separately to each item.

1. Maximum Period Of Indemnity

The most we will pay for the total of Business Income loss and Extra Expense is the lesser of:

a. The amount of loss sustained and expenses incurred during the 120 days immediately following the beginning of the "period of restoration"; or

b. The Limit of Insurance shown in the Declarations.

2. Monthly Limit Of Indemnity

The most we will pay for loss of Business Income in each period of 30 consecutive days after the beginning of the "period of restoration" is:

a. The Limit of Insurance, multiplied by

b. The fraction shown in the Declarations for this Optional Coverage.

EXAMPLE

When:	The Limit of Insurance is	$ 120,000
	The fraction shown in the Declarations for this Optional Coverage is	1/4
	The most we will pay for loss in each period of 30 consecutive days is: ($120,000 x 1/4 = $30,000)	$ 30,000
	If, in this example, the actual amount of loss is:	
	Days 1-30	$ 40,000
	Days 31-60	$ 20,000
	Days 61-90	$ 30,000
		$ 90,000
	We will pay:	
	Days 1-30	$ 30,000
	Days 31-60	$ 20,000
	Days 61-90	$ 30,000
		$ 80,000

The remaining $10,000 is not covered.

F. Definitions

1. "Antique" means an object having value because its:

a. craftsmanship is in the style or fashion of former times; and

b. age is 100 years old or older.

2. "Dependent property" means property operated by others whom you depend on to:

a. Deliver materials or services to you, or to others for your account. With respect to Contributing Locations, services does not mean water, communication or power supply services;

b. Accept your products or services;

c. Manufacture products for delivery to your customers under contract of sale; or

d. Attract customers to your business.

"Dependent property" does not include roads, bridges, tunnels, waterways, airfields, pipelines or any other similar areas or structures.

3. "Electronic data" means information, facts or computer programs stored as or on, created or used on, or transmitted to or from computer software (including systems and applications software), on hard or floppy disks, CD-ROMs, tapes, drives, cells, data processing devices or any other repositories of computer software which are used with electronically controlled equipment. The term computer programs, referred to in the foregoing description of "electronic data", means a set of related electronic instructions which direct the operations and functions of a computer or device connected to it, which enable the computer or device to receive, process, store, retrieve or send data.

4. "Fine arts" means paintings, etchings, pictures; tapestries; rare or art glass; art glass windows; valuable rugs; statuary; sculptures; "antique" furniture; bric-a-brac; porcelains; and similar property of rarity, historical value or artistic merit.

5. "Finished stock" means stock you have manufactured.

"Finished stock" also includes whiskey and alcoholic products being aged.

"Finished stock" does not include stock you have manufactured that is held for sale on the premises of any retail outlet insured under this Coverage Part.

6. "Operations" means:

   a. Your business activities occurring at the described premises; and

   b. The tenantability of the described premises, if coverage for Business Income Including "Rental Value" or "Rental Value" applies.

7. "Period of restoration" means the period of time that:

   a. Begins:

      (1) 72 hours after the time of direct physical loss or damage for Business Income coverage; or

      (2) Immediately after the time of direct physical loss or damage for Extra Expense coverage;

      caused by or resulting from any Covered Cause of Loss at the described premises; and

   b. Ends on the earlier of:

      (1) The date when the property at the described premises should be repaired, rebuilt or replaced with reasonable speed and similar quality; or

      (2) The date when business is resumed at a new permanent location.

   "Period of restoration" does not include any increased period required due to the enforcement of any ordinance or law that:

      (1) Regulates the construction, use or repair, or requires the tearing down of any property; or

      (2) Requires any insured or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of "pollutants".

   The expiration date of this policy will not cut short the "period of restoration".

8. "Perishable stock" means personal property which is maintained under controlled conditions for its preservation and which is susceptible to loss or damage if the controlled conditions change.

9. "Pollutants" means any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste. Waste includes materials to be recycled, reconditioned or reclaimed.

10. "Rental Value" means Business Income that consists of:

    a. Net Income (Net Profit or Loss before income taxes) that would have been earned or incurred as rental income from tenant occupancy of the premises described in the Declarations as furnished and equipped by you, including fair rental value of any portion of the described premises which is occupied by you; and

    b. Continuing normal operating expenses incurred in connection with that premises, including:

       (1) Payroll; and

       (2) The amount of charges which are the legal obligation of the tenant(s) but would otherwise be your obligations.

11. "Suspension" means:

    a. The slowdown or cessation of your business activities; or

    b. That a part or all of the described premises is rendered untenantable, if coverage for Business Income Including "Rental Value" or "Rental Value" applies.

Safeco Optimum Property ™ for Apartments
BUSINESS INCOME (WITHOUT EXTRA EXPENSE) COVERAGE FORM

Various provisions in this policy restrict coverage. Read the entire policy carefully to determine rights, duties and what is and is not covered.

Throughout this policy the words "you" and "your" refer to the Named Insured shown in the Declarations. The words "we", "us" and "our" refer to the Company providing this insurance.

Other words and phrases that appear in quotation marks have special meaning. Refer to Section **F.** Definitions.

A. Coverage

1. Business Income

Business Income means the:

a. Net Income (Net Profit or Loss before income taxes) that would have been earned or incurred; and

b. Continuing normal operating expenses incurred, including payroll.

For manufacturing risks, Net Income includes the net sales value of production.

Coverage is provided as described and limited below for one or more of the following options for which a Limit of Insurance is shown in the Declarations:

(1) Business Income Including "Rental Value".

(2) Business Income Other Than "Rental Value".

(3) "Rental Value".

If option **(1)** above is selected, the term Business Income will include "Rental Value". If option **(3)** above is selected, the term Business Income will mean "Rental Value" only.

If Limits of Insurance are shown under more than one of the above options, the provisions of this Coverage Part apply separately to each.

We will pay for the actual loss of Business Income you sustain due to the necessary "suspension" of your "operations" during the "period of restoration". The "suspension" must be caused by direct physical loss of or damage to property at premises which are described in the Declarations and for which a Business Income Limit of Insurance is shown in the Declarations. The loss or damage must be caused by or result from a Covered Cause of Loss. With respect to loss of or damage to personal property in the open or personal property in a vehicle, the described premises include the area within 1,000 feet of the site at which the described premises are located.

With respect to the requirements set forth in the preceding paragraph, if you occupy only part of the site at which the described premises are located, your premises means:

a. The portion of the building which you rent, lease or occupy; and

b. Any area within the building or on the site at which the described premises are located, if that area services, or is used to gain access to, the described premises.

2. Covered Causes Of Loss, Exclusions And Limitations

See applicable Causes Of Loss Form as shown in the Declarations.

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3. Additional Limitation — Interruption Of Computer Operations

Coverage for Business Income does not apply when a "suspension" of "operations" is caused by destruction or corruption of "electronic data", or any loss or damage to "electronic data", except as provided under the Coverage Extension for Electronic Data Processing found in the Building And Personal Property Coverage Form.

4. Additional Coverages

a. Expenses To Reduce Loss

In the event of a covered loss of Business Income, we will pay necessary expenses you incur, except the cost of extinguishing a fire, to avoid further loss of Business Income. The total of our payment for Business Income loss and Expenses to Reduce Loss will not be more than the Business Income loss that would have been payable under this Coverage Form if the Expenses to Reduce Loss had not been incurred. This coverage does not increase the Limit of Insurance.

b. Civil Authority

In this Additional Coverage — Civil Authority, the described premises are premises to which this Coverage Form applies, as shown in the Declarations.

When a Covered Cause of Loss causes damage to property other than property at the described premises, we will pay for the actual loss of Business Income you sustain caused by action of civil authority that prohibits access to the described premises, provided that both of the following apply:

(1) Access to the area immediately surrounding the damaged property is prohibited by civil authority as a result of the damage, and the described premises are within that area but are not more than one mile from the damaged property; and

(2) The action of civil authority is taken in response to dangerous physical conditions resulting from the damage or continuation of the Covered Cause of Loss that caused the damage, or the action is taken to enable a civil authority to have unimpeded access to the damaged property.

Civil Authority coverage will begin 72 hours after the time of the first action of civil authority that prohibits access to the described premises and will apply for a period of up to thirty consecutive days from the date on which such coverage began.

c. Alterations And New Buildings

We will pay for the actual loss of Business Income you sustain due to direct physical loss or damage at the described premises caused by or resulting from any Covered Cause of Loss to:

(1) New buildings or structures, whether complete or under construction;

(2) Alterations or additions to existing buildings or structures; and

(3) Machinery, equipment, supplies or building materials located on or within 1,000 feet of the described premises and:

(a) Used in the construction, alterations or additions; or

(b) Incidental to the occupancy of new buildings.

If such direct physical loss or damage delays the start of "operations", the "period of restoration" will begin on the date "operations" would have begun if the direct physical loss or damage had not occurred.

d. Extended Business Income

(1) Business Income Other Than "Rental Value"

If the necessary "suspension" of your "operations" produces a Business Income loss payable under this policy, we will pay for the actual loss of Business Income you incur during the period that:

(a) Begins on the date property (except "finished stock") is actually repaired, rebuilt or replaced and "operations" are resumed; and

(b) Ends on the earlier of:

(i) The date you could restore your "operations", with reasonable speed, to the level which would generate

the business income amount that would have existed if no direct physical loss or damage had occurred; or

(ii) 180 consecutive days after the date determined in **(1)(a)** above, unless "180" is replaced in the Declarations by a different number of days.

However, Extended Business Income does not apply to loss of Business Income incurred as a result of unfavorable business conditions caused by the impact of the Covered Cause of Loss in the area where the described premises are located.

Loss of Business Income must be caused by direct physical loss or damage at the described premises caused by or resulting from any Covered Cause of Loss.

(2) "Rental Value"

If the necessary "suspension" of your "operations" produces a "Rental Value" loss payable under this policy, we will pay for the actual loss of "Rental Value" you incur during the period that:

(a) Begins on the date property is actually repaired, rebuilt or replaced and tenantability is restored; and

(b) Ends on the earlier of:

(i) The date you could restore tenant occupancy, with reasonable speed, to the level which would generate the "Rental Value" that would have existed if no direct physical loss or damage had occurred; or

(ii) 180 consecutive days after the date determined in **(2)(a)** above, unless "180" is replaced in the Declarations by a different number of days.

However, Extended Business Income does not apply to loss of "Rental Value" incurred as a result of unfavorable business conditions caused by the impact of the Covered Cause of Loss in the area where the described premises are located.

Loss of "Rental Value" must be caused by direct physical loss or damage at the described premises caused by or resulting from any Covered Cause of Loss.

e. Dependent Properties — Business Income

(1) Your coverage for Business Income, as provided and limited in this form, is extended to apply to the actual loss of Business Income you sustain due to direct physical loss of or damage to "dependent property" caused by or resulting from a Covered Cause of Loss.

However this Additional Coverage does not apply when the only loss to dependent property is loss or damage to "electronic data", including destruction or corruption of "electronic data". If the dependent property sustains loss or damage to "electronic data" and other property, coverage under this Additional Coverage will not continue once the other property is repaired, rebuilt or replaced.

(2) Under the Loss Determination Condition below, the following is added to the Resumption Of Operations provision:

We will reduce the amount of your Business Income loss to the extent you can resume "operations", in whole or in part, by using any other available source of materials or outlet for your products.

(3) The most we will pay under this Additional Coverage is $50,000 in any one occurrence regardless of the number of dependent properties.

Payments under this Additional Coverage will not increase the applicable Limit of Insurance.

(4) The provisions of this Additional Coverage are superseded by **CP 15 08** Business Income From Dependent Properties — Broad Form, or

CP 15 09 Business Income From Dependent Properties — Limited Form, if attached to and made a part of this policy.

f. Ordinance Or Law — Increased Period Of Restoration

(1) If a Covered Cause of Loss occurs to property at the premises described in the Declarations, coverage is extended to include the amount of actual and necessary loss you sustain during the increased period of "suspension" of "operations" caused by or resulting from the enforcement of any ordinance or law that:

(a) Regulates the construction or repair of any property;

(b) Requires the tearing down of parts of any property not damaged by a Covered Cause of Loss; and

(c) Is in force at the time of loss.

However, coverage is not extended under this Additional Coverage to include loss caused by or resulting from the enforcement of any ordinance or law which requires any insured or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of "pollutants".

g. Transit — Business Income

(1) This insurance is extended to apply to the actual loss of Business Income you sustain caused by direct physical loss or damage by a Covered Cause of Loss to Covered Property while in or on a vehicle or in transit more than 1,000 feet from a covered premises while:

(a) In or on a vehicle you own, rent or lease;

(b) In the custody of a public or contract trucker;

(c) In the custody of an air or rail carrier; or

(d) While waterborne on inland waterways. However, there is no coverage under this Additional Coverage for any imported or exported property that is covered under any ocean marine cargo policy that anyone has obtained.

(2) There is no coverage under this Additional Coverage resulting from loss or damage to:

(a) "Fine arts", "antiques", fur garments, jewelry, precious or semiprecious stones, gold, silver, platinum, or other precious metals or alloys; or

(b) Mail shipments in the custody of the U.S. Postal Service.

(3) This Additional Coverage will continue to apply to such property in the due course of transit, after the expiration or cancellation of this policy, until arrival at and accepted by an authorized representative at the invoiced destination, but for no longer than 30 days after the date of the shipment origination, but this will not cut short the "period of restoration".

(4) You must retain accurate records of all shipments of Covered Property for one year.

(5) The most we will pay under this Additional Coverage is $50,000 in any one occurrence.

Payments under this Additional Coverage will not increase the applicable Limit of Insurance.

5. Coverage Extensions

a. Newly Acquired Locations

(1) You may extend your Business Income Coverage to apply to property at any premises you acquire other than fairs or exhibitions.

(2) The most we will pay under this Extension is $250,000 at each premises.

Payments under this Coverage Extension are separate from the Limit(s) of Insurance shown in the Declarations for any other coverage.

(3) Insurance under this Extension for each newly acquired premises will end when any of the following first occurs:

(a) This policy expires;

(b) 180 days expire after you acquire or begin to construct the property; or

(c) You report values to us.

We will charge you additional premium for values reported from the date you acquire the property.

b. Spoilage Due To Power Outage, Mechanical Breakdown, Or Contamination — Business Income

(1) You may extend your Business Income Coverage to apply to loss caused by spoilage of "perishable stock" caused by:

(a) Breakdown or Contamination, meaning:

(i) Change in temperature or humidity caused by mechanical breakdown or mechanical failure of refrigerating, cooling, or humidity control equipment; and

(ii) Contamination by the refrigerant.

(b) Power Outage, meaning change in temperature or humidity caused by complete or partial interruption of electrical power due to conditions beyond your control.

(2) This coverage does not apply to loss to stock which is outside of a building or in or on a vehicle unless the stock is being moved to prevent or reduce loss covered by this policy.

(3) Only the following Exclusions contained in Paragraph **B.1.** of the Causes Of Loss — Special Form apply to this Coverage Extension:

(a) **B.1.b.** Earth Movement;

(b) **B.1.c.** Governmental Action;

(c) **B.1.d.** Nuclear Hazard;

(d) **B.1.f.** War And Military Action; and

(e) **B.1.g.** Water.

(4) The following Exclusions are added:

We will not pay for loss or damage caused by:

(a) The disconnecting of any refrigerating, cooling or humidity control system from the source of power.

(b) Shutting off electrical power by turning off the switch that controls the flow of electricity.

(c) The inability of an Electrical Utility Company or other power source to provide sufficient power due to:

(i) Lack of fuel; or

(ii) Governmental order.

(d) A power source at the described premises not having enough power to meet demand due to lack of generating capacity.

(5) For the purposes of this Coverage Extension, the "period of restoration" begins 24 hours after the time of direct physical loss.

(6) The most we will pay under this Coverage Extension is $50,000 per occurrence.

c. Utility Service — Business Income

(1) You may extend your Business Income Coverage to apply to loss caused by the interruption of service to the described premises or Newly Acquired Locations. The interruption must result from direct physical loss or damage by a Covered Cause of Loss to the property described in paragraph **(2).**

(2) Utility Services

(a) Water Supply Services, meaning pumping stations and water mains supplying water to your premises.

(b) Communication Supply Services, meaning property supplying communication services, including telephone, radio, microwave or television services, to your premises, such as:

(i) Communication transmission lines, including optic fiber transmission lines;

(ii) Coaxial cables; and

(iii) Microwave radio relays except satellites.

(c) Power Supply Services, meaning the following types of property supplying electricity, steam or gas to your premises:

(i) Utility generating plants;

(ii) Switching stations;

(iii) Substations;

(iv) Transformers; and

(v) Transmission lines.

(3) For the purposes of this Coverage Extension, the "period of restoration" begins 24 hours after the time of direct physical loss.

(4) This Coverage Extension does not apply to loss caused by spoilage of "perishable stock" caused by interruption of Utility Services.

(5) The most we will pay under this Coverage Extension is $50,000 per occurrence.

Payments under this Coverage Extension will not increase the applicable Limit of Insurance.

(6) The provisions of this Coverage Extension are superseded by **CP 15 45** Utility Services — Time Element, if attached to and made a part of this policy.

B. Limits Of Insurance

1. The most we will pay for loss in any one occurrence is the applicable Limit of Insurance shown in the Declarations.

2. The amount of insurance stated in the Coverage Extension **A.5.a. Newly Acquired Locations** applies in accordance with the terms of that coverage and is separate from the Limit(s) of Insurance shown in the Declarations for any other coverage.

3. Payments under the following Additional Coverages and Coverage Extensions will not increase the applicable Limit of Insurance:

a. Additional Coverage **A.4.a. Expenses To Reduce Loss**

b. Additional Coverage **A.4.b. Civil Authority**

c. Additional Coverage **A.4.c. Alterations And New Buildings**

d. Additional Coverage **A.4.d. Extended Business Income**

e. Additional Coverage **A.4.e. Dependent Properties — Business Income**

f. Additional Coverage **A.4.f. Ordinance Or Law — Increased Period Of Restoration**

g. Additional Coverage **A.4.g. Transit — Business Income**

h. Coverage Extension **A.5.b. Spoilage Due To Power Outage, Mechanical Breakdown, Or Contamination — Business Income**

i. Coverage Extension **A.5.c. Utility Service — Business Income**

C. Deductible

1. We will not pay for loss in any one occurrence until the amount of loss exceeds the Deductible shown in the Declarations. We will then pay the amount of loss in excess of the Deductible, up to the applicable Limit of Insurance.

2. When the same occurrence involves loss to insurance under this coverage form and loss under the Building And Personal Property Coverage Form, only one deductible will be applied to the occurrence.

3. Windstorm, Hail or Hurricane percentage deductibles do not apply to Business Income coverage.

D. Loss Conditions

The following conditions apply in addition to the Common Policy Conditions and the Commercial Property Conditions.

1. Appraisal

If we and you disagree on the amount of Net Income and operating expense or the amount of loss, either may make written demand for an appraisal of the loss. In this event, each party will select a competent and impartial appraiser.

The two appraisers will select an umpire. If they cannot agree, either may request that selection be made by a judge of a court having jurisdiction. The appraisers will state separately the amount of Net Income and operating expense or amount of loss. If they fail to agree, they will submit their differences to the umpire. A decision agreed to by any two will be binding. Each party will:

a. Pay its chosen appraiser; and

b. Bear the other expenses of the appraisal and umpire equally.

If there is an appraisal, we will still retain our right to deny the claim.

2. Duties In The Event Of Loss

a. You must see that the following are done in the event of loss:

(1) Notify the police if a law may have been broken.

(2) Give us prompt notice of the direct physical loss or damage. Include a description of the property involved.

(3) As soon as possible, give us a description of how, when, and where the direct physical loss or damage occurred.

(4) Take all reasonable steps to protect the Covered Property from further damage, and keep a record of your expenses necessary to protect the Covered Property, for consideration in the settlement of the claim. This will not increase the Limit of Insurance. However, we will not pay for any subsequent loss or damage resulting from a cause of loss that is not a Covered Cause of Loss. Also, if feasible, set the damaged property aside and in the best possible order for examination.

(5) As often as may be reasonably required, permit us to inspect the property proving the loss or damage and examine your books and records.

Also permit us to take samples of damaged and undamaged property for inspection, testing and analysis, and permit us to make copies from your books and records.

(6) Send us a signed, sworn proof of loss containing the information we request to investigate the claim. You must do this within 60 days after our request. We will supply you with the necessary forms.

(7) Cooperate with us in the investigation or settlement of the claim.

(8) If you intend to continue your business, you must resume all or part of your "operations" as quickly as possible.

b. We may examine any insured under oath, while not in the presence of any other insured and at such times as may be reasonably required, about any matter relating to this insurance or the claim, including an insured's books and records. In the event of an examination, an insured's answers must be signed.

3. Loss Determination

a. The amount of Business Income loss will be determined based on:

(1) The Net Income of the business before the direct physical loss or damage occurred;

(2) The likely Net Income of the business if no physical loss or damage had occurred, but not including any Net Income that would likely have been earned as a result of an increase in the volume of business due to favorable business conditions caused by the impact of the Covered Cause of Loss on customers or on other businesses;

(3) The operating expenses, including payroll expenses, necessary to resume "operations" with the same quality of service that existed just before the direct physical loss or damage; and

(4) Other relevant sources of information, including:

(a) Your financial records and accounting procedures;

(b) Bills, invoices and other vouchers; and

(c) Deeds, liens or contracts.

b. Resumption Of Operations

We will reduce the amount of your Business Income loss to the extent you can resume your "operations", in whole or in part, by using damaged or undamaged property (including merchandise or stock) at the described premises or elsewhere.

c. If you do not resume "operations", or do not resume "operations" as quickly as possible, we will pay based on the length of time it would have taken to resume "operations" as quickly as possible.

4. Loss Payment

We will pay for covered loss within 30 days after we receive the sworn proof of loss, if you have complied with all of the terms of this Coverage Part and:

a. We have reached agreement with you on the amount of loss; or

b. An appraisal award has been made.

E. Optional Coverages

If shown as applicable in the Declarations, the following Optional Coverages apply separately to each item.

1. Maximum Period Of Indemnity

The most we will pay for the total of Business Income loss and Extra Expense is the lesser of:

a. The amount of loss sustained and expenses incurred during the 120 days immediately following the beginning of the "period of restoration"; or

b. The Limit of Insurance shown in the Declarations.

2. Monthly Limit Of Indemnity

The most we will pay for loss of Business Income in each period of 30 consecutive days after the beginning of the "period of restoration" is:

a. The Limit of Insurance, multiplied by

b. The fraction shown in the Declarations for this Optional Coverage.

EXAMPLE

When:	The Limit of Insurance is	$ 120,000
	The fraction shown in the Declarations for this Optional Coverage is	1/4
	The most we will pay for loss in each period of 30 consecutive days is: ($120,000 x 1/4 = $30,000)	$ 30,000
	If, in this example, the actual amount of loss is:	
	Days 1-30	$ 40,000
	Days 31-60	$ 20,000
	Days 61-90	$ 30,000
		$ 90,000

We will pay:

Days 1-30	$ 30,000
Days 31-60	$ 20,000
Days 61-90	$ 30,000
	$ 80,000

The remaining $10,000 is not covered.

F. Definitions

1. "Antique" means an object having value because its:

a. craftsmanship is in the style or fashion of former times; and

b. age is 100 years old or older.

2. "Dependent property" means property operated by others whom you depend on to:

a. Deliver materials or services to you, or to others for your account. With respect to Contributing Locations, services does not mean water, communication or power supply services;

b. Accept your products or services;

c. Manufacture products for delivery to your customers under contract of sale; or

d. Attract customers to your business.

"Dependent property" does not include roads, bridges, tunnels, waterways, airfields, pipelines or any other similar areas or structures.

3. "Electronic data" means information, facts or computer programs stored as or on, created or used on, or transmitted to or from computer software (including systems and applications software), on hard or floppy disks, CD-ROMs, tapes, drives, cells, data processing devices or any other repositories of computer software which are used with electronically controlled equipment. The term computer programs, referred to in the foregoing description of "electronic data", means a set of related electronic instructions which direct the operations and functions of a computer or device connected to it, which enable the computer or device to receive, process, store, retrieve or send data.

4. "Fine arts" means paintings, etchings, pictures; tapestries; rare or art glass; art glass windows; valuable rugs; statuary; sculptures; "antique" furniture; bric-a-brac; porcelains; and similar property of rarity, historical value or artistic merit.

5. "Finished stock" means stock you have manufactured.

"Finished stock" also includes whiskey and alcoholic products being aged.

"Finished stock" does not include stock you have manufactured that is held for sale on the premises of any retail outlet insured under this Coverage Part.

6. "Operations" means:

   a. Your business activities occurring at the described premises; and

   b. The tenantability of the described premises, if coverage for Business Income Including "Rental Value" or "Rental Value" applies.

7. "Period of restoration" means the period of time that:

   a. Begins 72 hours after the time of direct physical loss or damage caused by or resulting from any Covered Cause of Loss at the described premises; and

   b. Ends on the earlier of:

      (1) The date when the property at the described premises should be repaired, rebuilt or replaced with reasonable speed and similar quality; or

      (2) The date when business is resumed at a new permanent location.

   "Period of restoration" does not include any increased period required due to the enforcement of any ordinance or law that:

      (1) Regulates the construction, use or repair, or required the tearing down of any property; or

      (2) Requires any insured or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of "pollutants".

   The expiration date of this policy will not cut short the "period of restoration".

8. "Perishable stock" means personal property which is maintained under controlled conditions for its preservation and which is susceptible to loss or damage if the controlled conditions change.

9. "Pollutants" means any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste. Waste includes materials to be recycled, reconditioned or reclaimed.

10. "Rental Value" means Business Income that consists of:

    a. Net Income (Net Profit or Loss before income taxes) that would have been earned or incurred as rental income from tenant occupancy of the premises described in the Declarations as furnished and equipped by you, including fair rental value of any portion of the described premises which is occupied by you; and

    b. Continuing normal operating expenses incurred in connection with that premises, including:

       (1) Payroll; and

       (2) The amount of charges which are the legal obligation of the tenant(s) but would otherwise be your obligations.

11. "Suspension" means:

    a. The slowdown or cessation of your business activities; or

    b. That a part or all of the described premises is rendered untenantable, if coverage for Business Income Including "Rental Value" or "Rental Value" applies.

Safeco Optimum Property ™ for Apartments
EXTRA EXPENSE COVERAGE FORM

Various provisions in this policy restrict coverage. Read the entire policy carefully to determine rights, duties and what is and is not covered.

Throughout this policy the words "you" and "your" refer to the Named Insured shown in the Declarations. The words "we", "us" and "our" refer to the Company providing this insurance.

Other words and phrases that appear in quotation marks have special meaning. Refer to Section **E.** Definitions.

A. Coverage

We will pay the actual and necessary Extra Expense you sustain due to direct physical loss of or damage to property at premises which are described in the Declarations and for which an Extra Expense Limit of Insurance is shown in the Declarations. The loss or damage must be caused by or result from a Covered Cause of Loss. With respect to loss of or damage to personal property in the open or personal property in a vehicle, the described premises include the area within 1,000 feet of the site at which the described premises are located.

With respect to the requirements set forth in the preceding paragraph, if you occupy only part of the site at which the described premises are located, your premises means:

a. The portion of the building which you rent, lease or occupy; and

b. Any area within the building or on the site at which the described premises are located, if that area services, or is used to gain access to, the described premises.

1. Extra Expense

Extra Expense means necessary expenses you incur during the "period of restoration" that you would not have incurred if there had been no direct physical loss or damage to property. Coverage pertains to expenses (other than the expense to repair or replace property) which are incurred to:

a. Avoid or minimize the "suspension" of business and to continue "operations" at the described premises or at replacement premises or temporary locations, including relocation expenses and costs to equip and operate the replacement location or temporary location.

b. Minimize the "suspension" of business if you cannot continue "operations".

We will also pay Extra Expense to repair or replace property, but only to the extent it reduces the amount of loss that otherwise would have been payable under this Coverage Form.

2. Covered Causes Of Loss, Exclusions And Limitations

See applicable Causes Of Loss Form as shown in the Declarations.

3. Additional Limitation — Interruption Of Computer Operations

Coverage for Extra Expense does not apply when action is taken to avoid or minimize a "suspension" of "operations" caused by destruction or corruption of "electronic data", or any loss or damage to "electronic data", except as provided under the Coverage Extension for Electronic Data Processing found in the Building And Personal Property Coverage Form.

4. Additional Coverages

a. Alterations And New Buildings

We will pay for the actual and necessary Extra Expense you incur due to direct physical loss or damage at the described premises caused by or resulting from any Covered Cause of Loss to:

(1) New buildings or structures, whether complete or under construction;

(2) Alterations or additions to existing buildings or structures; and

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(3) Machinery, equipment, supplies or building materials located on or within 1,000 feet of the described premises and:

(a) Used in the construction, alterations or additions; or

(b) Incidental to the occupancy of new buildings.

b. Civil Authority

In this Additional Coverage — Civil Authority, the described premises are premises to which this Coverage Form applies, as shown in the Declarations.

When a Covered Cause of Loss causes damage to property other than property at the described premises, we will pay for the actual and necessary Extra Expense you incur caused by action of civil authority that prohibits access to the described premises, provided that both of the following apply:

(1) Access to the area immediately surrounding the damaged property is prohibited by civil authority as a result of the damage, and the described premises are within that area but are not more than one mile from the damaged property; and

(2) The action of civil authority is taken in response to dangerous physical conditions resulting from the damage or continuation of the Covered Cause of Loss that caused the damage, or the action is taken to enable a civil authority to have unimpeded access to the damaged property.

Civil Authority coverage will begin immediately after the time of the first action of civil authority that prohibits access to the described premises and will end 30 consecutive days after the date of that action.

c. Dependent Properties — Extra Expense

(1) Your coverage for Extra Expense, as provided and limited in this form, is extended to apply to the actual and necessary Extra Expense you incur due to direct physical loss of or damage to "dependent property" caused by or resulting from a Covered Cause of Loss.

However this Additional Coverage does not apply when the only loss to "dependent property" is loss or damage to "electronic data", including destruction or corruption of "electronic data". If the "dependent property" sustains loss or damage to "electronic data" and other property, coverage under this Additional Coverage will not continue once the other property is repaired, rebuilt or replaced.

(2) The most we will pay under this Additional Coverage is $50,000 in any one occurrence regardless of the number of dependent properties.

Payments under this Additional Coverage will not increase the applicable Limit of Insurance.

d. Ordinance Or Law — Increased Period Of Restoration

(1) If a Covered Cause of Loss occurs to property at the premises described in the Declarations, coverage is extended to include the amount of actual and necessary loss you sustain during the increased period of "suspension" of "operations" caused by or resulting from the enforcement of any ordinance or law that:

(a) Regulates the construction or repair of any property;

(b) Requires the tearing down of parts of any property not damaged by a Covered Cause of Loss; and

(c) Is in force at the time of loss.

However, coverage is not extended under this Additional Coverage to include loss caused by or resulting from the enforcement of any ordinance or law which requires any insured or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of "pollutants".

5. Coverage Extensions

a. Newly Acquired Locations

(1) You may extend your Extra Expense Coverage to apply to property at any premises you acquire other than fairs or exhibitions.

(2) The most we will pay under this Extension is $250,000 at each premises.

Payments under this Coverage Extension are separate from the Limit(s) of Insurance shown in the Declarations for any other coverage.

(3) Insurance under this Extension for each newly acquired premises will end when any of the following first occurs:

(a) This policy expires;

(b) 180 days expire after you acquire or begin to construct the property; or

(c) You report values to us.

We will charge you additional premium for values reported from the date you acquire the property.

b. Spoilage Due To Power Outage, Mechanical Breakdown, Or Contamination — Extra Expense

(1) You may extend your Extra Expense Coverage to apply to loss caused by spoilage of "perishable stock" caused by:

(a) Breakdown or Contamination, meaning:

(i) Change in temperature or humidity caused by mechanical breakdown or mechanical failure of refrigerating, cooling, or humidity control equipment; and

(ii) Contamination by the refrigerant.

(b) Power Outage, meaning change in temperature or humidity caused by complete or partial interruption of electrical power due to conditions beyond your control.

(2) This coverage does not apply to loss to stock which is outside of a building or in or on a vehicle unless the stock is being moved to prevent or reduce loss covered by this policy.

(3) Only the following Exclusions contained in Paragraph **B.1.** of the Causes Of Loss — Special Form apply to this Coverage Extension:

(a) **B.1.b.** Earth Movement;

(b) **B.1.c.** Governmental Action;

(c) **B.1.d.** Nuclear Hazard;

(d) **B.1.f.** War And Military Action; and

(e) **B.1.g.** Water.

(4) The following Exclusions are added:

We will not pay for loss or damage caused by:

(a) The disconnecting of any refrigerating, cooling or humidity control system from the source of power.

(b) Shutting off electrical power by turning off the switch that controls the flow of electricity.

(c) The inability of an Electrical Utility Company or other power source to provide sufficient power due to:

(i) Lack of fuel; or

(ii) Governmental order.

(d) A power source at the described premises not having enough power to meet demand due to lack of generating capacity.

(5) The most we will pay under this Coverage Extension is $50,000 per occurrence.

c. Utility Service — Extra Expense

(1) You may extend your Extra Expense Coverage to apply to loss at the described premises or Newly Acquired Locations caused by the interruption of service to the described premises or Newly Acquired Locations. The interruption must result from direct physical loss or damage by a Covered Cause of Loss to the property described in Paragraph **(2),**

(2) Utility Services

(a) Water Supply Services, meaning pumping stations and water mains supplying water to your premises.

(b) Communication Supply Services, meaning property supplying communication services, including telephone, radio, microwave or television

services, to your premises, such as:

(i) Communication transmission lines, including optic fiber transmission lines;

(ii) Coaxial cables; and

(iii) Microwave radio relays except satellites.

(c) Power Supply Services, meaning the following types of property supplying electricity, steam or gas to your premises:

(i) Utility generating plants;

(ii) Switching stations;

(iii) Substations;

(iv) Transformers; and

(v) Transmission lines.

(3) This Coverage Extension does not apply to loss caused by spoilage of "perishable stock" caused by interruption of Utility Services.

(4) The most we will pay under this Coverage Extension is $50,000 per occurrence.

Payments under this Coverage Extension will not increase the applicable Limit of Insurance.

(5) The provisions of this Coverage Extension are superseded by **CP 15 45** Utility Services — Time Element, if attached to and made a part of this policy.

B. Limits Of Insurance

1. The most we will pay for loss in any one occurrence is the applicable Limit of Insurance shown in the Declarations.

2. The amount of insurance stated in the Coverage Extension **A.5.a. Newly Acquired Locations** applies in accordance with the terms of that coverage and is separate from the Limit(s) of Insurance shown in the Declarations for any other coverage.

3. Payments under the following Additional Coverages and Coverage Extensions will not increase the applicable Limit of Insurance:

a. Additional Coverage **A.4.a. Alterations And New Buildings**

b. Additional Coverage **A.4.b. Civil Authority**

c. Additional Coverage **A.4.c. Dependent Properties — Extra Expense**

d. Additional Coverage **A.4.d. Ordinance Or Law — Increased Period Of Restoration**

e. Coverage Extension **A.5.b. Spoilage Due To Power Outage, Mechanical Breakdown, Or Contamination — Extra Expense**

f. Coverage Extension **A.5.c. Utility Service — Extra Expense**

C. Deductible

1. We will not pay for loss in any one occurrence until the amount of loss exceeds the Deductible shown in the Declarations. We will then pay the amount of loss in excess of the Deductible, up to the applicable Limit of Insurance.

2. When the same occurrence involves loss to insurance under this coverage form and loss under the Building And Personal Property Coverage Form, only one deductible will be applied to the occurrence.

3. Windstorm, Hail or Hurricane percentage deductibles do not apply to Extra Expense coverage.

D. Loss Conditions

The following conditions apply in addition to the Common Policy Conditions and the Commercial Property Conditions.

1. Appraisal

If we and you disagree on the amount of loss, either may make written demand for an appraisal of the loss. In this event, each party will select a competent and impartial appraiser. The two appraisers will select an umpire. If they cannot agree, either may request that selection be made by a judge of a court having jurisdiction. The appraisers will state separately the amount of loss. If they fail to agree, they will submit their differences to the umpire. A decision agreed to by any two will be binding. Each party will:

a. Pay its chosen appraiser; and

b. Bear the other expenses of the appraisal and umpire equally.

If there is an appraisal, we will still retain our right to deny the claim.

2. Duties If You Incur Extra Expense

a. You must see that the following are done if you incur Extra Expense:

(1) Notify the police if a law may have been broken.

(2) Give us prompt notice of the direct physical loss or damage. Include a description of the property involved.

(3) As soon as possible, give us a description of how, when, and where the direct physical loss or damage occurred.

(4) Take all reasonable steps to protect the Covered Property from further damage, and keep a record of your expenses necessary to protect the Covered Property, for consideration in the settlement of the claim. This will not increase the Limit of Insurance. However, we will not pay for any subsequent loss or damage resulting from a cause of loss that is not a Covered Cause of Loss. Also, if feasible, set the damaged property aside and in the best possible order for examination.

(5) As often as may be reasonably required, permit us to inspect the property proving the loss or damage and examine your books and records.

Also permit us to take samples of damaged and undamaged property for inspection, testing and analysis, and permit us to make copies from your books and records.

(6) Send us a signed, sworn proof of loss containing the information we request to investigate the claim. You must do this within 60 days after our request. We will supply you with the necessary forms.

(7) Cooperate with us in the investigation or settlement of the claim.

(8) If you intend to continue your business, you must resume all or part of your "operations" as quickly as possible.

b. We may examine any insured under oath, while not in the presence of any other insured and at such times as may be reasonably required, about any matter relating to this insurance or the claim, including an insured's books and records. In the event of an examination, an insured's answers must be signed.

3. Limits On Loss Payment

We will not pay more for Extra Expense than the percentages shown in the Declarations times the Limit of Insurance.

When the "period of restoration" is:

a. 30 days or less, the first percentage applies.

b. 60 days or less, but more than 30 days, the second percentage applies.

c. More than 60 days, the third percentage applies.

EXAMPLE:

The Limit of Insurance is	$ 100,000
The percentages shown in the Declarations are	40%-80%-100%
The "period of restoration" is	45 days
The amount of Extra Expenses incurred is	$ 90,000

We will not pay more than $100,000 times 80% (the percentage applicable for a "period of restoration" of 31-60 days), or $80,000. The remaining $10,000 is not covered.

4. Loss Determination

a. The amount of Extra Expense will be determined based on:

(1) All expenses that exceed the normal operating expenses that would have been incurred by "operations" during the "period of restoration" if no direct physical loss or damage had occurred. We will deduct from the total of such expenses:

(a) The salvage value that remains of any property bought for temporary use during the "period of restoration", once "operations" are resumed; and

(b) Any Extra Expense that is paid for by other insurance, except for insurance that is written subject to the same plan, terms, conditions and provisions as this insurance; and

(2) Necessary expenses that reduce the Extra Expense otherwise incurred.

b. We will reduce the amount of your Extra Expense loss to the extent you can return "operations" to normal and discontinue such Extra Expense.

c. If you do not resume "operations", or do not resume "operations" as quickly as possible, we will pay based on the length of time it would have taken to resume "operations" as quickly as possible.

5. **Loss Payment**

We will pay for any loss within 30 days after we receive the proof of loss, if you have complied with all of the terms of this Coverage Part and:

a. We reach agreement with you on the amount of loss; or

b. An appraisal award has been made.

E. Definitions

1. "Dependent property" means property operated by others whom you depend on to:

a. Deliver materials or services to you, or to others for your account. With respect to Contributing Locations, services does not mean water, communication or power supply services;

b. Accept your products or services;

c. Manufacture products for delivery to your customers under contract of sale; or

d. Attract customers to your business.

"Dependent property" does not include roads, bridges, tunnels, waterways, airfields, pipelines or any other similar areas or structures.

2. "Electronic data" means information, facts or computer programs stored as or on, created or used on, or transmitted to or from computer software (including systems and applications software), on hard or floppy disks, CD-ROMs, tapes, drives, cells, data processing devices or any other repositories of computer software which are used with electronically controlled equipment. The term computer programs, referred to in the foregoing description of "electronic data", means a set of related electronic instructions which direct the operations and functions of a computer or device connected to it, which enable the computer or device to receive, process, store, retrieve or send data.

3. "Operations" means your business activities occurring at the described premises.

4. "Period of restoration" means the period of time that:

a. Begins with the date of direct physical loss or damage caused by or resulting from any Covered Cause of Loss at the described premises; and

b. Ends on the earlier of:

(1) The date when the property at the described premises should be repaired, rebuilt or replaced with reasonable speed and similar quality; or

(2) The date when business is resumed at a new permanent location.

"Period of restoration" does not include any increased period required due to the enforcement of any ordinance or law that:

(1) Regulates the construction, use or repair, or requires the tearing down of any property; or

(2) Requires any insured or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of "pollutants".

The expiration date of this policy will not cut short the "period of restoration".

5. "Perishable stock" means personal property which is maintained under controlled conditions for its preservation and which is susceptible to loss or damage if the controlled conditions change.

6. "Pollutants" means any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste. Waste includes materials to be recycled, reconditioned or reclaimed.

7. "Suspension" means the slowdown or cessation of your business activities.

Safeco Optimum Property ™ for Apartments
BUSINESS INCOME (AND EXTRA EXPENSE)
ACTUAL LOSS SUSTAINED COVERAGE FORM

Various provisions in this policy restrict coverage. Read the entire policy carefully to determine rights, duties and what is and is not covered.

Throughout this policy the words "you" and "your" refer to the Named Insured shown in the Declarations. The words "we", "us" and "our" refer to the Company providing this insurance.

Other words and phrases that appear in quotation marks have special meaning. Refer to Section **D.** Definitions.

A. Coverage

1. Business Income

Business Income means the:

a. Net Income (Net Profit or Loss before income taxes) that would have been earned or incurred; and

b. Continuing normal operating expenses incurred, including payroll.

For manufacturing risks, Net Income includes the net sales value of production.

Coverage is provided as described and limited below for one or more of the following options for which a Limit of Insurance is shown in the Declarations:

(1) Business Income Including "Rental Value".

(2) Business Income Other Than "Rental Value".

(3) "Rental Value".

If option **(1)** above is selected, the term Business Income will include "Rental Value". If option **(3)** above is selected, the term Business Income will mean "Rental Value" only.

If Limits of Insurance are shown under more than one of the above options, the provisions of this Coverage Part apply separately to each.

We will only pay for loss of Business Income that you sustain during the "period of restoration" and that occurs within 12 consecutive months after the date of direct physical loss or damage. With respect to loss of or damage to personal property in the open or personal property in a vehicle, the described premises include the area within 1,000 feet of the site at which the described premises are located.

With respect to the requirements set forth in the preceding paragraph, if you occupy only part of the site at which the described premises are located, your premises means:

a. The portion of the building which you rent, lease or occupy; and

b. Any area within the building or on the site at which the described premises are located, if that area services, or is used to gain access to, the described premises.

If you are operating at a Net Loss, continuing normal operating expenses will be offset by the net loss.

2. Extra Expense

a. Extra Expense coverage is provided at the premises described in the Declarations.

b. Extra Expense means necessary expenses you incur during the "period of restoration" that you would not have incurred if there had been no direct physical loss or damage to property caused by or resulting from a Covered Cause of Loss.

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We will pay Extra Expense (other than the expense to repair or replace property) to:

(1) Avoid or minimize the "suspension" of business and to continue "operations" at the described premises or at replacement premises or temporary locations, including relocation expenses and costs to equip and operate the replacement location or temporary location.

(2) Minimize the "suspension" of business if you cannot continue "operations".

We will also pay Extra Expense to repair or replace property, but only to the extent it reduces the amount of loss that otherwise would have been payable under this Coverage Form.

We will only pay Extra Expense you incur during the "period of restoration" and that occurs within 12 consecutive months after the date of direct physical loss or damage.

3. Covered Causes Of Loss, Exclusions And Limitations

See applicable Causes Of Loss Form as shown in the Declarations.

4. Additional Limitation — Interruption Of Computer Operations

a. Coverage for Business Income does not apply when a "suspension" of "operations" is caused by destruction or corruption of "electronic data", or any loss or damage to "electronic data", except as provided under the Coverage Extension for Electronic Data Processing found in the Building And Personal Property Coverage Form.

b. Coverage for Extra Expense does not apply when action is taken to avoid or minimize a "suspension" of "operations" caused by destruction or corruption of "electronic data", or any loss or damage to "electronic data", except as provided under the Coverage Extension for Electronic Data Processing found in the Building And Personal Property Coverage Form.

5. Additional Coverages

a. Civil Authority

In this Additional Coverage — Civil Authority, the described premises are premises to which this Coverage Form applies, as shown in the Declarations.

When a Covered Cause of Loss causes damage to property other than property at the described premises, we will pay for the actual loss of Business Income you sustain and necessary Extra Expense caused by action of civil authority that prohibits access to the described premises, provided that both of the following apply:

(1) Access to the area immediately surrounding the damaged property is prohibited by civil authority as a result of the damage, and the described premises are within that area but are not more than one mile from the damaged property; and

(2) The action of civil authority is taken in response to dangerous physical conditions resulting from the damage or continuation of the Covered Cause of Loss that caused the damage, or the action is taken to enable a civil authority to have unimpeded access to the damaged property.

Civil Authority coverage for Business Income will begin 72 hours after the time of the first action of civil authority that prohibits access to the described premises and will apply for a period of up to thirty consecutive days from the date on which such coverage began.

Civil Authority coverage for Extra Expense will begin immediately after the time of the first action of civil authority that prohibits access to the described premises and will end:

(1) 30 consecutive days after the date of that action; or

(2) When your Civil Authority coverage for Business Income ends;

whichever is later.

b. Alterations And New Buildings

We will pay for the actual loss of Business Income you sustain and necessary Extra Expense you incur due to direct physical loss or damage at the described premises caused by or resulting from any Covered Cause of Loss to:

(1) New buildings or structures, whether complete or under construction;

(2) Alterations or additions to existing buildings or structures; and

(3) Machinery, equipment, supplies or building materials located on or within 1,000 feet of the described premises and:

(a) Used in the construction, alterations or additions; or

(b) Incidental to the occupancy of new buildings.

If such direct physical loss or damage delays the start of "operations", the "period of restoration" for Business Income Coverage will begin on the date "operations" would have begun if the direct physical loss or damage had not occurred.

This Additional Coverage applies to losses that you incur during the "period of restoration" and that occur within 12 consecutive months after the date of direct physical loss or damage.

c. Extended Business Income

(1) Business Income Other Than "Rental Value"

If the necessary "suspension" of your "operations" produces a Business Income loss payable under this policy, we will pay for the actual loss of Business Income you incur during the period that:

(a) Begins on the date property (except "finished stock") is actually repaired, rebuilt or replaced and "operations" are resumed; and

(b) Ends on the earlier of:

(i) The date you could restore your "operations", with reasonable speed, to the level which would generate the business income amount that would have existed if no direct physical loss or damage had occurred; or

(ii) 180 consecutive days after the date determined in **(1)(a)** above, unless "180" is replaced in the Declarations by a different number of days.

However, Extended Business Income does not apply to loss of Business Income incurred as a result of unfavorable business conditions caused by the impact of the Covered Cause of Loss in the area where the described premises are located.

Loss of Business Income must be caused by direct physical loss or damage at the described premises caused by or resulting from any Covered Cause of Loss.

(2) "Rental Value"

If the necessary "suspension" of your "operations" produces a "Rental Value" loss payable under this policy, we will pay for the actual loss of "Rental Value" you incur during the period that:

(a) Begins on the date property is actually repaired, rebuilt or replaced and tenantability is restored; and

(b) Ends on the earlier of:

(i) The date you could restore tenant occupancy, with reasonable speed, to the level which would generate the "Rental Value" that would have existed if no direct physical loss or damage had occurred; or

(ii) 180 consecutive days after the date determined in **(2)(a)** above, unless "180" is replaced in the Declarations by a different number of days.

However, Extended Business Income does not apply to loss of "Rental Value" incurred as a result of unfavorable business conditions caused by the impact of the Covered Cause of Loss in the area where the described premises are located.

Loss of "Rental Value" must be caused by direct physical loss or damage at the described premises caused by or resulting from any Covered Cause of Loss.

d. Dependent Properties — Time Element

(1) Your coverage for Business Income and Extra Expense, as provided and limited in this form, is extended to apply to the actual loss of Business Income you sustain, and the actual and necessary Extra Expense you incur, due to direct physical loss of or damage to "dependent property" caused by or resulting from a Covered Cause of Loss.

However this Additional Coverage does not apply when the only loss to "dependent property" is loss or damage to "electronic data", including destruction or corruption of "electronic data". If the dependent property sustains loss or damage to "electronic data" and other property, coverage under this Additional Coverage will not continue once the other property is repaired, rebuilt or replaced.

(2) Under the Loss Determination Condition below, the following is added to the Resumption Of Operations provision:

We will reduce the amount of your Business Income loss, other than Extra Expense, to the extent you can resume "operations", in whole or in part, by using any other available source of materials or outlet for your products.

(3) The most we will pay under this Additional Coverage is $50,000 in any one occurrence regardless of the number of dependent properties.

(4) The provisions of this Additional Coverage are superseded by **CP 15 08** Business Income From Dependent Properties — Broad Form, or **CP 15 09** Business Income From Dependent Properties — Limited Form, if attached to and made a part of this policy.

e. Ordinance Or Law — Increased Period Of Restoration

(1) If a Covered Cause of Loss occurs to property at the premises described in the Declarations, coverage is extended to include the amount of actual and necessary loss you sustain during the increased period of "suspension" of "operations" caused by or resulting from the enforcement of any ordinance or law that:

(a) Regulates the construction or repair of any property;

(b) Requires the tearing down of parts of any property not damaged by a Covered Cause of Loss; and

(c) Is in force at the time of loss.

However, coverage is not extended under this Additional Coverage to include loss caused by or resulting from the enforcement of any ordinance or law which requires any insured or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of "pollutants".

We will only pay for loss under this Additional Coverage that occurs within 12 consecutive months after the date of direct physical loss or damage.

f. Transit — Business Income

(1) This insurance is extended to apply to the actual loss of Business Income you sustain caused by direct physical loss or damage by a Covered Cause of Loss to Covered Property while in or on a vehicle or in transit more than 1,000 feet from a covered premises while:

(a) In or on a vehicle you own, rent or lease;

(b) In the custody of a public or contract trucker;

(c) In the custody of an air or rail carrier; or

(d) While waterborne on inland waterways. However, there is no coverage under this Additional Coverage for any imported or exported property that is covered under any ocean marine cargo policy that anyone has obtained.

(2) There is no coverage under this Additional Coverage resulting from loss or damage to:

(a) "Fine arts", "antiques", fur garments, jewelry, precious or semiprecious stones, gold, silver, platinum, or other precious metals or alloys; or

(b) Mail shipments in the custody of the U.S. Postal Service.

(3) This Additional Coverage will continue to apply to such property in the due course of transit, after the expiration or cancellation of this policy, until arrival at and accepted by an authorized representative at the invoiced destination, but for no longer than 30 days after the date of the shipment origination, but this will not cut short the "period of restoration".

(4) You must retain accurate records of all shipments of Covered Property for one year.

(5) The most we will pay under this Additional Coverage is $50,000 in any one occurrence.

6. Coverage Extensions

a. Newly Acquired Locations

(1) You may extend your Business Income and Extra Expense Coverages to apply to property at any premises you acquire other than fairs or exhibitions.

(2) The most we will pay under this Extension, for the sum of Business Income loss and Extra Expense incurred, is $250,000 at each premises.

(3) Insurance under this Extension for each newly acquired premises will end when any of the following first occurs:

(a) This policy expires;

(b) 180 days expire after you acquire or begin to construct the property; or

(c) You report values to us.

We will charge you additional premium for values reported from the date you acquire the property.

b. Spoilage Due To Power Outage, Mechanical Breakdown, Or Contamination — Time Element

(1) You may extend your Business Income and Extra Expense Coverages to apply to loss caused by spoilage of "perishable stock" caused by:

(a) Breakdown or Contamination, meaning:

(i) Change in temperature or humidity caused by mechanical breakdown or mechanical failure of refrigerating, cooling, or humidity control equipment; and

(ii) Contamination by the refrigerant.

(b) Power Outage, meaning change in temperature or humidity caused by complete or partial interruption of electrical power due to conditions beyond your control.

(2) This coverage does not apply to loss to stock which is outside of a building or in or on a vehicle unless the stock is being moved to prevent or reduce loss covered by this policy.

(3) Only the following Exclusions contained in Paragraph **B.1.** of the Causes Of Loss — Special Form apply to this Coverage Extension:

(a) **B.1.b.** Earth Movement;

(b) **B.1.c.** Governmental Action;

(c) **B.1.d.** Nuclear Hazard;

(d) **B.1.f.** War And Military Action; and

(e) **B.1.g.** Water.

(4) The following Exclusions are added:

We will not pay for loss or damage caused by:

(a) The disconnecting of any refrigerating, cooling or humidity control system from the source of power.

(b) Shutting off electrical power by turning off the switch that controls the flow of electricity.

(c) The inability of an Electrical Utility Company or other power source to provide sufficient power due to:

(i) Lack of fuel; or

(ii) Governmental order.

(d) A power source at the described premises not having enough power to meet demand due to lack of generating capacity.

(5) For the purposes of this Coverage Extension, the "period of restoration" begins 24 hours after the time of direct physical loss for Business Income coverage, or immediately after the time of direct physical loss or damage for Extra Expense coverage.

(6) The most we will pay under this Coverage Extension is $50,000 per occurrence.

c. Utility Service — Time Element

(1) You may extend your Business Income and Extra Expense Coverages to apply to loss caused by the interruption of service to the described premises or Newly Acquired Locations. The interruption must result from direct physical loss or damage by a Covered Cause of Loss to the property described in Paragraph **(2).**

(2) Utility Services

(a) Water Supply Services, meaning pumping stations and water mains supplying water to your premises.

(b) Communication Supply Services, meaning property supplying communication services, including telephone, radio, microwave or television services, to your premises, such as:

(i) Communication transmission lines, including optic fiber transmission lines;

(ii) Coaxial cables; and

(iii) Microwave radio relays except satellites.

(c) Power Supply Services, meaning the following types of property supplying electricity, steam or gas to your premises:

(i) Utility generating plants;

(ii) Switching stations;

(iii) Substations;

(iv) Transformers; and

(v) Transmission lines.

(3) For the purposes of this Coverage Extension, the "period of restoration" begins 24 hours after the time of direct physical loss for Business Income coverage, or immediately after the time of direct physical loss or damage for Extra Expense coverage.

(4) This Coverage Extension does not apply to loss caused by spoilage of "perishable stock" caused by interruption of Utility Services.

(5) The most we will pay under this Coverage Extension is $50,000 per occurrence.

(6) The provisions of this Coverage Extension are superseded by **CP 15 45** Utility Services — Time Element, if attached to and made a part of this policy.

B. Deductible

1. We will not pay for loss in any one occurrence until the amount of loss exceeds the Deductible shown in the Declarations. We will then pay the amount of covered loss in excess of the Deductible.

2. When the same occurrence involves loss to insurance under this coverage form and loss under the Building And Personal Property Coverage Form, only one deductible will be applied to the occurrence.

3. Windstorm, Hail or Hurricane percentage deductibles do not apply to Business Income coverage or Extra Expense coverage.

C. Loss Conditions

The following conditions apply in addition to the Common Policy Conditions and the Commercial Property Conditions.

1. Appraisal

If we and you disagree on the amount of Net Income and operating expense or the amount of loss, either may make written

demand for an appraisal of the loss. In this event, each party will select a competent and impartial appraiser.

The two appraisers will select an umpire. If they cannot agree, either may request that selection be made by a judge of a court having jurisdiction. The appraisers will state separately the amount of Net Income and operating expense or amount of loss. If they fail to agree, they will submit their differences to the umpire. A decision agreed to by any two will be binding. Each party will:

a. Pay its chosen appraiser; and

b. Bear the other expenses of the appraisal and umpire equally.

If there is an appraisal, we will still retain our right to deny the claim.

2. Duties In The Event Of Loss

a. You must see that the following are done in the event of loss:

(1) Notify the police if a law may have been broken.

(2) Give us prompt notice of the direct physical loss or damage. Include a description of the property involved.

(3) As soon as possible, give us a description of how, when, and where the direct physical loss or damage occurred.

(4) Take all reasonable steps to protect the Covered Property from further damage, and keep a record of your expenses necessary to protect the Covered Property, for consideration in the settlement of the claim. However, we will not pay for any subsequent loss or damage resulting from a cause of loss that is not a Covered Cause of Loss. Also, if feasible, set the damaged property aside and in the best possible order for examination.

(5) As often as may be reasonably required, permit us to inspect the property proving the loss or damage and examine your books and records.

Also permit us to take samples of damaged and undamaged property for inspection, testing and analysis, and permit us to make copies from your books and records.

(6) Send us a signed, sworn proof of loss containing the information we request to investigate the claim. You must do this within 60 days after our request. We will supply you with the necessary forms.

(7) Cooperate with us in the investigation or settlement of the claim.

(8) If you intend to continue your business, you must resume all or part of your "operations" as quickly as possible.

b. We may examine any insured under oath, while not in the presence of any other insured and at such times as may be reasonably required, about any matter relating to this insurance or the claim, including an insured's books and records. In the event of an examination, an insured's answers must be signed.

3. Loss Determination

a. The amount of Business Income loss will be determined based on:

(1) The Net Income of the business before the direct physical loss or damage occurred;

(2) The likely Net Income of the business if no physical loss or damage had occurred, but not including any Net Income that would likely have been earned as a result of an increase in the volume of business due to favorable business conditions caused by the impact of the Covered Cause of Loss on customers or on other businesses;

(3) The operating expenses, including payroll expenses, necessary to resume "operations" with the same quality of service that existed just before the direct physical loss or damage; and

(4) Other relevant sources of information, including:

(a) Your financial records and accounting procedures;

(b) Bills, invoices and other vouchers; and

(c) Deeds, liens or contracts.

b. The amount of Extra Expense will be determined based on:

(1) All expenses that exceed the normal operating expenses that would have been incurred by "operations" during the "period of restoration" if no direct physical loss or damage had

occurred. We will deduct from the total of such expenses:

(a) The salvage value that remains of any property bought for temporary use during the "period of restoration", once "operations" are resumed; and

(b) Any Extra Expense that is paid for by other insurance, except for insurance that is written subject to the same plan, terms, conditions and provisions as this insurance; and

(2) Necessary expenses that reduce the Business Income loss that otherwise would have been incurred.

c. Resumption Of Operations

We will reduce the amount of your:

(1) Business Income loss, other than Extra Expense, to the extent you can resume your "operations", in whole or in part, by using damaged or undamaged property (including merchandise or stock) at the described premises or elsewhere.

(2) Extra Expense loss to the extent you can return "operations" to normal and discontinue such Extra Expense.

d. If you do not resume "operations", or do not resume "operations" as quickly as possible, we will pay based on the length of time it would have taken to resume "operations" as quickly as possible.

4. Loss Payment

We will pay for covered loss within 30 days after we receive the sworn proof of loss, if you have complied with all of the terms of this Coverage Part and:

a. We have reached agreement with you on the amount of loss; or

b. An appraisal award has been made.

D. Definitions

1. "Antique" means an object having value because its:

a. craftsmanship is in the style or fashion of former times; and

b. age is 100 years old or older.

2. "Dependent property" means property operated by others whom you depend on to:

a. Deliver materials or services to you, or to others for your account. With respect to Contributing Locations, services does not mean water, communication or power supply services;

b. Accept your products or services;

c. Manufacture products for delivery to your customers under contract of sale; or

d. Attract customers to your business.

"Dependent property" does not include roads, bridges, tunnels, waterways, airfields, pipelines or any other similar areas or structures.

3. "Electronic data" means information, facts or computer programs stored as or on, created or used on, or transmitted to or from computer software (including systems and applications software), on hard or floppy disks, CD-ROMs, tapes, drives, cells, data processing devices or any other repositories of computer software which are used with electronically controlled equipment. The term computer programs, referred to in the foregoing description of "electronic data", means a set of related electronic instructions which direct the operations and functions of a computer or device connected to it, which enable the computer or device to receive, process, store, retrieve or send data.

4. "Fine arts" means paintings, etchings, pictures; tapestries; rare or art glass; art glass windows; valuable rugs; statuary; sculptures; "antique" furniture; bric-a-brac; porcelains; and similar property of rarity, historical value or artistic merit.

5. "Finished stock" means stock you have manufactured.

"Finished stock" also includes whiskey and alcoholic products being aged.

"Finished stock" does not include stock you have manufactured that is held for sale on the premises of any retail outlet insured under this Coverage Part.

6. "Operations" means:

a. Your business activities occurring at the described premises; and

b. The tenantability of the described premises, if coverage for Business Income

Including "Rental Value" or "Rental Value" applies.

7. "Period of restoration" means the period of time that:

a. Begins:

(1) 72 hours after the time of direct physical loss or damage for Business Income coverage; or

(2) Immediately after the time of direct physical loss or damage for Extra Expense coverage;

caused by or resulting from any Covered Cause of Loss at the described premises; and

b. Ends on the earlier of:

(1) The date when the property at the described premises should be repaired, rebuilt or replaced with reasonable speed and similar quality; or

(2) The date when business is resumed at a new permanent location.

"Period of restoration" does not include any increased period required due to the enforcement of any ordinance or law that

(1) Regulates the construction, use or repair, or requires the tearing down of any property; or

(2) Requires any insured or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of "pollutants".

The expiration date of this policy will not cut short the "period of restoration".

8. "Perishable stock" means personal property which is maintained under controlled conditions for its preservation and which is susceptible to loss or damage if the controlled conditions change.

9. "Pollutants" means any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste. Waste includes materials to be recycled, reconditioned or reclaimed.

10. "Rental Value" means Business Income that consists of:

a. Net Income (Net Profit or Loss before income taxes) that would have been earned or incurred as rental income from tenant occupancy of the premises described in the Declarations as furnished and equipped by you, including fair rental value of any portion of the described premises which is occupied by you; and

b. Continuing normal operating expenses incurred in connection with that premises, including:

(1) Payroll; and

(2) The amount of charges which are the legal obligation of the tenant(s) but would otherwise be your obligations.

11. "Suspension" means:

a. The slowdown or cessation of your business activities; or

b. That a part or all of the described premises is rendered untenantable, if coverage for Business Income Including "Rental Value" or "Rental Value" applies.

Safeco Optimum Property ™ for Condominium Associations BUILDING AND PERSONAL PROPERTY COVERAGE FORM

Various provisions in this policy restrict coverage. Read the entire policy carefully to determine rights, duties and what is and is not covered.

Throughout this policy the words "you" and "your" refer to the Named Insured shown in the Declarations. The words "we", "us" and "our" refer to the Company providing this insurance.

Other words and phrases that appear in quotation marks have special meaning. Refer to Section **H.** Definitions.

A. Coverage

We will pay for direct physical loss of or damage to Covered Property at the premises described in the Declarations caused by or resulting from any Covered Cause of Loss.

1. Covered Property

Covered Property, as used in this Coverage Part, means the type of property described in this section, **A.1.,** and limited in **A.2.,** Property Not Covered, if a Limit of Insurance is shown in the Declarations for that type of property.

a. Building, meaning the building or structure described in the Declarations, including:

(1) Foundations of buildings, structures, machinery or boilers;

(2) Underground pipes, flues or drains;

(3) Completed additions;

(4) Fixtures, including outdoor fixtures such as light poles;

(5) Permanently installed:

(a) Machinery and

(b) Equipment;

(6) Fences and signs, whether attached to the building or not;

(7) Antennas (including satellite dishes) and their lead-in wiring, masts or towers;

(8) Personal property owned by you that is used to maintain or service the building or structure or its premises, including:

(a) Fire-extinguishing equipment;

(b) Outdoor furniture;

(c) Floor coverings; and

(d) Appliances used for refrigerating, ventilating, cooking, dishwashing or laundering that are not contained within individual units;

(9) If not covered by other insurance:

(a) Additions under construction, alterations and repairs to the building or structure;

(b) Materials, equipment, supplies and temporary structures, on or within 1,000 feet of the described premises, used for making additions, alterations or repairs to the building or structure.

(10) Any of the following types of property contained within a unit, regardless of ownership, if your Condominium Association Agreement requires you to insure it:

(a) Fixtures, improvements and alterations that are a part of the building or structure; and

(b) Appliances, such as those used for refrigerating, ventilating, cooking, dishwashing, laundering, security or housekeeping.

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But Building does not include personal property owned by, used by or in the care, custody or control of a unit-owner except for personal property listed in Paragraph **A.1.a.(10)** above.

b. Business Personal Property located in or on the building described in the Declarations or in the open (or in a vehicle) within 1,000 feet of the described premises.

Business Personal Property means:

(1) Personal property owned by you or owned indivisibly by all unit-owners;

(2) Your interest in labor, materials or services furnished or arranged by you on personal property of others;

(3) Personal property of others in your care, custody or control.

However, our payment for loss of or damage to personal property of others will only be for the account of the owner of the property.

2. Property Not Covered

Covered Property does not include:

a. Accounts, bills, currency, food stamps or other evidences of debt, "money", notes or "securities", except as provided under the Additional Coverage for Money and Securities. Lottery tickets held for sale are not "securities";

b. Animals, unless owned by others and boarded by you, or if owned by you, only as "stock" while inside of buildings;

c. Automobiles held for sale;

d. Bridges, roadways, walks, patios or other paved surfaces;

e. Contraband, or property in the course of illegal transportation or trade;

f. The cost of excavations, grading, backfilling or filling;

g. Land (including land on which the property is located), water, growing crops or lawns;

h. Personal effects owned by you, your officers, your partners or members, your managers or your employees, except as provided by the Coverage Extension for Personal Effects;

i. Personal property while airborne or waterborne, except as provided under the Coverage Extension for Property In Transit;

j. Bulkheads, pilings, piers, wharves or docks;

k. Property that is covered under another coverage form of this or any other policy in which it is more specifically described, except for the excess of the amount due (whether you can collect on it or not) from that other insurance;

l. Retaining walls that are not part of a building;

m. "Electronic data", except as provided by the Coverage Extension for Electronic Data Processing. This Paragraph, **m.** does not apply to your "stock" of prepackaged software;

n. The cost to replace or restore the information on "valuable papers and records", including those which exist as "electronic data", except as provided by the Coverage Extension for Valuable Papers And Records;

o. Vehicles or self-propelled machines (including aircraft or watercraft) that:

(1) Are licensed for use on public roads; or

(2) Are operated principally away from the described premises.

This paragraph does not apply to:

(a) Vehicles or self-propelled machines or autos you manufacture, process or warehouse;

(b) Vehicles or self-propelled machines, other than autos, you hold for sale;

(c) Rowboats or canoes out of water at the described premises; or

(d) Trailers, but only to the extent provided for in the Coverage Extension for Non-owned Detached Trailers;

p. The following property while outside of buildings:

(1) Grain, hay, straw or other crops;

(2) Trees, shrubs, plants, sod or lawns (other than "stock" of trees, shrubs, plants or sod), except as provided in the Coverage Extension for

Outdoor Trees, Shrubs, Plants, Sod and Lawns.

3. Covered Causes Of Loss

See applicable Causes Of Loss Form(s) as shown in the Declarations.

4. Additional Coverages

a. Arson, Vandalism or Theft Reward

We will pay a reward for information which leads to an arson, vandalism or "theft" conviction involving a covered loss at a premises described in the Declarations.

The most we will pay for this Additional Coverage is $50,000 or 25% of the amount that we pay for direct physical loss or damage to the Covered Property that has sustained loss or damage by arson, vandalism or "theft", whichever is less. This limit applies per occurrence regardless of the number of persons providing this information. No deductible applies to this Additional Coverage.

Payments under this Additional Coverage are separate from the Limit(s) of Insurance shown in the Declarations for any other coverage.

b. Computer Fraud

(1) We will pay for loss or damage to "money", "securities" and "other property" resulting directly from the use of any computer to fraudulently cause a transfer of that property from inside the "premises" or "banking premises":

(a) To a person (other than a "messenger") outside those "premises"; or

(b) To a place outside those "premises".

(2) This Additional Coverage does not cover:

(a) Loss resulting from any dishonest or criminal act committed by you, your partners, your "members", your "employees", "managers", directors, trustees or authorized representatives:

(i) Whether acting alone or in collusion with other persons; or

(ii) While performing services for you or otherwise.

(b) Loss, or that part of any loss, the proof of which as to its existence or amount is dependent upon an inventory computation or a profit and loss computation.

(c) Loss resulting from:

(i) The unauthorized disclosure of your confidential information including, but not limited to, patents, trade secrets, processing methods or customer lists; or

(ii) The unauthorized use or disclosure of confidential information of another person or entity which is held by you including, but not limited to, financial information, personal information, credit card information or similar non-public information.

(3) If you have reason to believe that any loss involves a violation of law, you must notify the local law enforcement authorities.

(4) Under this Additional Coverage, "occurrence" means:

(a) An individual act or event;

(b) The combined total of all separate acts or events whether or not related; or

(c) A series of acts or events whether or not related;

committed by a person acting alone or in collusion with other persons, or not committed by any person, during the policy period shown in the Declarations.

(5) Unless a higher limit is shown in the Declarations, the most we will pay for all loss under this Additional Coverage is $50,000 in any one "occurrence", regardless of the number of persons involved in committing the fraud.

Unless a higher limit is shown in the Declarations, the most we will pay in any one policy period regardless of the number of "occurrences" or persons involved in committing the fraud is $100,000. With respect to

an occurrence which begins in one policy year and continues or results in additional loss or damage in a subsequent policy year(s), all loss or damage is deemed to be sustained in the policy year in which the occurrence began.

No deductible applies to this Additional Coverage.

Payments under this Additional Coverage are separate from the Limit(s) of Insurance shown in the Declarations for any other coverage.

(6) If Computer Fraud coverage is provided under the Crime Coverage Part of this policy, that coverage replaces the Computer Fraud coverage provided by this Additional Coverage. The provisions of this Additional Coverage would no longer apply.

c. Contract Penalty

(1) We will pay for penalties contained within a written contract purchase or sales agreement with a customer or vendor that you are required to pay because you are unable to complete a project, fill an order, or complete a purchase in accordance with contract terms or conditions. Your inability to complete a project, fill an order, or complete a purchase on time must be a direct result of physical loss of or damage to covered property caused by a Covered Cause of Loss at a covered premises in the policy period.

(2) The most we will pay for this Additional Coverage is $50,000 in any one policy period regardless of the number of contracts or penalties.

Payments under this Additional Coverage are separate from the Limit(s) of Insurance shown in the Declarations for any other coverage.

d. Debris Removal

(1) Subject to Paragraphs **(3)** and **(4),** we will pay your expense to remove debris of Covered Property caused by or resulting from a Covered Cause of Loss that occurs during the policy period. The expenses will be paid only if they are reported to us in writing within 180 days of the date of direct physical loss or damage.

(2) Debris Removal does not apply to costs to:

(a) Extract "pollutants" from land or water;

(b) Remove, restore or replace polluted land or water; or

(c) Remove debris of outdoor trees, shrubs, plants, sod or lawns except to remove such debris from covered buildings or personal property, or as is provided under the Coverage Extension for Outdoor Trees, Shrubs, Plants, Sod And Lawns.

(3) Subject to the exceptions in Paragraph **(4),** the following provisions apply:

(a) The most we will pay for the total of direct physical loss or damage plus debris removal expense is the Limit of Insurance applicable to the Covered Property that has sustained loss or damage.

(b) Subject to **(a)** above, the amount we will pay for debris removal expense is limited to 25% of the sum of the deductible plus the amount that we pay for direct physical loss or damage to the Covered Property that has sustained loss or damage.

(4) We will pay up to an additional $50,000 for debris removal expense, for each premises described in the Declarations, in any one occurrence of physical loss or damage to Covered Property, if one or both of the following circumstances apply:

(a) The total of the actual debris removal expense plus the amount we pay for direct physical loss or damage exceeds the Limit of Insurance on the Covered Property that has sustained loss or damage.

(b) The actual debris removal expense exceeds 25% of the sum of the deductible plus the amount that we pay for direct physical loss or damage to the Covered Property that has sustained loss or damage.

Therefore, if **(4)(a)** and/or **(4)(b)** apply, our total payment for direct physical loss or damage and debris removal expense may reach but will never exceed the Limit of Insurance on the Covered Property that has sustained loss or damage, plus $50,000.

(5) Examples

EXAMPLE #1

Limit of Insurance	$ 90,000
Amount of Deductible	$ 1,000
Amount of Loss	$ 50,000
Amount of Loss Payable	$ 49,000
($50,000	- $1,000)
Debris Removal Expense	$ 10,000
Debris Removal Expense Payable	$ 10,000

($10,000 is 20% of $50,000)

The debris removal expense is less than 25% of the sum of the loss payable plus the deductible. The sum of the loss payable and the debris removal expense ($49,000 + $10,000 = $59,000) is less than the Limit of Insurance. Therefore the full amount of debris removal expense is payable in accordance with the terms of Paragraph **(3).**

EXAMPLE #2

Limit of Insurance	$ 90,000
Amount of Deductible	$ 1,000
Amount of Loss	$ 80,000
Amount of Loss Payable	$ 79,000
($80,000	- $1,000)
Debris Removal Expense	$ 64,000
Debris Removal Expense Payable	
Basic Amount	$ 11,000
Additional Amount	$ 50,000

The basic amount payable for debris removal expense under the terms of Paragraph **(3)** is calculated as follows: $80,000 ($79,000 + $1,000) x .25 = $20,000; capped at $11,000. The cap applies because the sum of the loss payable ($79,000) and the basic amount payable for debris removal expense ($11,000) cannot exceed the Limit of Insurance ($90,000).

The additional amount payable for debris removal expense is provided in accordance with the terms of Paragraph **(4),** because the debris removal expense ($64,000) exceeds 25% of the loss payable plus the deductible ($64,000 is 80% of $80,000), and because the sum of the loss payable and debris removal expense ($79,000 + $64,000 = $143,000) would exceed the Limit of Insurance ($90,000). The additional amount of covered debris removal expense is $50,000, the maximum payable under Paragraph **(4).** Thus the total payable for debris removal expense in this example is $61,000; $3,000 of the debris removal expense is not covered.

e. Employee Theft

(1) We will pay for direct loss of or damage to "money", "securities" and "other property" resulting directly from "theft" committed by an "employee", whether identified or not, acting alone or in collusion with other persons.

For the purposes of this Additional Coverage, "theft" shall also include "forgery".

(2) We will not pay for loss or damage:

(a) Resulting from "theft" or any other dishonest act that you or any of your partners or "members" commit whether acting alone or in collusion with other persons.

(b) Resulting from:

(i) The unauthorized disclosure of your confidential information including, but not limited to, patents, trade secrets, processing methods or customer lists; or

(ii) The unauthorized use or disclosure of confidential information of another person or entity which is held by you including, but not limited to, financial information, personal information, credit card information or similar non-public information.

(c) The only proof of which as to its existence or amount is:

(i) An inventory computation; or

(ii) A profit and loss computation.

(3) Under this Additional Coverage, "occurrence" means:

(a) An individual act;

(b) The combined total of all separate acts whether or not related; or

(c) A series of acts whether or not related;

committed by an "employee" acting alone or in collusion with other persons, during the Policy Period shown in the Declarations.

(4) All loss or damage:

(a) Caused by one or more persons; or

(b) Involving a single act or series of acts;

is considered one occurrence.

(5) The property covered under this Additional Coverage is limited to property:

(a) That you own or lease; or

(b) That you hold for others whether or not you are legally liable for the loss of such property.

However, this Additional Coverage is for your benefit only. It provides no rights or benefits to any other person or organization. Any claim for loss that is covered under this policy must be presented by you.

(6) If any loss is covered:

(a) Partly by this insurance; and

(b) Partly by any prior canceled or terminated insurance that we or any affiliate had issued to you or any predecessor in interest;

the most we will pay is the larger of the amount recoverable under this insurance or the prior insurance.

We will pay only for loss or damage you sustain through acts committed or events occurring during the policy period. Regardless of the number of years this policy remains in force or the number of premiums paid, no Limit of Insurance cumulates from year to year or period to period.

(7) This Additional Coverage is canceled as to any "employee" immediately upon discovery by:

(a) You; or

(b) Any of your partners, "members", "managers", officers or directors not in collusion with the "employee";

of any dishonest act committed by that "employee" before or after being hired by you.

(8) We will pay only for covered loss or damage sustained during the policy period and discovered no later than one year from the end of the policy period.

(9) If you (or any predecessor in interest) sustained loss or damage during the policy period of any prior insurance that you could have recovered under that insurance except that the time within which to discover loss or damage had expired, we will pay for it under this Additional Coverage, provided:

(a) This Additional Coverage became effective at the time of cancellation or termination of the prior insurance; and

(b) The loss or damage would have been covered by this Additional Coverage had it been in effect when the acts or events causing the loss or damage were committed or occurred.

(10) The insurance under Paragraph **(9)** above is part of, not in addition to, the Limit of Insurance applying to this Additional Coverage and is limited to the lesser of the amount recoverable under:

(a) This Additional Coverage as of its effective date; or

(b) The prior insurance had it remained in effect.

(11) Employee Benefit Plans

(a) "Employee benefit plans" (hereafter referred to as Plan) owned, controlled or operated by you and which you provide solely for the benefit of your "employees" are included as Insureds under this Additional Coverage.

(b) If any Plan is insured jointly with any other entity under this insurance, you or the Plan Administrator must select a Limit of Insurance for Employee Theft that is sufficient to provide a Limit of Insurance for each Plan that is at least equal to that required if each plan were separately insured.

(c) With respect to loss sustained by any such Plan, this Additional Coverage is replaced by the following:

We will pay for loss of or damage to "funds", and "other property" resulting directly from fraudulent or dishonest acts committed by an "employee", whether identified or not, acting alone or in collusion with other persons.

(d) If the first Named Insured is an entity other than a Plan, any payment we make for loss sustained by any Plan will be made to the Plan sustaining the loss.

(e) If two or more Plans are insured under this insurance, any payment we make for loss:

(i) Sustained by two or more Plans; or

(ii) Of commingled "funds" or "other property" of two or more Plans;

resulting directly from an occurrence will be made to each Plan sustaining loss in the proportion that the Limit of Insurance required for each Plan bears to the total Limit of Insurance of all Plans sustaining loss.

(f) The insurance under this Paragraph **(11)** is part of, not in addition to, the Limit of Insurance applying to this Employee Theft Additional Coverage.

(12) The most we will pay for loss or damage in any one "occurrence" is $50,000, unless a higher limit is shown in the Declarations. No deductible applies to this Additional Coverage.

Payments under this Additional Coverage are separate from the Limit(s) of Insurance shown in the Declarations for any other coverage.

(13) If Employee Dishonesty or Employee Theft coverage is provided under the Crime Coverage Part of this policy, that coverage replaces the Employee Theft coverage provided by this Additional Coverage. The provisions of this Additional Coverage would no longer apply.

f. Extra Expense

(1) We will pay the actual and necessary Extra Expense you sustain due to direct physical loss or damage to property at the premises described in the Declarations, including personal property in the open (or in a vehicle) within 1,000 feet, caused by or resulting from any Covered Cause of Loss. If you are a tenant, your premises is the portion of the building which you rent, lease or occupy, including:

(a) All routes within the building to gain access to the described premises; and

(b) Your personal property in the open (or in a vehicle) within 1,000 feet.

(2) Extra Expense means necessary expenses you incur during the "period of restoration" that you would not have incurred if there had been no direct physical loss or damage to property:

(a) To avoid or minimize the suspension of business and to continue "operations":

(i) At the described premises; or

(ii) At replacement premises or temporary locations, including:

(aa) Relocation expenses; and

(bb) Costs to equip and operate the replacement or temporary locations;

(b) To minimize the suspension of business if you cannot continue "operations", or

(c) **(i)** To repair or replace any property; or

(ii) To research, replace or restore the lost information on damaged "valuable papers and records", to the extent it reduces the amount of loss that otherwise would have been payable under this Additional Coverage.

(3) The most we will pay for loss or damage under this Additional Coverage is $25,000. No deductible applies to this Additional Coverage.

Payments under this Additional Coverage are separate from the Limit(s) of Insurance shown in the Declarations for any other coverage.

(4) If two or more of this policy's coverages apply to the same loss, we will not pay more than the actual amount of loss.

(5) The provisions of this Additional Coverage are superseded if Extra Expense coverage is provided by another form attached to and made a part of this policy.

g. Fire Department Service Charge

When the fire department is called to save or protect Covered Property from a Covered Cause of Loss, we will pay up to $50,000, unless a higher limit is shown in the Declarations, for your liability for fire department service charges:

(1) Assumed by contract or agreement prior to loss; or

(2) Required by local ordinance.

No deductible applies to this Additional Coverage.

Payments under this Additional Coverage are separate from the Limit(s) of Insurance shown in the Declarations for any other coverage.

h. Fire Extinguisher Systems Recharge

(1) We will pay the actual cost of recharging or replacing, whichever is less, your:

(a) Portable fire extinguishers; or

(b) Automatic fire suppression or extinguishing systems

if they are discharged to fight a fire at the premises described in the Declarations or at immediately adjacent premises which expose your property to loss.

(2) We will not pay for:

(a) Halon, or any other fire extinguishing agent that is no longer in production; or

(b) any costs resulting from the enforcement of any ordinance or law that regulates the recharging, repair or replacement of fire suppression or extinguishing systems or the extinguishing agent.

(3) The most we will pay under this Additional Coverage in any one occurrence is $50,000. No deductible applies to this Additional Coverage.

Payments under this Additional Coverage are separate from the Limit(s) of Insurance shown in the Declarations for any other coverage.

i. Forgery Or Alteration

(1) We will pay for loss resulting directly from "forgery" or alteration of checks, drafts, promissory notes, or similar written promises, orders or directions to pay a sum certain in "money" that are:

(a) Made or drawn by or drawn upon you; or

(b) Made or drawn by one acting as your agent;

or that are purported to have been so made or drawn.

(2) If you are sued for refusing to pay any instrument covered in Paragraph **i.(1)** on the basis that it has been forged or altered, and you have our written consent to defend against the suit, we will pay for any reasonable legal expenses that you incur and pay in that defense.

(3) For the purposes of this Additional Coverage, a substitute check as defined in the Check Clearing for the 21st Century Act shall be treated the same as the original it replaced.

(4) We will not pay for loss caused by or resulting from dishonest or criminal acts committed by any of your "employees", directors or trustees:

(a) Whether acting alone or in collusion with other persons; or

(b) While performing services for you or otherwise.

(5) Under this Additional Coverage, "occurrence" means:

(a) An individual act;

(b) The combined total of all separate acts whether or not related; or

(c) A series of acts whether or not related;

committed by a person acting alone or in collusion with other persons, or not committed by any person, during the Policy Period shown in the Declarations.

(6) The most we will pay for loss in any one "occurrence" is $25,000, unless a higher limit is shown in the Declarations. This Additional Coverage is subject to a separate deductible of $1,000 in any one "occurrence". No other deductible applies.

Payments under this Additional Coverage are separate from the Limit(s) of Insurance shown in the Declarations for any other coverage.

(7) If Forgery Or Alteration coverage is provided under the Crime Coverage Part of this policy, that coverage replaces the Forgery Or Alteration coverage provided by this Additional Coverage. The provisions of this Additional Coverage would no longer apply.

j. Lock And Key Replacement

We will pay the cost for rekeying, repair or replacement, whichever is less, of exterior and interior door locks located at premises described in the Declarations if your door keys are stolen in a covered "theft" loss. For the purposes of this Additional Coverage, "theft" losses also include those acts of "theft" committed by "employees".

The most we will pay for loss in any one occurrence is $2,500. No deductible applies to this Additional Coverage.

Payments under this Additional Coverage are separate from the Limit(s) of Insurance shown in the Declarations for any other coverage.

k. Money And Securities

(1) We will pay for loss of your "money" and "securities" resulting directly from "theft", disappearance, or destruction:

(a) Inside the "premises" or "banking premises".

(b) Outside the "premises", which means outside the building you occupy in conducting your business:

(i) while in the care and custody of you, any of your partners or any "employees"; or

(ii) while in the care and custody of an armored motor vehicle company.

But we will pay only for the amount of loss that you cannot recover:

(aa) Under your contract with the armored vehicle company; and

(bb) From any insurance or indemnity carried by, or for the benefit of customers of, the armored motor vehicle company.

(2) Exclusions **B.1.c.,** Government Action; **B.1.d.,** Nuclear Hazard; **B.1.f.,** War And Military Action, and **B.2.k.** Pollution of the Causes Of Loss — Special Form apply to this Money And Securities coverage.

(3) The following additional Exclusions apply to this Money And Securities coverage:

(a) We will not pay for loss caused by or resulting from any of the following:

(i) Any dishonest or criminal act committed by any of your "employees", directors or trustees or authorized representatives:

(aa) Acting alone or in collusion with other persons; or

(bb) While performing services for you or otherwise.

(ii) Loss that is an indirect result of any act or occurrence covered by this insurance, including, but not limited to, loss resulting from:

(aa) Your inability to realize income that you would have realized had there been no loss of, or loss from damage to, "money" or "securities";

(bb) Payment of damages of any type for which you are legally liable; or

(cc) Payment of costs, fees or other expenses you incur in establishing the existence or the amount of loss under this Additional Coverage;

(iii) Expenses related to any legal action;

(iv) Accounting or arithmetical errors or omissions;

(v) Giving or surrendering of property in any exchange or purchase;

(vi) Voluntary parting of title to or possession of property resulting from your, or anyone acting on your express or implied authority, being induced by any dishonest act to voluntarily part with title to or possession of any property; or

(vii) Loss of property contained in any money operated device unless the amount of "money" deposited in it is recorded by a continuous recording instrument in the device.

(4) The following Additional Conditions apply:

(a) If you have reason to believe that any loss involves a violation of law, you must notify the local law enforcement authorities.

(b) You must keep records of all "money" and "securities" so we can verify the amount of any loss or damage.

(5) Under this Additional Coverage, "occurrence" means:

(a) An individual act or event;

(b) The combined total of all separate acts or events whether or not related; or

(c) A series of acts or events whether or not related;

committed by a person acting alone or in collusion with other persons, or not committed by any person, during the Policy Period shown in the Declarations.

(6) **(a)** The most we will pay for loss in any one "occurrence" inside the "premises" or "banking premises" is $25,000, unless a higher limit is shown in the Declarations.

(b) The most we will pay for loss in any one "occurrence" outside the "premises" is $25,000, unless a higher limit is shown in the Declarations.

No deductible applies to this Additional Coverage.

Payments under this Additional Coverage are separate from the Limit(s) of Insurance shown in the Declarations for any other coverage.

(7) If Theft, Disappearance And Destruction coverage is provided under the Crime Coverage Part of this policy, that coverage replaces the Money And Securities coverage provided by this Additional Coverage. The provisions of this Additional Coverage would no longer apply.

I. Money Orders And Counterfeit Money

(1) We will pay for loss resulting directly from your having accepted in good faith, in exchange for merchandise, "money" or services:

(a) Money orders issued by any post office, express company

or bank that are not paid upon presentation; or

(b) "Counterfeit money" that is acquired during the regular course of business.

(2) If you have reason to believe that any loss involves a violation of law, you must notify the local law enforcement authorities.

(3) Under this Additional Coverage

(a) "Counterfeit Money" means an imitation of "money" that is intended to deceive and to be taken as genuine.

(b) "Occurrence" means:

(i) An individual act or event;

(ii) The combined total of all separate acts or events whether or not related; or

(iii) A series of acts or events whether or not related;

committed by a person acting alone or in collusion with other persons, or not committed by any person, during the Policy Period shown in the Declarations.

(4) The most we will pay for all loss resulting directly from an "occurrence" is $5,000, unless a higher limit is shown in the Declarations. This Additional Coverage is subject to a separate deductible of $250 in any one "occurrence". No other deductible applies.

Payments under this Additional Coverage are separate from the Limit(s) of Insurance shown in the Declarations for any other coverage.

(5) If either Money Orders And Counterfeit Paper Currency or Money Orders And Counterfeit Money coverage is provided under the Crime Coverage Part of this policy, that coverage replaces the Money Orders And Counterfeit Money coverage provided by this Additional Coverage. The provisions of this Additional Coverage would no longer apply.

m. Ordinance Or Law

(1) Application of Coverage(s)

The Coverage(s) provided by this Additional Coverage apply only if both **(1)(a)** and **(1)(b)** are satisfied and are then subject to the qualifications set forth in **(1)(c).**

(a) The ordinance or law:

(i) Regulates the demolition, construction or repair of buildings, or establishes zoning or land use requirements at the described premises; and

(ii) Is in force at the time of loss.

But coverage under this Additional Coverage applies only in response to the minimum requirements of the ordinance or law. Losses and costs incurred in complying with recommended actions or standards that exceed actual requirements are not covered under this Additional Coverage.

(b) **(i)** The building sustains direct physical damage that is covered under this policy and such damage results in enforcement of the ordinance or law; or

(ii) The building sustains both direct physical damage that is covered under this policy and direct physical damage that is not covered under this policy, and the building damage in its entirety results in enforcement of the ordinance or law.

(iii) But if the building sustains direct physical damage that is not covered under this policy, and such damage is the subject of the ordinance or law, then there is no coverage under this Additional Coverage even if the building has also sustained covered direct physical damage.

(c) In the situation described in **(1)(b)(ii)** above, we will not pay the full amount of loss otherwise payable under the terms of

Coverages **A, B,** and/or **C** of this Additional Coverage. Instead, we will pay a proportion of such loss; meaning the proportion that the covered direct physical damage bears to the total direct physical damage. (Section **(7)** of this Additional Coverage provides an example of this procedure.)

However, if the covered direct physical damage, alone, would have resulted in enforcement of the ordinance or law, then we will pay the full amount of loss otherwise payable under the terms of Coverages **A, B** and/or **C** of this Additional Coverage.

(2) We will not pay under Coverage **A, B** or **C** of this Additional Coverage for:

(a) Enforcement of any ordinance or law which requires the demolition, repair, replacement, reconstruction, remodeling or remediation of property due to contamination by "pollutants" or due to the presence, growth, proliferation, spread or any activity of "fungus", wet or dry rot or bacteria; or

(b) The costs associated with the enforcement of any ordinance or law which requires any insured or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of "pollutants", "fungus", wet or dry rot, or bacteria.

(3) Coverage

(a) Coverage A — Coverage For Loss To The Undamaged Portion Of The Building

With respect to the building that has sustained covered direct physical damage, we will pay under Coverage **A** for the loss in value of the undamaged portion of the building as a consequence of enforcement of an ordinance or law that requires demolition of undamaged parts of the same building.

Coverage **A** is included within the Limit of Insurance shown in the Declarations as applicable to the covered building. Coverage **A** does not increase the Limit of Insurance.

(b) Coverage B — Demolition Cost Coverage

With respect to the building that has sustained covered direct physical damage, we will pay the cost to demolish and clear the site of undamaged parts of the same building, as a consequence of enforcement of an ordinance or law that requires demolition of such undamaged property.

(c) Coverage C — Increased Cost Of Construction Coverage

(i) With respect to the building that has sustained covered direct physical damage, we will pay the increased cost to:

(aa) Repair or reconstruct damaged portions of that building; and/or

(bb) Reconstruct or remodel undamaged portions of that building, whether or not demolition is required;

when the increased cost is a consequence of enforcement of the minimum requirements of the ordinance or law.

(ii) However:

(aa) This coverage applies only if the restored or remodeled property is intended for similar occupancy as the current property, unless such occupancy is not permitted by zoning or land use ordinance or law.

(bb) We will not pay for the increased cost of construction if the building is not repaired, reconstructed or remodeled.

(iii) When a building is damaged or destroyed and Coverage **C** applies to that building in accordance with **(c)(i)** above, coverage for the increased cost of construction also applies to repair or reconstruction of the following, subject to the same conditions stated in **(c)(i):**

(aa) The cost of excavations, grading, backfilling and filling; and

(bb) Pilings.

The items listed in **(iii)(aa)** and **(iii)(bb)** above are deleted from Property Not Covered, but only with respect to the coverage described in this Provision, **(c)(iii).**

(4) Loss Payment

(a) Both of the following loss payment Provisions, **(4)(b)** and **(4)(c),** are subject to the apportionment procedures set forth in Section **(1)(c)** of this Additional Coverage.

(b) When there is a loss in value of an undamaged portion of a building to which Coverage **A** applies, the loss payment for that building, including damaged and undamaged portions, will be determined as follows:

(i) If Replacement Cost coverage applies and the property is being repaired or replaced, on the same or another premises, we will not pay more than the lesser of:

(aa) The amount you would actually spend to repair, rebuild or reconstruct the building, but not for more than the amount it would cost to restore the building on the same premises and to the same height, floor area, style and comparable quality of the original property insured; or

(bb) The Limit of Insurance shown in the Declarations as applicable to the covered building.

(ii) If Replacement Cost coverage applies and the property is not repaired or replaced, or if Replacement Cost coverage does not apply, we will not pay more than the lesser of:

(aa) The "actual cash value" of the building at the time of loss; or

(bb) The Limit of Insurance shown in the Declarations as applicable to the covered building.

(c) The most we will pay for the total of all covered losses for Coverage **B** — Demolition Cost and Coverage **C** — Increased Cost Of Construction combined is $200,000, unless a higher limit for Ordinance Or Law — Coverages **B** and **C** is shown in the Declarations.

Payments under Coverage **B** and/or **C** are separate from the Limit(s) of Insurance shown in the Declarations for any other coverage.

Subject to this combined Limit of Insurance, the following loss payment provisions apply:

(i) For Demolition Cost, we will not pay more than the amount you actually spend to demolish and clear the site of the described premises.

(ii) With respect to the Increased Cost Of Construction:

(aa) We will not pay for the increased cost of construction:

(1) Until the property is actually repaired or replaced, at the same or another premises; and

(2) Unless the repairs or replacement are made as soon as

reasonably possible after the loss or damage, not to exceed two years. We may extend this period in writing during the two years.

(bb) If the building is repaired or replaced at the same premises, or if you elect to rebuild at another premises, the most we will pay for the increased cost of construction is the increased cost of construction at the same premises.

(cc) If the ordinance or law requires relocation to another premises, the most we will pay for the increased cost of construction is the increased cost of construction at the new premises.

(5) The terms of this Additional Coverage apply separately to each building.

(6) Under this Additional Coverage we will not pay for loss due to any ordinance or law that:

(a) You were required to comply with before the loss, even if the building was undamaged; and

(b) You failed to comply with.

(7) Example of Proportionate Loss Payment for Ordinance Or Law coverage losses (procedure as set forth in Section **(1)(c)** of this Additional Coverage.)

Assume:

- Wind is a Covered Cause of Loss; Flood is an excluded Cause of Loss
- The building has a value of $200,000
- Total direct physical damage to building: $100,000
- The ordinance or law in this jurisdiction is enforced when building damage equals or exceeds 50% of the building's value
- Portion of direct physical damage that is covered (caused by wind): $30,000
- Portion of direct physical damage that is not covered (caused by flood): $70,000
- Loss under Ordinance Or Law Coverage **C** of this endorsement: $60,000

Step 1:

Determine the proportion that the covered direct physical damage bears to the total direct physical damage.

$30,000 ÷ $100,000 = .30

Step 2:

Apply that proportion to the Ordinance or Law loss.

$60,000 x .30 = $18,000

In this example, the most we will pay under this Additional Coverage for the Coverage **C** loss is $18,000, subject to all the provisions of this Additional Coverage.

Note: The same procedure applies to losses under Coverages **A** and **B** of this Additional Coverage.

n. Pollutant Clean-up and Removal

We will pay your expense to extract "pollutants" from land or water at the described premises if the discharge, dispersal, seepage, migration, release or escape of the "pollutants" is caused by or results from a Covered Cause of Loss that occurs during the policy period. The expenses will be paid only if they are reported to us in writing within 180 days of the date on which the Covered Cause of Loss occurs.

This Additional Coverage does not apply to costs to test for, monitor or assess the existence, concentration or effects of "pollutants". But we will pay for testing which is performed in the course of extracting the "pollutants" from the land or water.

The most we will pay under this Additional Coverage for each described premises is $50,000 for the sum of all covered expenses arising out of Covered Causes of Loss occurring during

each separate 12-month period of this policy.

Payments under this Additional Coverage are separate from the Limit(s) of Insurance shown in the Declarations for any other coverage.

o. Preservation Of Property

If it is necessary to move Covered Property from the described premises to preserve it from loss or damage by a Covered Cause of Loss, we will pay for any direct physical loss or damage to that property:

(1) While it is being moved or while temporarily stored at another location; and

(2) Only if the loss or damage occurs within 90 days after the property is first moved.

Payments under this Additional Coverage will not increase the applicable Limit of Insurance.

If a loss is covered by both a specific coverage form on this policy and an Additional Coverage, the coverage provisions of the specific coverage form apply to the loss.

5. Coverage Extensions

Except as otherwise provided, the following Extensions apply to property located in or on the building described in the Declarations or in the open (or in a vehicle) within 1,000 feet of the described premises.

a. Accounts Receivable

(1) On Your Premises

(a) You may extend the insurance that applies to Business Personal Property at the premises described in the Declarations to apply to Accounts Receivable, including those records that exist as electronic records.

(b) We will pay:

(i) All amounts due from your customers that you are unable to collect;

(ii) Interest charges on any loan required to offset amounts you are unable to collect pending our payment of these amounts;

(iii) Collection expenses in excess of your normal collection expenses that are made necessary by the loss or damage; and

(iv) Other reasonable expenses that you incur to re-establish your records of accounts receivable;

that result from Covered Causes of Loss to your records of accounts receivable.

(c) The following Exclusions in the Causes Of Loss — Special Form do not apply to this Accounts Receivable coverage:

(i) **B.1.b.** Earth Movement; **B.1.e.** Utility Services; **B.1.g.** Water; and

(ii) All **B.2.** Exclusions except **B.2.b.** Consequential Loss; **B.2.d.(1)** Wear And Tear; **B.2.e.** Steam Apparatus; **B.2.g.** Dishonesty; **B.2.h.** False Pretense; **B.2.j.** Collapse; and **B.2.k.** Pollution.

(d) The following additional Exclusions apply to this Accounts Receivable coverage:

(i) We will not pay for loss or damage caused by or resulting from any of the following:

(aa) Alteration, falsification, concealment, or destruction of records of accounts receivable done to conceal the wrongful giving, taking or withholding of money, securities or other property. This exclusion applies only to the extent of the wrongful giving, taking or withholding;

(bb) Bookkeeping, accounting or billing errors or omissions; or

(cc) Electrical or magnetic injury, disturbance or erasure of electronic recordings.

But we will pay for direct loss or damage caused by lightning.

(dd) Unauthorized instructions to transfer property to any person or to any place.

(ii) We will not pay for loss or damage that requires any audit of records or any inventory computation to prove its factual existence.

(e) **(i)** If you cannot accurately establish the amount of accounts receivable outstanding as of the time of loss or damage, the following method will be used:

(aa) Determine the total of the average monthly amounts of accounts receivable for the 12 months immediately preceding the month in which the loss or damage occurs; and

(bb) Adjust that total for any normal fluctuations in the amount of accounts receivable for the month in which the loss or damage occurred or for any demonstrated variance from the average for that month.

(ii) The following will be deducted from the total amount of accounts receivable, however that amount is established:

(aa) The amount of the accounts for which there is no loss or damage;

(bb) The amount of the accounts that you are able to re-establish or collect;

(cc) An amount to allow for probable bad debts that you are normally unable to collect; and

(dd) All unearned interest and service charges.

(f) You will pay us the amount of all recoveries you receive for loss or damage paid by us. But any recoveries in excess of the amount we have paid belong to you.

(g) The most we will pay for under this Coverage Extension is $250,000 per premises, unless a higher limit is shown in the Declarations.

No deductible applies to this Coverage Extension.

(2) Away From Your Premises

(a) Subject to Paragraphs **(1)(b)** through **(1)(f),** you may extend the insurance that applies to Business Personal Property to apply to Accounts Receivable, including those records that exist as electronic records, while away from premises described in the Declarations.

(b) The most we will pay for this Away From Your Premises coverage is $25,000 per occurrence.

No deductible applies to this Coverage Extension.

(c) This coverage while away from described premises is not increased by the Flex Additional Coverage — Blanket Limit Of Insurance.

Payments under this Coverage Extension are separate from the Limit(s) of Insurance shown in the Declarations for any other coverage.

If Accounts Receivable coverage is provided for any premises under the Inland Marine Coverage Part of this policy, that coverage replaces the Accounts Receivable coverage provided by this Coverage Extension as respects that premises. The provisions of this Coverage Extension would apply to all other premises, including Away From Your Premises coverage, except for the location that is covered for Accounts Receivable under the Inland Marine Coverage Part.

b. Auxiliary Private Structures

If not otherwise covered by this policy, you may extend the insurance that applies to Building to apply to garages and storage buildings on the described premises.

The most we will pay under this Coverage Extension is $15,000 or 10% of the Limit that applies to Building, whichever is less.

Payments under this Coverage Extension are separate from the Limit(s) of Insurance shown in the Declarations for any other coverage.

c. Brands And Labels

(1) If Covered Business Personal Property is damaged by a Covered Cause of Loss, we may take all or any part of the property at an agreed or appraised value. When you do not want your damaged "stock" sold under your brand or label, you may:

(a) Remove the brand or label from "stock" or its containers, and relabel the "stock" to comply with the law; or

(b) Label the damaged "stock" as salvage, but in doing so, you must cause no further damage to it.

(2) In either case, we will pay the difference between the salvage value of the damaged "stock" with the brand or label attached, and its salvage value with the brand or label removed. In addition, we will pay reasonable costs for removing the brands or labels and relabeling the damaged "stock".

(3) The most we will pay under this Coverage Extension is $50,000, unless a higher limit is shown in the Declarations.

Payments under this Coverage Extension will not increase the applicable Limit of Insurance.

d. Consequential Damage To Pairs Or Sets

If a part or parts of pairs or sets of "stock" are damaged by a Covered Cause of Loss, causing the part or parts that are not damaged to be unmarketable as a complete product, you may extend the insurance that applies to Business Personal Property to cover the consequential damage to your undamaged parts of such pairs or sets.

Payments under this Coverage Extension will not increase the applicable Limit of Insurance.

e. Deferred Payments

(1) You may extend the insurance that applies to Business Personal Property to cover direct physical loss by a Covered Cause of Loss to the following:

(a) Business Personal Property which you have sold under an installment or deferred payment plan and which is in possession of the buyer. We will pay only for your remaining interest in the property.

(b) Business Personal Property which is rented or leased to others.

(2) The most we will pay for loss or damage under this Extension is $50,000, unless a higher limit is shown in the Declarations.

Payments under this Coverage Extension will not increase the applicable Limit of Insurance.

f. Electronic Data Processing

(1) On Your Premises

(a) Equipment, Media And Data

(i) You may extend the insurance that applies to Business Personal Property at the premises described in the Declarations to cover direct physical loss or damage by a Covered Cause of Loss to:

(aa) "Hardware"; and

(bb) "Software".

while at a premises described in the Declarations.

(ii) Covered Property under this Extension does not include:

(aa) "Stock"; or

(bb) Computerized production equipment or apparatus.

(iii) Except as is noted in Paragraph **(3)(d),** the most we will pay for loss or damage under Paragraph **(a)** of this Extension is $200,000 per occurrence, unless a higher limit is shown in the Declarations.

(b) Business Income

(i) We will pay for the actual loss of Business Income you sustain due to the necessary suspension of your "operations" during the "period of restoration". The suspension must be caused by direct physical loss of or damage to "hardware" or "software" while at a premises described in the Declarations, caused by or resulting from any Covered Cause of Loss.

(ii) Business Income means the:

(aa) Net Income (Net Profit or Loss before income taxes) that would have been earned or incurred; and

(bb) Continuing normal operating expenses incurred, including payroll.

(iii) Except as is noted in Paragraph **(3)(d),** the most we will pay for loss or damage under Paragraph **(b)** is $25,000 per occurrence, unless a higher limit is shown in the Declarations. No deductible applies to this coverage.

(c) Extra Expense

(i) We will pay the actual and necessary Extra Expense you sustain due to direct physical loss or damage to "hardware" or "software" while at a premises described in the Declarations, caused by or resulting from any Covered Cause of Loss.

(ii) Extra Expense means necessary expenses you incur during the "period of restoration" that you would not have incurred if there had been no direct physical loss or damage to property:

(aa) To avoid or minimize the suspension of business and to continue "operations":

(1) At the described premises; or

(2) At replacement premises or temporary locations, including relocation expenses and costs to equip and operate the replacement or temporary location;

(bb) To minimize the suspension of business if you cannot continue "operations", or

(cc) To repair or replace any property.

(iii) Except as is noted in Paragraph **(3)(d),** the most we will pay for loss or damage under Paragraph **(c)** is $25,000 per occurrence, unless a higher limit is shown in the Declarations. No deductible applies to this coverage.

(d) The following Exclusions in the Causes Of Loss — Special Form do not apply to this Electronic Data Processing coverage:

(i) **B.1.b.** Earth Movement; **B.1.e.** Utility Services; **B.1.g.** Water; and

(ii) All **B.2.** Exclusions except **B.2.b.** Consequential Loss; **B.2.d.(1)** Wear And Tear; **B.2.e.** Steam Apparatus; **B.2.g.** Dishonesty; **B.2.h.** False Pretense; **B.2.j.** Collapse; and **B.2.k.** Pollution.

(e) The following additional Exclusions apply to this Electronic Data Processing coverage:

We will not pay for loss or damage caused by or resulting from any of the following:

(i) "Computer Virus" or "Computer Hacking". Except as provided under the Virus And Hacking Coverage in Paragraph **(3),** we will not pay for:

(aa) any direct or indirect loss or damage; or

(bb) loss of access, loss of use, or loss of functionality

caused by a "computer virus" or by "computer hacking".

(ii) Deterioration, depreciation or obsolescence.

(f) Under this Electronic Data Processing coverage:

(i) "Computer hacking" means an unauthorized intrusion by an individual or group of individuals, whether employed by you or not, into "hardware", "software", or a computer network that results in:

(aa) deletion, destruction, generation, or modification of "software";

(bb) alteration, contamination, corruption, degradation, or destruction of the integrity, quality, or performance of "software";

(cc) observation, scanning, or copying of "electronic data", "programs and applications", and "proprietary programs";

(dd) damage, destruction, inadequacy, malfunction, degradation, or corruption of any "hardware" or "media" used with "hardware"; or

(ee) denial of access to or denial of services from your "hardware" or your computer network.

(ii) "Computer virus" means the introduction of any malicious, self-replicating electronic data processing code or other code into "hardware" or "software" that is intended to result in:

(aa) deletion, destruction, generation, or modification of "software";

(bb) alteration, contamination, corruption, degradation, or destruction of the integrity, quality, or performance of "software";

(cc) damage, destruction, inadequacy, malfunction, degradation, or corruption of any "hardware" or "media" used with "hardware"; or

(dd) denial of access to or denial of services from your "hardware" or your computer network.

(iii) "Pollutants" means:

(aa) any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste. Waste includes materials to be recycled, reconditioned or reclaimed.

(bb) electrical or magnetic emissions, whether visible or invisible, and sound emissions.

But we will pay for direct loss or damage caused by lightning.

(2) Away From Your Premises

(a) Subject to Paragraphs **(1)(d)** through **(1)(f),** you may extend

the insurance that applies to Business Personal Property to cover direct physical loss or damage to "hardware" or "software" caused by a Covered Cause of Loss while it is in the custody of you, your officers, your partners, or your employees:

(i) at your residence or the residence of your officers, partners, or employees;

(ii) temporarily at a premises that is not described in the Declarations; or

(iii) in transit.

(b) Covered Property under this Extension does not include "stock" or computerized production equipment or apparatus.

(c) We will not pay for loss or damage to property that is voluntarily released to the care, custody or control of anyone else including property while in transit as checked baggage.

(d) The most we will pay for loss or damage under Paragraph **(2)** is $100,000 per occurrence, unless a higher limit is shown in the Declarations. This Away From Your Premises coverage is subject to a separate deductible of $1,000 in any one occurrence. No other deductible applies.

(3) Virus And Hacking Coverage

(a) We cover direct physical loss of or damage to covered "hardware" and "software" while at a premises described in the Declarations caused by a "computer virus" or by "computer hacking".

(b) We cover loss of Business Income and/or Extra Expense caused by a "computer virus" or by "computer hacking". Coverage begins 12 hours after the time of direct physical loss for Business Income coverage.

(c) We do not cover:

(i) loss of exclusive use of, or loss of or reduction in economic or market value of, any "electronic data" or "proprietary programs" that have been copied, scanned, or altered;

(ii) "theft" from your "electronic data" or "proprietary programs" of confidential information through the observation of the "electronic data" or "proprietary programs" by accessing covered "hardware" or your computer network without any alteration or other physical loss or damage to the records or programs. Confidential information includes, but is not limited to, customer information, processing methods, or trade secrets; and

(iii) denial of access to or services from your "hardware" or your computer network.

(d) The most we will pay during one policy year for all covered losses described in Paragraphs **(1)(a), (1)(b)** and **(1)(c)** under the Virus And Hacking Coverage **(3)(a)** and **(3)(b)** combined is $100,000, unless a higher limit is shown in the Declarations. With respect to an occurrence which begins in one policy year and continues or results in additional loss or damage in a subsequent policy year(s), all loss or damage is deemed to be sustained in the policy year in which the occurrence began.

Payments under this Coverage Extension are separate from the Limit(s) of Insurance shown in the Declarations for any other coverage.

If Electronic Data Processing coverage is provided for any premises under the Inland Marine Coverage Part of this policy, that coverage replaces the Electronic Data Processing coverage provided by this Coverage Extension as respects that premises. The provisions of this Coverage Extension would apply to all other premises, including Away From Your Premises coverage, except for the location that is covered for

Electronic Data Processing under the Inland Marine Coverage Part.

g. Exhibitions

(1) You may extend the insurance that applies to Business Personal Property while en route to or from, or temporarily on display, at exhibitions, fairs or trade shows.

(2) Exclusions **B.1.b.,** Earth Movement, and **B.1.g.,** Water, of the Causes Of Loss — Special Form do not apply to this Exhibitions coverage.

(3) Under this Coverage Extension, we will not pay for "theft" from an unattended vehicle except when it is securely locked, its windows are fully closed, and there is visible evidence that entry into the vehicle was forced. This exclusion does not apply to Covered Property in the custody of a carrier for hire.

(4) The most we will pay for loss or damage under this Extension is $50,000, unless a higher limit is shown in the Declarations.

Payments under this Coverage Extension are separate from the Limit(s) of Insurance shown in the Declarations for any other coverage.

This Coverage Extension is subject to a separate deductible of $1,000 in any one occurrence. No other deductible applies.

(5) If Exhibition coverage is provided under the Inland Marine Coverage Part of this policy, that coverage replaces the Exhibition coverage provided by this Coverage Extension. The provisions of this Coverage Extension would no longer apply.

h. Fine Arts

(1) On Your Premises

(a) You may extend the insurance that applies to Business Personal Property to cover "fine arts" at the premises described in the Declarations.

(b) Exclusions **B.1.b.,** Earth Movement, and **B.1.g.,** Water, of the Causes Of Loss — Special Form do not apply to this Fine Arts coverage.

(c) In the event of total loss of an article or articles which are part of a pair or set, you may choose to have us pay the market value of the whole set and surrender the remaining pieces to us.

(d) This Extension does not cover:

(i) numismatic or philatelic objects or collections;

(ii) furs or fur-trimmed garments; or

(iii) jewelry, precious or semi-precious stones, gold, silver, platinum, or other precious metals or alloys.

(e) We will not pay for loss caused directly or indirectly by breakage of art glass windows, statuary, marbles, glassware, bric-a-brac, porcelains and similar fragile articles, unless caused by fire, lightning, aircraft, theft or attempted theft, weather conditions, earthquake, flood, explosion malicious damage, or collision, derailment or overturn of the transporting conveyance.

(f) The most we will pay for loss or damage under this Coverage Extension is $50,000 per premises, unless a higher limit is shown in the Declarations.

(2) Property On Exhibit

Subject to Paragraphs **(1)(b)** through **(1)(e),** you may extend the insurance that applies to Business Personal Property to cover "fine arts" while temporarily on exhibit in a premises not owned or occupied by you. The most we will pay for loss or damage to property on exhibition is $10,000 per occurrence.

(3) Property Off Premises For Framing, Renovating, Packing, Or Appraising

Subject to Paragraphs **(1)(b)** through **(1)(e),** you may extend the insurance that applies to Business Personal Property to cover "fine arts" while temporarily in a premises not owned, occupied, or operated by you for framing, renovating, packing, or appraising. The most we will pay for loss or damage to property off premises for framing, renovating, packing, or appraising is $10,000 per occurrence.

(4) Transit

Subject to Paragraphs **(1)(b)** through **(1)(e),** you may extend the insurance that applies to Business Personal Property to cover "fine arts" while in transit. The most we will pay for loss or damage to property in transit is $10,000 per occurrence.

Payments under this Coverage Extension are separate from the Limit(s) of Insurance shown in the Declarations for any other coverage.

If Commercial Fine Arts coverage is provided under the Inland Marine Coverage Part of this policy, that coverage replaces the Fine Arts coverage provided by this Coverage Extension. The provisions of this Coverage Extension would no longer apply.

i. Inflation Guard

If Building or Business Personal Property coverage is shown in the Declarations and Replacement Cost coverage applies, then this Coverage Extension applies to that property as follows:

(1) The Limit of Insurance for property to which this Coverage Extension applies will automatically increase by up to 6%.

(2) The amount of increase will be:

(a) the Limit of Insurance that applied on the most recent of the policy inception date, the policy anniversary date, or any other policy change amending the Limit of Insurance, times

(b) the 6%, expressed as a decimal (example: 6% is .06), times

(c) the number of days since the beginning of the current policy year or the effective date of the most recent policy change amending the Limit of Insurance, divided by 365.

(3) The insured may purchase a higher percentage under this Coverage Extension. If the insured chooses a higher percentage, it will be reflected in the Declarations.

EXAMPLE:

If: The applicable Limit of Insurance is	$ 100,000
The annual percentage increase is	6%
The number of days since the beginning of the policy year (or last policy change) is	146
The amount of increase is $100,000 x .06 x 146 ÷ 365 =	$ 2,400

j. Inventory, Appraisals And Other Claims Expenses

(1) You may extend the insurance that applies to Business Personal Property to pay the necessary and reasonable costs for taking inventories, making appraisals, and preparing other documents that we require when loss or damage occurs to Covered Property. This coverage does not apply to your expenses for appraisals to resolve disputes involving value or loss as described in Loss Condition **E.2. Appraisal.**

(2) The most we will pay under this Coverage Extension is $50,000, unless a higher limit is shown in the Declarations.

Payments under this Coverage Extension will not increase the applicable Limit of Insurance.

k. Newly Acquired Or Constructed Property

(1) Buildings

If this policy covers Building, you may extend that insurance to apply to:

(a) Your new buildings while being built on the described premises; and

(b) Buildings you acquire at locations, other than the described premises, intended for:

(i) Similar use as the building described in the Declarations; or

(ii) Use as a warehouse.

The most we will pay for loss or damage under this Extension is $1,000,000 at each building.

(2) Business Personal Property

If this policy covers Business Personal Property, you may extend that insurance to apply to:

(a) Business personal property, including such property that you newly acquire, at any location you acquire other than at fairs, trade shows or exhibitions;

(b) Business personal property, including such property that you newly acquire, located at your newly constructed or acquired buildings at the location described in the Declarations; or

(c) Business personal property that you newly acquire, located at the described premises.

The most we will pay for loss or damage under this Extension is $500,000 at each building.

This Extension does not apply to:

(a) Personal property of others that is temporarily in your possession in the course of installing or performing work on such property; or

(b) Personal property of others that is temporarily in your possession in the course of your manufacturing or wholesaling activities.

(3) Period of Coverage

With respect to insurance on or at each newly acquired or constructed property, coverage will end when any of the following first occurs:

(a) This policy expires;

(b) 180 days expire after you acquire the property or begin construction of that part of the building that would qualify as covered property; or

(c) You report values to us.

We will charge you additional premium for values reported from the date you acquire the property or begin construction of that part of the building that would qualify as covered property.

l. Non-owned Detached Trailers

(1) You may extend the insurance that applies to Business Personal Property to apply to loss or damage to trailers that you do not own, provided that:

(a) The trailer is used in your business;

(b) The trailer is in your care, custody or control at the premises described in the Declarations; and

(c) You have a contractual responsibility to pay for loss or damage to the trailer.

(2) We will not pay for any loss or damage that occurs:

(a) While the trailer is attached to any motor vehicle or motorized conveyance, whether or not the motor vehicle or motorized conveyance is in motion;

(b) During hitching or unhitching operations, or when a trailer becomes accidentally unhitched from a motor vehicle or motorized conveyance.

(3) The most we will pay for loss or damage under this Extension is $10,000, unless a higher limit is shown in the Declarations.

Payments under this Coverage Extension are separate from the Limit(s) of Insurance shown in the Declarations for any other coverage.

(4) This insurance is excess over the amount due (whether you can collect on it or not) from any other insurance covering such property.

m. Outdoor Trees, Shrubs, Plants, Sod And Lawns

You may extend the insurance provided by this Coverage Form to apply to your outdoor trees, shrubs, plants, sod and lawns (other than "stock" of trees, shrubs, plants or sod), including debris removal expense. Loss or damage must be caused by or result from any of the following causes of loss:

(1) Fire;

(2) Lightning;

(3) Explosion;

(4) Riot or Civil Commotion;

(5) Aircraft; or

(6) Vehicles operated by other than you or an employee.

The most we will pay for loss or damage under this Coverage Extension is $50,000, but not more than $10,000 for any one tree, shrub or plant. The $10,000 limitation to individual plants does not apply to sod or lawns. These limits apply to any one occurrence, regardless of the types or number of items lost or damaged in that occurrence.

Payments under this Coverage Extension are separate from the Limit(s) of Insurance shown in the Declarations for any other coverage.

The Limits of Insurance applicable to this Coverage Extension includes their debris removal expense. Such debris removal expense is not included in the Additional Coverage **A.4.d.** for Debris Removal.

n. Personal Effects

(1) You may extend the insurance that applies to Business Personal Property to personal effects owned by you, your officers, your partners or members, your managers or your employees. This extension does not apply to loss or damage by "theft". Our payment for loss of or damage to personal effects of others will only be for the account of the owner of the property.

(2) Personal effects do not include tools and equipment owned by your employees that are used in your business operations.

(3) The most we will pay under this Coverage Extension is $50,000, unless a higher limit is shown in the Declarations.

Payments under this Coverage Extension are separate from the Limit(s) of Insurance shown in the Declarations for any other coverage.

o. Property In Transit

(1) You may extend the insurance provided by this Coverage Part to apply to covered Business Personal Property in or on a vehicle or in transit, including loading and unloading, more than 1,000 feet from a covered premises while:

(a) In or on a vehicle you own, rent or lease;

(b) In the custody of a carrier for hire; or

(c) In the custody of an air or rail carrier

within the United States of America, its territories and possessions, Canada, and Puerto Rico.

(2) Exclusions **B.1.b.,** Earth Movement, and **B.1.g.,** Water, of the Causes Of Loss — Special Form do not apply to this Property In Transit coverage.

(3) Except as is noted in Paragraph **(4)** below, the reference to property while airborne or waterborne in **A.2.i.** of Property Not Covered does not apply to this Coverage Extension.

(4) There is no coverage for exported or imported property:

(a) That is covered under any ocean marine cargo policy that anyone has obtained to cover exports or imports; or

(b) While on an ocean or air conveyance.

(5) There is no coverage under this Extension for loss to property that you become legally obligated to pay as a common or contract carrier under a bill of lading, contract of carriage, or shipping receipt that is issued by you or that is issued on your behalf.

(6) There is no coverage under this Extension for:

(a) Sales representatives' samples (including containers);

(b) Property of any type while en route to or from a trade show, exhibition, or fair;

(c) "Fine arts", "antiques", fur garments, jewelry, precious or semiprecious stones, gold, silver, platinum, or other precious metals or alloys;

(d) Mail shipments in the custody of the U.S. Postal Service;

(e) Electronic data processing "hardware" or "software", except for "stock";

(f) "Valuable papers and records"; or

(g) Accounts receivable.

(7) The most we will pay in any occurrence under this Coverage Extension is $50,000, unless a higher limit is shown in the Declarations.

Payments under this Coverage Extension are separate from the Limit(s) of Insurance shown in the Declarations for any other coverage.

This Coverage Extension is subject to a separate deductible of $1,000 in any one occurrence. No other deductible applies.

(8) If either Motor Truck Cargo Owners coverage or Transportation coverage are provided under the Inland Marine Coverage Part of this policy, that coverage replaces this Property In Transit Coverage Extension. The provisions of this Coverage Extension would no longer apply.

p. Property Off-premises

(1) You may extend the insurance provided to Business Personal Property to apply to your Covered Property while it is away from the described premises, if it is:

(a) Temporarily at a location you do not own, lease or operate; or

(b) In storage at a location you lease.

(2) This Coverage Extension does not apply to:

(a) Property in or on a vehicle or otherwise in transit;

(b) Property at any fair, trade show or exhibition;

(c) Property in the care, custody or control of your sales representatives, or you while acting as a sales representative;

(d) "Contractors' equipment";

(e) Materials, supplies, machinery, fixtures, and equipment that you are installing, constructing, or rigging as part of your installation or construction project, or will become a permanent part of your installation or construction project while they are at a storage location away from the described premises;

(f) Property covered under the Deferred Payments Additional Coverage;

(g) Electronic data processing "hardware" or "software", except for "stock";

(h) "Valuable papers and records"; or

(i) Accounts receivable.

(3) There is no coverage under this Coverage Extension for loss caused by or resulting from:

(a) Earth movement; or

(b) Flood, whether arising from natural or external forces; surface water; waves; tides; tidal waves; overflow of any body of water, or their spray, all whether driven by wind or not.

This exclusion applies whether or not coverage is provided under this policy by any endorsement to Business Personal Property for the causes of loss described in **(3)(a)** or **(3)(b)** above.

(4) The most we will pay for loss or damage under this Coverage Extension is $100,000, unless a higher limit is shown in the Declarations.

Payments under this Coverage Extension are separate from the Limit(s) of Insurance shown in the Declarations for any other coverage.

q. Sales Representatives Samples

(1) You may extend the insurance that applies to Business Personal Property to samples of your stock in trade (including containers) while the property is in the custody of:

(a) your sales representatives and agents; or

(b) your custody while acting as a sales representative

if more than 1,000 feet from a premises described in the Declarations, not including any other premises that is owned, operated, or leased by you.

(2) Exclusions **B.1.b.,** Earth Movement, and **B.1.g.,** Water, of the Causes Of Loss — Special Form do not apply to this Sales Representatives Samples coverage.

(3) Under this Coverage Extension, we will not pay for "theft" from an unattended vehicle except when it is securely locked, its windows are fully closed, and there is visible evidence that entry into the vehicle was forced.

(4) There is no coverage under this Extension for jewelry, precious or semiprecious stones, gold, silver, platinum, or other precious metals or alloys.

(5) The most we will pay for loss or damage under this Coverage Extension is $50,000, unless a higher limit is shown in the Declarations.

Payments under this Coverage Extension are separate from the Limit(s) of Insurance shown in the Declarations for any other coverage.

This Coverage Extension is subject to a separate deductible of $1,000 in any one occurrence. No other deductible applies.

(6) If Salespersons Samples coverage is provided under the Inland Marine Coverage Part of this policy, that coverage replaces the Sales Representatives Samples coverage provided by this Coverage Extension. The provisions of this Coverage Extension would no longer apply.

r. Signs — Supplemental Coverage

(1) You may extend the insurance that applies to Business Personal Property to apply to direct physical loss of or damage to signs (other than signs covered under **A.1.a.** Buildings) located at a premises described in the Declarations:

(a) Owned by you; or

(b) That you have a contractual responsibility to insure as a building tenant.

(2) The most we will pay for loss or damage under this Coverage Extension is $50,000, unless a higher limit is shown in the Declarations.

Payments under this Coverage Extension are separate from the Limit(s) of Insurance shown in the Declarations for any other coverage.

s. Spoilage Due To Power Outage, Mechanical Breakdown, Or Contamination — Direct Damage

(1) You may extend the insurance that applies to Business Personal Property to apply to spoilage of "perishable stock" caused by:

(a) Breakdown or Contamination, meaning:

(i) Change in temperature or humidity caused by mechanical breakdown or mechanical failure of refrigerating, cooling, or humidity control apparatus or equipment, only while such equipment or apparatus is at the described premises; and

(ii) Contamination by the refrigerant.

(b) Power Outage, meaning change in temperature or humidity resulting from complete or partial interruption of electrical power, either on or off the described premises, due to conditions beyond your control.

(2) With respect to the coverage provided by this extension, property located outside of a building or in or on a vehicle is considered to be Property Not Covered unless the stock is being moved to prevent or reduce loss covered by this policy.

(3) We will also pay any necessary expenses you incur to reduce the

amount of loss under this coverage. We will pay for such expenses to the extent that they do not exceed the amount of loss that otherwise would have been payable under this Coverage Extension.

(4) Only the following Exclusions contained in Paragraph **B.1.** of the Causes Of Loss — Special Form apply to this Spoilage Due To Power Outage, Mechanical Breakdown, Or Contamination — Direct Damage coverage:

(a) **B.1.b.** Earth Movement;

(b) **B.1.c.** Governmental Action;

(c) **B.1.d.** Nuclear Hazard;

(d) **B.1.f.** War And Military Action; and

(e) **B.1.g.** Water.

(5) The following additional Exclusions are added:

We will not pay for loss or damage caused by:

(a) The disconnecting of any refrigerating, cooling or humidity control system from the source of power.

(b) The deactivation of electrical power caused by the manipulation of any switch or other device used to control the flow of electrical power or current.

(c) The inability of an Electrical Utility Company or other power source to provide sufficient power due to:

(i) Lack of fuel; or

(ii) Governmental order.

(d) The inability of a power source at the described premises to provide sufficient power due to lack of generating capacity to meet demand.

(e) Breaking of any glass that is a permanent part of any refrigerating, cooling or humidity control unit.

(6) The provisions of this Coverage Extension are superseded if the Spoilage Coverage endorsement is attached to and made a part of this policy.

(7) The most we will pay for loss or damage under this Coverage Extension is $50,000 per building, unless a higher limit is shown in the Declarations.

Payments under this Coverage Extension will not increase the applicable Limits of Insurance.

t. Utility Services — Direct Damage

(1) You may extend the insurance that applies to Covered Property to apply to loss of or damage to Covered Property, other than "perishable stock", caused by the interruption in utility service to premises described in the Declarations. The interruption in utility service must result from direct physical loss or damage by a Covered Cause of Loss to the following property:

(a) Water Supply Services, meaning the following types of property supplying water to the described premises:

(i) Pumping stations; and

(ii) Water mains.

(b) Communication Supply Services, meaning property supplying communication services, including telephone, radio, microwave or television services to the described premises, such as:

(i) Communication transmission lines, including optic fiber transmission lines;

(ii) Coaxial cables; and

(iii) Microwave radio relays except satellites.

(c) Power Supply Services, meaning the following types of property supplying electricity, steam or gas to the described premises:

(i) Utility generating plants;

(ii) Switching stations;

(iii) Substations;

(iv) Transformers; and

(v) Transmission lines.

(2) The Utility Services exclusion in **B.1.e.** of the Causes Of Loss — Special Form does not apply to this Utility Services — Direct Damage coverage.

(3) The provisions of this Coverage Extension are superseded if the Utility Services — Direct Damage endorsement is attached to and made a part of this policy.

(4) The most we will pay for loss or damage under this Coverage Extension is $50,000 at each covered building, unless a higher limit is shown in the Declarations.

Payments under this Coverage Extension will not increase the applicable Limit of Insurance.

u. Valuable Papers And Records

(1) On Your Premises

(a) You may extend the insurance that applies to Business Personal Property at the premises described in the Declarations to apply to the cost to replace or restore the lost information on "valuable papers and records" for which duplicates do not exist.

(b) The following Exclusions in the Causes Of Loss — Special Form do not apply to this Valuable Papers And Records coverage:

(i) **B.1.b.** Earth Movement; **B.1.e.** Utility Services; **B.1.g.** Water; and

(ii) All **B.2.** Exclusions except **B.2.b.** Consequential Loss; **B.2.d.(1)** Wear And Tear; **B.2.e.** Steam Apparatus; **B.2.g.** Dishonesty; **B.2.h.** False Pretense; **B.2.j.** Collapse; and **B.2.k.** Pollution.

(c) The following additional Exclusion applies to this Valuable Papers And Records coverage:

We will not pay for loss or damage caused by or resulting from electrical or magnetic injury, disturbance or erasure of electronic recordings.

But we will pay for direct loss or damage caused by lightning.

(d) We will also pay for the cost of blank material for reproducing the records (whether or not duplicates exist), and (when there is a duplicate) for the cost of labor to transcribe or copy the records. The costs of blank material and labor are subject to the applicable Limit of Insurance on Business Personal Property and therefore coverage of such costs in not additional insurance.

(e) The most we will pay under this Coverage Extension to replace or restore the lost information is $250,000 per premises, unless a higher limit is shown in the Declarations.

(2) Away From Your Premises

(a) Subject to Paragraphs **(b)** through **(d),** we will pay up to $25,000 per occurrence to apply to the cost to replace or restore the lost information on "valuable papers and records" for which duplicates do not exist, while they are away from premises described in the Declarations.

(b) This coverage while away from described premises is not increased by the Flex Additional Coverage — Blanket Limit Of Insurance.

Payments under this Coverage Extension are separate from the Limit(s) of Insurance shown in the Declarations for any other coverage.

If Valuable Papers And Records coverage is provided for any premises under the Inland Marine Coverage Part of this policy, that coverage replaces the Valuable Papers And Records coverage provided by this Coverage Extension as respects that premises. The provisions of this Coverage Extension would apply to all other premises, including Away From Your Premises coverage, except for the location that is covered for Valuable Papers And Records under the Inland Marine Coverage Part.

v. Worldwide Personal Property

(1) You may extend the insurance that applies to Business Personal Property to apply to property while it is:

(a) in the course of transit; or

(b) at a premises

located in any part of the world other than the United States of America (including its territories and possessions), Puerto Rico or Canada.

(2) There is no coverage under this Extension for:

(a) "stock" other than sales representatives' samples;

(b) "money"; or

(c) "securities" other than airline tickets.

(3) We will not pay for loss or damage caused by or resulting from "theft" to property that is voluntarily released to the care, custody or control of anyone else including property released as checked baggage.

(4) The most we will pay for under this Coverage Extension is $10,000 per occurrence.

Payments under this Coverage Extension are separate from the Limit(s) of Insurance shown in the Declarations for any other coverage.

If a loss is covered by both a specific coverage form on this policy and a Coverage Extension, the coverage provisions of the specific coverage form apply to the loss.

6. Flex Additional Coverage — Blanket Limit Of Insurance

a. In the event that covered loss or damage exceeds the specific Limits of Insurance provided in the Coverage Extensions described in **6.b.** plus the applicable deductible, we will pay up to $250,000 to apply in any one occurrence caused by a Covered Cause of Loss only while at a premises described in the Declarations.

You may apportion this Limit among these coverages as you choose.

Payments under the Flex Additional Coverage — Blanket Limit Of Insurance are separate from the Limit(s) of Insurance shown in the Declarations for any other coverage, and will apply in excess of the specific Coverage Extension limits of insurance plus any deductible applying to them.

b. The Coverages Extensions applicable to this Flex Additional Coverage — Blanket Limit Of Insurance include:

(1) Coverage Extension **A.5.a. Accounts Receivable**

(2) Coverage Extension **A.5.c. Brands And Labels**

(3) Coverage Extension **A.5.l. Non-owned Detached Trailers**

(4) Coverage Extension **A.5.m. Outdoor Trees, Shrubs, Plants, Sod And Lawns**

The $10,000 limit for any one tree, shrub or plant described in **A.5.m.** applies to coverage provided by this Flex Additional Coverage — Blanket Limit Of Insurance.

(5) Coverage Extension **A.5.n. Personal Effects**

(6) Coverage Extension **A.5.u. Valuable Papers and Records**

c. The Away From Your Premises coverage for Coverage Extensions **A.5.a.(2) Accounts Receivable** and **A.5.u.(2) Valuable Papers And Records** do not apply to this Flex Additional Coverage — Blanket Limit Of Insurance.

B. Exclusions And Limitations

See applicable Causes Of Loss Form(s) as shown in the Declarations.

C. Limits Of Insurance

1. The most we will pay for loss or damage in any one occurrence is the applicable Limit of Insurance shown in the Declarations, plus additional limit(s) provided by the Additional Coverages, Coverage Extensions, and the Flex Additional Coverage — Blanket Limit Of Insurance, other than those outlined in Paragraph **C.5.**

2. Building Limit — Annual Adjustment: We will adjust the Limit of Insurance for Buildings on each anniversary and/or the renewal of the policy. The amount of the adjustment will be the percent of increase or decrease as that which has occurred during the preceding policy year in the cost-of-construction factor, as reported in the publication of a recognized independent appraisal company.

3. Business Personal Property — Annual Adjustment: We will adjust the Limit of Insurance for Business Personal Property on each anniversary and/or renewal of the policy. The amount of the adjustment will be based on inflation and the economic factors for the preceding year.

4. Except as noted in Paragraph **C.5.,** the limits applicable to the Additional Coverages and Coverage Extensions are separate from the Limit(s) of Insurance shown in the Declarations for any other coverages.

5. Payments under the following Additional Coverages and Coverage Extensions will not increase the applicable Limits of Insurance:

   a. Additional Coverage **A.4.m. Ordinance Or Law — Coverage A**

   b. Additional Coverage **A.4.o. Preservation Of Property**

   c. Coverage Extension **A.5.c. Brands And Labels**

   d. Coverage Extension **A.5.d. Consequential Damage To Pairs Or Sets**

   e. Coverage Extension **A.5.e. Deferred Payments**

   f. Coverage Extension **A.5.j. Inventory, Appraisals And Other Claims Expenses**

   g. Coverage Extension **A.5.s. Spoilage Due To Power Outage, Mechanical Breakdown, Or Contamination — Direct Damage**

   h. Coverage Extension **A.5.t. Utility Service — Direct Damage**

D. Deductible

In any one occurrence of loss or damage (hereinafter referred to as loss), if the adjusted amount of loss is less than or equal to the Deductible, we will not pay for that loss. If the adjusted amount of loss exceeds the Deductible, we will then subtract the Deductible from the adjusted amount of loss, and will pay the resulting amount or the Limit of Insurance, whichever is less.

When the occurrence involves loss to more than one item of Covered Property and separate Limits of Insurance apply, the losses will not be combined in determining application of the Deductible. But the Deductible will be applied only once per occurrence.

EXAMPLE #1:

Deductible:	$	1,000
Limit of Insurance — Building #1:	$	60,000
Limit of Insurance — Building #2:	$	80,000
Loss to Building #1:	$	60,100
Loss to Building #2:	$	90,000

The amount of loss to Building #1 ($60,100) is less than the sum ($61,000) of the Limit of Insurance applicable to Building #1 plus the Deductible.

The Deductible will be subtracted from the amount of loss in calculating the loss payable for Building #1:

	$ 60,100	
-	$ 1,000	
	$ 59,100	Loss Payable — Building #1

The Deductible applies once per occurrence and therefore is not subtracted in determining the amount of loss payable for Building #2. Loss payable for Building #2 is the Limit of Insurance of $80,000.

Total amount of loss payable: $59,100 + $80,000 = $139,100

EXAMPLE #2:

The Deductible and Limits of Insurance are the same as those in Example #1.

Loss to Building #1: (exceeds Limit of Insurance plus Deductible)	$	70,000
Loss to Building #2: (exceeds Limit of Insurance plus Deductible)	$	90,000
Loss Payable — Building #1: (Limit of Insurance)	$	60,000
Loss Payable — Building #2: (Limit of Insurance)	$	80,000
Total amount of loss payable:	$	140,000

No deductible applies to the following:

a. Additional Coverage **A.4.a. Arson, Vandalism Or Theft Reward**

b. Additional Coverage **A.4.b. Computer Fraud**

c. Additional Coverage **A.4.e. Employee Theft**

d. Additional Coverage **A.4.f. Extra Expense**

e. Additional Coverage **A.4.g. Fire Department Service Charge**

f. Additional Coverage **A.4.h. Fire Extinguisher Systems Recharge**

g. Additional Coverage **A.4.j. Lock And Key Replacement**

h. Additional Coverage **A.4.k. Money And Securities**

i. Coverage Extension **A.5.a. Accounts Receivable**

E. Loss Conditions

The following conditions apply in addition to the Common Policy Conditions and the Commercial Property Conditions.

1. Abandonment

There can be no abandonment of any property to us.

2. Appraisal

If we and you disagree on the value of the property or the amount of loss, either may make written demand for an appraisal of the loss. In this event, each party will select a competent and impartial appraiser. The two appraisers will select an umpire. If they cannot agree, either may request that selection be made by a judge of a court having jurisdiction. The appraisers will state separately the value of the property and amount of loss. If they fail to agree, they will submit their differences to the umpire. A decision agreed to by any two will be binding. Each party will:

a. Pay its chosen appraiser; and

b. Bear the other expenses of the appraisal and umpire equally.

If there is an appraisal, we will still retain our right to deny the claim.

3. Duties In the Event Of Loss Or Damage

a. You must see that the following are done in the event of loss or damage to Covered Property:

(1) Notify the police if a law may have been broken.

(2) Give us prompt notice of the loss or damage. Include a description of the property involved.

(3) As soon as possible, give us a description of how, when and where the loss or damage occurred.

(4) Take all reasonable steps to protect the Covered Property from further damage, and keep a record of your expenses necessary to protect the Covered Property, for consideration in the settlement of the claim. This will not increase the Limit of Insurance. However, we will not pay for any subsequent loss or damage resulting from a cause of loss that is not a Covered Cause of Loss. Also, if feasible, set the damaged property aside and in the best possible order for examination.

(5) At our request, give us complete inventories of the damaged and undamaged property. Include quantities, costs, values and amount of loss claimed.

(6) As often as may be reasonably required, permit us to inspect the property proving the loss or damage and examine your books and records.

Also permit us to take samples of damaged and undamaged property for inspection, testing and analysis, and permit us to make copies from your books and records.

(7) Send us a signed, sworn proof of loss containing the information we request to investigate the claim. You must do this within 60 days after our request. We will supply you with the necessary forms.

(8) Cooperate with us in the investigation or settlement of the claim.

b. We may examine any insured under oath, while not in the presence of any other insured and at such times as may be reasonably required, about any matter relating to this insurance or the claim, including an insured's books and records. In the event of an examination, an insured's answers must be signed.

4. Loss Payment

a. In the event of loss or damage covered by this Coverage Form, at our option, we will either:

(1) Pay the value of lost or damaged property;

(2) Pay the cost of repairing or replacing the lost or damaged property, subject to **b.** below;

(3) Take all or any part of the property at an agreed or appraised value; or

(4) Repair, rebuild or replace the property with other property of like kind and quality, subject to **b.** below.

We will determine the value of lost or damaged property, or the cost of its repair or replacement, in accordance with the applicable terms of the Valuation Condition in this Coverage Form or any applicable provision which amends or supersedes the Valuation Condition.

b. The cost to repair, rebuild or replace does not include the increased cost attributable to enforcement of any ordinance or law regulating the construction, use or repair of any property.

c. We will give notice of our intentions within 30 days after we receive the sworn proof of loss.

d. We will not pay you more than your financial interest in the Covered Property.

e. We may adjust losses with the owners of lost or damaged property if other than you. If we pay the owners, such payments will satisfy your claims against us for the owners' property. We will not pay the owners more than their financial interest in the Covered Property.

f. We may elect to defend you against suits arising from claims of owners of property. We will do this at our expense.

g. We will pay for covered loss or damage within 30 days after we receive the sworn proof of loss, if you have complied with all of the terms of this Coverage Part and:

(1) We have reached agreement with you on the amount of loss; or

(2) An appraisal award has been made.

If you name an insurance trustee, we will adjust losses with you, but we will pay the insurance trustee. If we pay the trustee, the payments will satisfy your claims against us.

h. A party wall is a wall that separates and is common to adjoining buildings that are owned by different parties. In settling covered losses involving a party wall, we will pay a proportion of the loss to the party wall based on your interest in the wall in proportion to the interest of the owner of the adjoining building. However, if you elect to repair or replace your building and the owner of the adjoining building elects not to repair or replace that building, we will pay you the full value of the loss to the party wall, subject to all applicable policy provisions including Limits of Insurance, the Valuation Condition and all other provisions of this Loss Payment Condition. Our payment under the provisions of this paragraph does not alter any right of subrogation we may have against any entity, including the owner or insurer of the adjoining building, and does not alter the terms of the Transfer Of Rights Of Recovery Against Others To Us Condition in this policy.

5. Recovered Property

If either you or we recover any property after loss settlement, that party must give the other prompt notice. At your option, the property will be returned to you. You must then return to us the amount we paid to you for the property. We will pay recovery expenses and the expenses to repair the recovered property, subject to the Limit of Insurance.

6. Unit Owner's Insurance

A unit-owner may have other insurance covering the same property as this insurance. This insurance is intended to be primary, and not to contribute with such other insurance.

7. Vacancy

a. Description of Terms

(1) As used in this Vacancy Condition, the term building and the term vacant have the meanings set forth in **(1)(a)** and **(1)(b)** below:

(a) When this policy is issued to a tenant, and with respect to that tenant's interest in Covered Property, building means the unit or suite rented or leased to the tenant. Such building is vacant when it does not contain enough business personal property to conduct customary operations.

(b) When this policy is issued to the owner or general lessee of a building, building means the entire building. Such building is vacant unless at least 31% of its total square footage is:

(i) Rented to a lessee or sub-lessee and used by the lessee or sub-lessee to conduct its customary operations; and/or

(ii) Used by the building owner to conduct customary operations.

(2) Buildings under construction or renovation are not considered vacant.

b. Vacancy Provisions

If the building where loss or damage occurs has been vacant for more than 60 consecutive days before that loss or damage occurs:

(1) We will not pay for any loss or damage caused by any of the following even if they are Covered Causes of Loss:

(a) Fire caused by acts of vandalism;

(b) Vandalism, including fire caused by acts of vandalism;

(c) Sprinkler leakage, unless you have protected the system against freezing;

(d) Building glass breakage;

(e) Water damage;

(f) "Theft"; or

(g) Attempted "theft".

(2) With respect to Covered Causes of Loss other than those listed in **b.(1)(a)** through **b.(1)(g)** above, we will reduce the amount we would otherwise pay for the loss or damage by 15%.

8. Valuation

a. We will determine the value of Covered Property in the event of loss or damage at replacement cost (without deduction for depreciation) of the time of loss or damage, except as provided in **c.** through **f.** below.

b. We will not pay more for loss or damage on a replacement cost basis than the least of **(1), (2)** or **(3),** subject to **c.** below:

(1) The Limit of Insurance applicable to the lost or damaged property;

(2) The cost to replace the lost or damaged property with other property:

(a) Of comparable material and quality; and

(b) Used for the same purpose; or

(3) The amount actually spent that is necessary to repair or replace the lost or damaged property.

If a building is rebuilt at a new premises, the cost described in **b.(2)** above is limited to the cost which would have been incurred if the building had been rebuilt at the original premises.

c. The cost of repair or replacement does not include the increased cost attributable to enforcement of any ordinance or law regulating the construction, use or repair of any property.

d. You may make a claim for loss or damage covered by this insurance on an "actual cash value" basis instead of on a replacement cost basis. In the event you elect to have loss or damage settled on an "actual cash value" basis, you may still make a claim for the additional coverage on a replacement cost basis if you notify us of your intent to do so within 180 days after the loss or damage.

e. With respect to replacement cost on the personal property of others, the following limitation applies:

If an item(s) of personal property of others is subject to a written contract which governs your liability for loss or damage to that item(s), then valuation of that item(s) will be based on the amount for which you are liable under such contract, but not to exceed the lesser of the replacement cost of the property or the applicable Limit of Insurance.

f. The following types of property are valued as follows:

(1) Contents of a residence at "actual cash value".

(2) Subject to the exceptions in Paragraphs **(a)** and **(b)** below, "stock" at "actual cash value", unless Replacement Cost is shown in the Declarations as Including "Stock".

The following types of "stock" are valued as follows:

(a) "Stock" you have sold but not delivered at the selling price less discounts and expenses you otherwise would have had.

(b) Used or second-hand merchandise held in storage or for sale at "actual cash value".

(3) "Fine arts" at market value at the time of loss.

(4) "Money" up to and including its face value.

(5) "Securities" up to and including their value at the close of business on the day the loss occurred. We may, at our option:

(a) Pay the market value of such "securities" or replace them in kind, in which event you must assign to us all your rights, title and interest in and to those "securities"; or

(b) Pay the cost of any Lost Securities Bond required in connection with issuing duplicates of the "securities". However, we will be liable only for the payment of so much of the cost of the bond as would be charged for a bond having a penalty not exceeding the lesser of the:

(i) market value of the "securities" at the close of business on the day the loss was discovered; or

(ii) Limit of Insurance applicable to the "securities".

(6) Electronic data processing "hardware":

(a) That is replaced — at the cost of replacing the "hardware" with new equipment that is functionally comparable to the "hardware" that is being replaced;

(b) That is not repaired or replaced — at "actual cash value";

(c) In no event will we pay more than the reasonable cost of restoring partially damaged "hardware" to its condition directly prior to the damage.

(7) Electronic data processing "software":

(a) "Programs and applications"

(i) At the cost to reinstall the "programs or applications" from the licensed discs that were originally used to install the programs or applications.

(ii) If the original licensed discs are lost, damaged, or can no longer be obtained, the value of "programs and applications" will be based on the cost of the most current version of the "programs or applications".

(b) "Proprietary programs":

(i) At the cost of reproduction from duplicate copies. The cost of reproduction includes, but is not limited to, the cost of labor to copy or transcribe from duplicate copies.

(ii) If duplicate copies do not exist, at the cost of research or other expenses necessary to reproduce, replace, or restore loss "proprietary programs".

(c) "Electronic data":

(i) At the cost of reproduction from duplicate copies. The cost of reproduction includes, but is not limited to, the cost of labor to copy or transcribe from duplicate copies.

(ii) If duplicate copies do not exist, at the cost of research or other expenses necessary to reproduce, replace, or restore lost files, documents, and records.

(d) "Media" at the cost to repair or replace the "media" with material of the same kind or quality.

(8) Glass at the cost of replacement with safety-glazing material if required by law.

9. Waiver of Rights of Recovery

we waive our rights to recover payment from any unit-owner of the condominium that is shown in the Declarations.

F. Additional Condition — Mortgageholders

The following condition applies in addition to the Common Policy Conditions and the Commercial Property Conditions.

1. The term mortgageholder includes trustee.

2. We will pay for covered loss of or damage to buildings or structures to each mortgageholder shown in the Declarations in their order of precedence, as interests may appear.

3. The mortgageholder has the right to receive loss payment even if the mortgageholder has started foreclosure or similar action on the building or structure.

4. If we deny your claim because of your acts or because you have failed to comply with the terms of this Coverage Part, the mortgageholder will still have the right to receive loss payment if the mortgageholder:

   a. Pays any premium due under this Coverage Part at our request if you have failed to do so;

   b. Submits a signed, sworn proof of loss within 60 days after receiving notice from us of your failure to do so; and

   c. Has notified us of any change in ownership, occupancy or substantial change in risk known to the mortgageholder.

   All of the terms of this Coverage Part will then apply directly to the mortgageholder.

5. If we pay the mortgageholder for any loss or damage and deny payment to you because of your acts or because you have failed to comply with the terms of this Coverage Part:

   a. The mortgageholder's rights under the mortgage will be transferred to us to the extent of the amount we pay; and

   b. The mortgageholder's right to recover the full amount of the mortgageholder's claim will not be impaired.

   At our option, we may pay to the mortgageholder the whole principal on the mortgage plus any accrued interest. In this event, your mortgage and note will be transferred to us and you will pay your remaining mortgage debt to us.

6. If we cancel this policy, we will give written notice to the mortgageholder at least:

   a. 10 days before the effective date of cancellation if we cancel for your nonpayment of premium; or

   b. 30 days before the effective date of cancellation if we cancel for any other reason.

7. If we elect not to renew this policy, we will give written notice to the mortgageholder at least 10 days before the expiration date of this policy.

G. Optional Coverage — Actual Cash Value

If shown as applicable in the Declarations, the Optional Coverage — Actual Cash Value applies separately to each item.

1. "Actual cash value" replaces Replacement Cost in the Valuation Loss Condition of this Coverage Form.

2. If the cost to repair or replace the damaged building property is $5,000 or less, we will pay the cost of building repairs or replacement.

   The cost of building repairs or replacement does not include the increased cost attributable to enforcement of any ordinance or law regulating the construction, use or repair of any property. However, the following property will be valued at the "actual cash value" even when attached to the building:

   a. Awnings or floor coverings;

   b. Appliances for refrigerating, ventilating, cooking, dishwashing or laundering; or

   c. Outdoor equipment or furniture.

H. Definitions

1. "Actual cash value" means:

   a. When the damage to property is economically repairable, "actual cash value" means the cost of repairing the damage with like kind and quality, less reasonable deduction for wear and tear, deterioration and obsolescence.

   b. When the loss or damage to property creates a total loss, "actual cash value" means the market value of the property in a condition equal to that of the destroyed property, if reasonably available on the used market.

   c. Otherwise, "actual cash value" shall mean the market value of new property of like kind and quality, less reasonable deductible for wear or tear, deterioration and obsolescence.

2. "Antique" means an object having value because its:

   a. craftsmanship is in the style or fashion of former times; and

   b. age is 100 years old or older.

3. "Banking premises" means the interior of that portion of any building occupied by a banking institution or similar safe depository.

4. "Contractors' equipment" means machinery, equipment, and tools of a mobile nature that you use in your contracting, installation, erection, repair, or moving operations or projects.

"Contractors' equipment" also means:

a. self-propelled vehicles designed and used primarily to carry mounted equipment; or

b. vehicles designed for highway use that are unlicensed and not operated on public roads.

5. "Electronic data" means information, facts or computer programs stored as or on, created or used on, or transmitted to or from computer software (including systems and applications software), on hard or floppy disks, CD-ROMs, tapes, drives, cells, data processing devices or any other repositories of computer software which are used with electronically controlled equipment. The term computer programs, referred to in the foregoing description of "electronic data", means a set of related electronic instructions which direct the operations and functions of a computer or device connected to it, which enable the computer or device to receive, process, store, retrieve or send data.

6. "Employee":

a. "Employee" means:

(1) Any natural person

(a) While in your service and for the first 30 days immediately after termination of service, unless such termination is due to "theft" or any dishonest act committed by the "employee";

(b) Who you compensate directly by salary, wages, or commissions; and

(c) Who you have the right to direct and control while performing services for you;

(2) Any natural person who is furnished temporarily to you:

(a) To substitute for a permanent "employee" as defined in Paragraph **(1),** who is on leave; or

(b) To meet seasonal or short-term work load conditions;

while that person is subject to your direction and control and performing services for you, excluding, however, any such person while having care and custody of property outside the "premises";

(3) Any natural person who is leased to you under a written agreement between you and a labor leasing firm, to perform duties related to the conduct of your business, but does not mean a temporary employee as defined in Paragraph **(2);**

(4) Any natural person who is:

(a) A trustee, officer, employee, administrator or manager, except an administrator or manager who is an independent contractor, of any "employee benefit plan"; and

(b) A director or trustee of yours while that person is engaged in handling "funds" or "other property" of any "employee benefit plan";

(5) Any natural person who is a former "employee", partner, "member", "manager", director or trustee retained as a consultant while performing services for you;

(6) Any natural person who is a guest student or intern pursuing studies or duties, excluding, however, any such person while having care and custody of property outside the "premises";

(7) Any "employee" of an entity merged or consolidated with you prior to the effective date of this policy; or

(8) Any of your "managers", directors or trustees while:

(a) Performing acts within the scope of the usual duties of an "employee"; or

(b) Acting as a member of any committee duly elected or appointed by resolution of your board of directors or board of trustees to perform specific, as distinguished from general, directorial acts on your behalf.

b. "Employee" does not mean any agent, broker, factor, commission merchant, consignee, independent contractor or representative of the same general character not specified in Paragraph **6.a.**

7. "Employee benefit plan" means any welfare or pension benefit plan shown in the Declarations that you sponsor and which is subject to the Employee Retirement Income Security Act of 1974 (ERISA) and any amendments thereto.

8. "Fine arts" means paintings; etchings; pictures; tapestries; rare or art glass; art glass windows; valuable rugs; statuary; sculptures; "antique" furniture; bric-a-brac; porcelains; and similar property of rarity, historical value, or artistic merit.

   "Fine arts" does not mean "valuable papers and records".

9. "Forgery" means the signing of the name of another person or organization with intent to deceive; it does not mean a signature which consists in whole or in part of one's own name signed with or without authority, in any capacity, for any purpose.

10. "Funds" means "money" and "securities".

11. "Fungus" means any type or form of fungus, including mold or mildew, and any mycotoxins, spores, scents or by-products produced or released by fungi.

12. "Hardware" means a network of electronic machine components (microprocessors) capable of accepting instructions and information, processing the information according to the instructions, and producing desired results.

    a. "Hardware" includes but is not limited to:

       (1) mainframe and mid-range computers and network servers;

       (2) personal computers and workstations;

       (3) laptops, palmtops, notebook PCs, other portable computer devices and accessories including, but not limited to, multimedia projectors; and

       (4) peripheral data processing equipment, including but not limited to, printers, keyboards, monitors, and modems.

    b. "Hardware" does not include "software".

13. "Manager" means a person serving in a directorial capacity for a limited liability company.

14. "Media" means processing, recording, or storage media used with "hardware". This includes but is not limited to films, tapes, cards, discs, drums, cartridges, cells, or flashdrives.

15. "Member" means an owner of a limited liability company represented by its membership interest, who also may serve as a "manager".

16. "Messenger" means you, or a relative of yours, or any of your partners or "members", or any "employee" while having care and custody of property outside the "premises".

17. "Money" means:

    a. Currency, coins and bank notes in current use and having a face value; and

    b. Travelers checks, register checks and money orders held for sale to the public.

18. "Operations" means the type of your business activities occurring at the described premises.

19. "Other property" means any tangible property other than "money" or "securities" that has intrinsic value.

    "Other property" does not include computer programs, electronic data or any property specifically excluded under this insurance.

20. "Period of Restoration" means the period of time that:

    a. Begins:

       (1) 72 hours after the time of direct physical loss or damage for Business Income coverage; or

       (2) Immediately after the time of direct physical loss or damage for Extra Expense coverage;

       caused by or resulting from any Covered Cause of Loss at the described premises; and

    b. Ends on the earlier of:

       (1) The date when the property at the described premises should be repaired, rebuilt or replaced with reasonable speed and similar quality; or

       (2) The date when business is resumed at a new permanent location.

    "Period of restoration" does not include any increased period required due to the enforcement of any ordinance or law that

       (1) Regulates the construction, use or repair, or requires the tearing down of any property; or

(2) Requires any insured or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of "pollutants".

The expiration date of this policy will not cut short the "period of restoration".

21. "Perishable stock" means personal property maintained under controlled conditions for its preservation and susceptible to loss or damage if the controlled conditions change.

22. "Pollutants" means any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste. Waste includes materials to be recycled, reconditioned or reclaimed.

23. "Premises" means the interior of that portion of any building you occupy in conducting your business. This definition applies whenever this term appears in quotation marks in this coverage form.

24. "Programs and applications" means operating programs and applications that you purchase and that are:

a. stored on "media"; or

b. pre-installed and stored in "hardware".

25. "Proprietary programs" means proprietary applications or programs that are developed in-house or that you had developed specifically for you and that are:

a. stored on "media"; or

b. installed and stored in "hardware".

26. "Securities" means negotiable and nonnegotiable instruments or contracts representing either "money" or other property and includes:

a. Tokens, tickets, revenue and other stamps (whether represented by actual stamps or unused value in a meter) in current use; and

b. Evidences of debt issued in connection with credit or charge cards, which cards are not issued by you;

but does not include "money".

27. "Software" means "media", "electronic data", "programs and applications", and "proprietary programs".

28. "Stock" means merchandise held in storage or for sale, raw materials and in-process or finished goods, including supplies used in their packing or shipping.

29. "Theft" means the unlawful taking of property to the deprivation of the Insured.

30. "Valuable papers and records" means inscribed, printed or written documents, manuscripts or records, including abstracts, books, deeds, drawings, films, maps or mortgages.

But "valuable papers and records" does not mean "money" or "securities", converted data, programs or instructions used in your data processing operations, including the materials on which the data is recorded.

Safeco Optimum Property ™ for Condominium Associations
CAUSES OF LOSS — SPECIAL FORM

Words and phrases that appear in quotation marks have special meaning. Refer to Section **H.** Definitions.

A. Covered Causes Of Loss

Covered Causes of Loss means Risks Of Direct Physical Loss unless the loss is:

1. Excluded in Section **B.,** Exclusions; or

2. Limited in Section **C.,** Limitations;

that follow.

B. Exclusions

1. We will not pay for loss or damage caused directly or indirectly by any of the following. Such loss or damage is excluded regardless of the cause of the loss, or any other cause or event that contributes concurrently or in any sequence to the loss.

a. Ordinance Or Law

The enforcement of any ordinance or law:

(1) Regulating the construction, use or repair of any property; or

(2) Requiring the tearing down of any property, including the cost of removing its debris.

This exclusion, Ordinance Or Law, applies whether the loss results from:

(a) An ordinance or law that is enforced even if the property has not been damaged; or

(b) The increased costs incurred to comply with an ordinance or law in the course of construction, repair, renovation, remodeling or demolition of property, or removal of its debris, following a physical loss to that property.

b. Earth Movement

(1) Earthquake, including any earth sinking, rising or shifting related to such event;

(2) Landslide, including any earth sinking, rising or shifting related to such event;

(3) Mine subsidence, meaning subsidence of a man-made mine, whether or not mining activity has ceased;

(4) Earth sinking (other than sinkhole collapse), rising or shifting including soil conditions which cause settling, cracking or other disarrangement of foundations or other parts of realty. Soil conditions include contraction, expansion, freezing, thawing, erosion, improperly compacted soil and the action of water under the ground surface.

But if Earth Movement, as described in **b.(1)** through **(4)** above, results in fire or explosion, we will pay for the loss or damage caused by that fire or explosion.

(5) Volcanic eruption, explosion or effusion. But if volcanic eruption, explosion or effusion results in fire, building glass breakage or Volcanic Action, we will pay for the loss or damage caused by that fire, building glass breakage or Volcanic Action.

Volcanic action means direct loss or damage resulting from the eruption of a volcano when the loss or damage is caused by:

(a) Airborne volcanic blast or airborne shock waves;

(b) Ash, dust or particulate matter; or

(c) Lava flow.

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All volcanic eruptions that occur within any 168-hour period will constitute a single occurrence.

Volcanic Action does not include the cost to remove ash, dust or particulate matter that does not cause direct physical loss or damage to the described property.

(6) This Exclusion does not apply to the following coverages from the Building And Personal Property Coverage Form:

(a) Coverage Extension **A.5.a. Accounts Receivable**

(b) Coverage Extension **A.5.f. Electronic Data Processing**

(c) Coverage Extension **A.5.g. Exhibitions**

(d) Coverage Extension **A.5.h. Fine Arts**

(e) Coverage Extension **A.5.o. Property In Transit**

(f) Coverage Extension **A.5.q. Sales Representatives Samples**

(g) Coverage Extension **A.5.u. Valuable Papers And Records**

c. Governmental Action

Seizure or destruction of property by order of governmental authority.

But we will pay for loss or damage caused by or resulting from acts of destruction ordered by governmental authority and taken at the time of a fire to prevent its spread, if the fire would be covered under this Coverage Part.

d. Nuclear Hazard

Nuclear reaction or radiation, or radioactive contamination, however caused.

But if nuclear reaction or radiation, or radioactive contamination, results in fire, we will pay for the loss or damage caused by that fire.

e. Utility Services

The failure of power, communication, water or other utility service supplied to the described premises, however caused, if the failure:

(1) Originates away from the described premises; or

(2) Originates at the described premises, but only if such failure involves equipment used to supply the utility service to the described premises from a source away from the described premises.

Failure of any utility service includes lack of sufficient capacity and reduction in supply.

Loss or damage caused by a surge of power is also excluded, if the surge would not have occurred but for an event causing a failure of power.

But if the failure or surge of power, or the failure of communication, water or other utility service, results in a Covered Cause of Loss, we will pay for the loss or damage caused by that Covered Cause of Loss.

Communication services include but are not limited to service relating to Internet access or access to any electronic, cellular or satellite network.

f. War And Military Action

(1) War, including undeclared or civil war;

(2) Warlike action by a military force, including action in hindering or defending against an actual or expected attack, by any government, sovereign or other authority using military personnel or other agents; or

(3) Insurrection, rebellion, revolution, usurped power, or action taken by governmental authority in hindering or defending against any of these.

g. Water

(1) (a) Flood, whether or not arising from natural forces;

(b) Surface water;

(c) Waves;

(d) Tides;

(e) Tidal waves; or

(f) Overflow of any body of water

or their spray, all whether or not driven by wind;

(2) Release of water held by a dam, levee or dike, or by a water or flood control device;

(3) Mudslide or mudflow;

(4) Water that backs up or overflows from a sewer, drain or sump, except as provided below in the Additional Coverage for Back Up of Sewer, Drain or Sump; or

(5) Water under the ground surface pressing on, or flowing or seeping through:

(a) Foundations, walls, floors or paved surfaces;

(b) Basements, whether paved or not; or

(c) Doors, windows or other openings.

But if Water, as described in **g.(1)** through **g.(5)** above, results in fire, explosion or sprinkler leakage, we will pay for the loss or damage caused by that fire, explosion or sprinkler leakage.

(6) This Exclusion does not apply to the following coverages from the Building And Personal Property Coverage Form:

(a) Coverage Extension **A.5.a. Accounts Receivable**

(b) Coverage Extension **A.5.f. Electronic Data Processing**

(c) Coverage Extension **A.5.g. Exhibitions**

(d) Coverage Extension **A.5.h. Fine Arts**

(e) Coverage Extension **A.5.o. Property In Transit**

(f) Coverage Extension **A.5.q. Sales Representatives Samples**

(g) Coverage Extension **A.5.u. Valuable Papers And Records**

h. "Fungus", Wet Rot, Dry Rot And Bacteria

Presence, growth, proliferation, spread or any activity of "fungus", wet or dry rot or bacteria.

But if "fungus", wet or dry rot or bacteria results in a "specified cause of loss", we will pay for the loss or damage caused by that "specified cause of loss".

This exclusion does not apply:

1. When "fungus", wet or dry rot or bacteria results from fire or lightning; or

2. To the extent that coverage is provided in the Additional Coverage — Limited Coverage for "Fungus", Wet Rot, Dry Rot And Bacteria with respect to loss or damage by a cause of loss other than fire or lightning.

Exclusions **B.1.a.** through **B.1.h.** apply whether or not the loss event results in widespread damage or affects a substantial area.

2. We will not pay for loss or damage caused by or resulting from any of the following:

a. Electrical, Magnetic Or Electromagnetic Energy: Artificially generated electrical, magnetic or electromagnetic energy that damages, disturbs, disrupts or otherwise interferes with any:

(1) Electrical or electronic wire, device, appliance, system or network; or

(2) Device, appliance, system or network utilizing cellular or satellite technology.

For the purpose of this exclusion, electrical, magnetic or electromagnetic energy includes but is not limited to:

(1) Electrical current, including arcing;

(2) Electrical charge produced or conducted by a magnetic or electromagnetic field;

(3) Pulse of electromagnetic energy; or

(4) Electromagnetic waves or microwaves.

But if fire results, we will pay for the loss or damage caused by that fire.

b. Consequential Loss: Delay, loss of use or loss of market.

c. Smoke, Vapor, Gas: Smoke, vapor or gas from agricultural smudging or industrial operations.

d. Other Types Of Loss:

(1) Wear and tear;

(2) Rust or other corrosion, decay, deterioration, hidden or latent defect or any quality in property that causes it to damage or destroy itself;

(3) Smog;

(4) Settling, cracking, shrinking or expansion;

(5) Nesting or infestation, or discharge or release of waste products or secretions, by insects, birds, rodents or other animals.

(6) Mechanical breakdown, including rupture or bursting caused by centrifugal force. But if mechanical breakdown results in elevator collision, we will pay for the loss or damage caused by that elevator collision.

(7) The following causes of loss to personal property:

(a) Dampness or dryness of atmosphere;

(b) Changes in or extremes of temperature; or

(c) Marring or scratching.

But if an excluded cause of loss that is listed in **2.d.(1)** through **(7)** results in a "specified cause of loss" or building glass breakage, we will pay for the loss or damage caused by that "specified cause of loss" or building glass breakage.

e. Steam Apparatus: Explosion of steam boilers, steam pipes, steam engines or steam turbines owned or leased by you, or operated under your control. But if explosion of steam boilers, steam pipes, steam engines or steam turbines results in fire or combustion explosion, we will pay for the loss or damage caused by that fire or combustion explosion. We will also pay for loss or damage caused by or resulting from the explosion of gases or fuel within the furnace of any fired vessel or within the flues or passages through which the gases of combustion pass.

f. Continuous Seepage Or Leakage: Continuous or repeated seepage or leakage of water, or the presence or condensation of humidity, moisture or vapor, that occurs over a period of 14 days or more.

g. Dishonesty: Dishonest or criminal act by you, any of your partners, members, officers, managers, employees (including leased employees), directors, trustees, authorized representatives or anyone to whom you entrust the property for any purpose:

(1) Acting alone or in collusion with others; or

(2) Whether or not occurring during the hours of employment.

This exclusion does not apply to acts of destruction by your employees (including leased employees); but theft by employees (including leased employees) is not covered.

h. False Pretense: Voluntary parting with any property by you or anyone else to whom you have entrusted the property if induced to do so by any fraudulent scheme, trick, device or false pretense.

i. Exposed Property: Rain, snow, ice or sleet to personal property in the open.

j. Collapse: Collapse, including any of the following conditions of property or any part of the property:

(1) An abrupt falling down or caving in;

(2) Loss of structural integrity, including separation of parts of the property or property in danger of falling down or caving in; or

(3) Any cracking, bulging, sagging, bending, leaning, settling, shrinkage or expansion as such condition relates to **(1)** or **(2)** above.

But if collapse results in a Covered Cause of Loss at the described premises, we will pay for the loss or damage caused by that Covered Cause of Loss.

This exclusion, **j.,** does not apply:

(a) To the extent that coverage is provided under the Additional Coverage — Collapse; or

(b) To collapse caused by one or more of the following:

(i) The "specified causes of loss";

(ii) Breakage of building glass;

(iii) Weight of rain that collects on a roof; or

(iv) Weight of people or personal property.

k. Pollution: Discharge, dispersal, seepage, migration, release or escape of "pollutants" unless the discharge, dispersal, seepage, migration, release or escape is itself caused by any of the "specified causes of loss". But if the discharge, dispersal, seepage, migration, release or escape of "pollutants" results in a "specified cause of loss", we will pay for the loss or damage caused by that "specified cause of loss".

This exclusion, **k.,** does not apply to damage to glass caused by chemicals applied to the glass.

l. Neglect: Neglect of an insured to use all reasonable means to save and preserve property from further damage at and after the time of loss.

3. We will not pay for loss or damage caused by or resulting from any of the following, **3.a.** through **3.c.** But if an excluded cause of loss that is listed in **3.a.** through **3.c.** results in a Covered Cause of Loss, we will pay for the loss or damage caused by that Covered Cause of Loss.

a. Weather Conditions: Weather conditions. But this exclusion only applies if weather conditions contribute in any way with a cause or event excluded in Paragraph **1.** above to produce the loss or damage.

b. Acts Or Decisions: Acts or decisions, including the failure to act or decide, of any person, group, organization or governmental body.

c. Negligent Work: Faulty, inadequate or defective:

(1) Planning, zoning, development, surveying, siting;

(2) Design, specifications, workmanship, repair, construction, renovation, remodeling, grading, compaction;

(3) Materials used in repair, construction, renovation or remodeling; or

(4) Maintenance;

of part or all of any property on or off the described premises.

4. Special Exclusions

The following provisions apply only to the specified Coverage Forms.

a. Business Income (And Extra Expense) Coverage Form, Business Income (Without Extra Expense) Coverage Form, Business Income (And Extra Expense) Actual Loss Sustained Coverage Form, Or Extra Expense Coverage Form

We will not pay for:

(1) Any loss caused by or resulting from:

(a) Damage or destruction of "finished stock"; or

(b) The time required to reproduce "finished stock".

This exclusion does not apply to Extra Expense.

(2) Any increase of loss caused by or resulting from:

(a) Delay in rebuilding, repairing or replacing the property or resuming "operations", due to interference at the location of the rebuilding, repair or replacement by strikers or other persons; or

(b) Suspension, lapse or cancellation of any license, lease or contract. But if the suspension, lapse or cancellation is directly caused by the "suspension" of "operations", we will cover such loss that affects your Business Income during the "period of restoration" and any extension of the "period of restoration" in accordance with the terms of the Extended Business Income Additional Coverage.

(3) Any Extra Expense caused by or resulting from suspension, lapse or cancellation of any license, lease or contract beyond the "period of restoration".

(4) Any other consequential loss.

b. Leasehold Interest Coverage Form

(1) Paragraph **B.1.a.** Ordinance Or Law, does not apply to insurance under this Coverage Form.

(2) We will not pay for any loss caused by:

(a) Your canceling the lease;

(b) The suspension, lapse or cancellation of any license; or

(c) Any other consequential loss.

c. Legal Liability Coverage Form

(1) The following exclusions do not apply to insurance under this Coverage Form:

(a) Paragraph **B.1.a.,** Ordinance Or Law;

(b) Paragraph **B.1.c.,** Governmental Action;

(c) Paragraph **B.1.d.,** Nuclear Hazard;

(d) Paragraph **B.1.e.,** Utility Services; and

(e) Paragraph **B.1.f.,** War And Military Action.

(2) The following additional exclusions apply to insurance under this Coverage Form:

(a) Contractual Liability

We will not defend any claim or "suit", or pay damages that you are legally liable to pay, solely by reason of your assumption of liability in a contract or agreement. But this exclusion does not apply to a written lease agreement in which you have assumed liability for building damage resulting from an actual or attempted burglary or robbery, provided that:

(i) Your assumption of liability was executed prior to the accident; and

(ii) The building is Covered Property under this Coverage Form.

(b) Nuclear Hazard

We will not defend any claim or "suit", or pay any damages, loss, expense or obligation, resulting from nuclear reaction or radiation, or radioactive contamination, however caused.

5. Additional Exclusion

The following provisions apply only to the specified property.

LOSS OR DAMAGE TO PRODUCTS

We will not pay for loss or damage to any merchandise, goods or other product caused by or resulting from error or omission by any person or entity (including those having possession under an arrangement where work or a portion of the work is outsourced) in any stage of the development, production or use of the product, including planning, testing, processing, packaging, installation, maintenance or repair. This exclusion applies to any effect that compromises the form, substance or quality of the product. But if such error or omission results in a Covered Cause of Loss, we will pay for the loss or damage caused by that Covered Cause of Loss.

C. Limitations

The following limitations apply to all policy forms and endorsements, unless otherwise stated.

1. We will not pay for loss of or damage to property, as described and limited in this section. In addition, we will not pay for any loss that is a consequence of loss or damage as described and limited in this section.

a. Steam boilers, steam pipes, steam engines or steam turbines caused by or resulting from any condition or event inside such equipment. But we will pay for loss of or damage to such equipment caused by or resulting from an explosion of gases or fuel within the furnace of any fired vessel or within the flues or passages through which the gases of combustion pass.

b. Hot water boilers or other water heating equipment caused by or resulting from any condition or event inside such boilers or equipment, other than an explosion.

c. The interior of any building or structure, or to personal property in the building or structure, caused by or resulting from

rain, snow, sleet, ice, sand or dust, whether driven by wind or not, unless:

(1) The building or structure first sustains damage by a Covered Cause of Loss to its roof or walls through which the rain, snow, sleet, ice, sand or dust enters; or

(2) The loss or damage is caused by or results from thawing of snow, sleet or ice on the building or structure.

d. Property that is missing, where the only evidence of the loss or damage is a shortage disclosed on taking inventory, or other instances where there is no physical evidence to show what happened to the property.

e. Property that has been transferred to a person or to a place outside the described premises on the basis of unauthorized instructions.

2. We will not pay for loss of or damage to the following types of property unless caused by the "specified causes of loss" or building glass breakage:

a. Animals, and then only if they are killed or their destruction is made necessary.

b. Fragile articles such as statuary, marbles, chinaware and porcelains, if broken. This restriction does not apply to:

(1) Glass; or

(2) Containers of property held for sale.

3. The special limit shown for each category, **a.** through **c.,** is the total limit for loss of or damage to all property in that category. The special limit applies to any one occurrence of theft, regardless of the types or number of articles that are lost or damaged in that occurrence. The special limits are:

a. $5,000 for furs, fur garments and garments trimmed with fur.

b. $5,000 for jewelry, watches, watch movements, jewels, pearls, precious and semi-precious stones, bullion, gold, silver, platinum and other precious alloys or metals. This limit does not apply to jewelry and watches worth $100 or less per item.

c. $250 for stamps, tickets, including lottery tickets held for sale, and letters of credit.

These special limits are part of, not in addition to, the Limit of Insurance applicable to the Covered Property.

This limitation, **C.3.,** does not apply to Business Income coverage or to Extra Expense coverage.

4. We will not pay the cost to repair any defect to a system or appliance from which water, other liquid, powder or molten material escapes. But we will pay the cost to repair or replace damaged parts of fire extinguishing equipment if the damage:

a. Results in discharge of any substance from an automatic fire protection system; or

b. Is directly caused by freezing.

However, this limitation does not apply to Business Income coverage or to Extra Expense coverage.

D. Additional Coverage — Collapse

The coverage provided under this Additional Coverage — Collapse applies only to an abrupt collapse as described and limited in **D.1.** through **D.7.**

1. For the purpose of this Additional Coverage — Collapse, abrupt collapse means an abrupt falling down or caving in of a building or any part of a building with the result that the building or part of the building cannot be occupied for its intended purpose.

2. We will pay for direct physical loss or damage to Covered Property, caused by abrupt collapse of a building or any part of a building that is insured under this Coverage Form or that contains Covered Property insured under this Coverage Form, if such collapse is caused by one or more of the following:

a. Building decay that is hidden from view, unless the presence of such decay is known to an insured prior to collapse;

b. Insect or vermin damage that is hidden from view, unless the presence of such damage is known to an insured prior to collapse;

c. Use of defective material or methods in construction, remodeling or renovation if the abrupt collapse occurs during the course of the construction, remodeling or renovation.

d. Use of defective material or methods in construction, remodeling or renovation if the abrupt collapse occurs after the

construction, remodeling or renovation is complete, but only if the collapse is caused in part by:

(1) A cause of loss listed in **2.a.** or **2.b.**;

(2) One or more of the "specified causes of loss";

(3) Breakage of building glass;

(4) Weight of people or personal property; or

(5) Weight of rain that collects on a roof.

3. This **Additional Coverage — Collapse** does **not** apply to:

a. A building or any part of a building that is in danger of falling down or caving in;

b. A part of a building that is standing, even if it has separated from another part of the building; or

c. A building that is standing or any part of a building that is standing, even if it shows evidence of cracking, bulging, sagging, bending, leaning, settling, shrinkage or expansion.

4. With respect to the following property:

a. Outdoor radio or television antennas (including satellite dishes) and their lead-in wiring, masts or towers;

b. Awnings, gutters and downspouts;

c. Yard fixtures;

d. Outdoor swimming pools;

e. Fences;

f. Piers, wharves and docks;

g. Beach or diving platforms or appurtenances;

h. Retaining walls; and

i. Walks, roadways and other paved surfaces;

if an abrupt collapse is caused by a cause of loss listed in **2.a.** through **2.d.,** we will pay for loss or damage to that property only if:

(1) Such loss or damage is a direct result of the abrupt collapse of a building insured under this Coverage Form; and

(2) The property is Covered Property under this Coverage Form.

5. If personal property abruptly falls down or caves in and such collapse is not the result of abrupt collapse of a building, we will pay for loss or damage to Covered Property caused by such collapse of personal property only if:

a. The collapse of personal property was caused by a cause of loss listed in **2.a.** through **2.d.;**

b. The personal property which collapses is inside a building; and

c. The property which collapses is not of a kind listed in **4.,** regardless of whether that kind of property is considered to be personal property or real property.

The coverage stated in this Paragraph **5.** does not apply to personal property if marring and/or scratching is the only damage to that personal property caused by the collapse.

6. This Additional Coverage — Collapse does not apply to personal property that has not abruptly fallen down or caved in, even if the personal property shows evidence of cracking, bulging, sagging, bending, leaning, settling, shrinkage or expansion.

7. This Additional Coverage — Collapse will not increase the Limits of Insurance provided in this Coverage Part.

8. The term Covered Cause of Loss includes the Additional Coverage — Collapse as described and limited in **D.1.** through **D.7.**

E. Additional Coverage — Limited Coverage For "Fungus", Wet Rot, Dry Rot And Bacteria

1. The coverage described in **E.2.** and **E.6.** only applies when the "fungus", wet or dry rot or bacteria is the result of one or more of the following causes that occurs during the policy period and only if all reasonable means were used to save and preserve the property from further damage at the time of and after that occurrence.

a. A "specified cause of loss" other than fire or lightning; or

b. Flood, if the Flood Coverage Endorsement applies to the affected premises.

2. We will pay for loss or damage by "fungus", wet or dry rot or bacteria. As used in this Limited Coverage, the term loss or damage means:

a. Direct physical loss or damage to Covered Property caused by "fungus", wet

or dry rot or bacteria, including the cost of removal of the "fungus", wet or dry rot or bacteria;

b. The cost to tear out and replace any part of the building or other property as needed to gain access to the "fungus", wet or dry rot or bacteria; and

c. The cost of testing performed after removal, repair, replacement or restoration of the damaged property is completed, provided there is a reason to believe that "fungus", wet or dry rot or bacteria are present.

3. The coverage described under **E.2.** of this Limited Coverage is limited to $15,000. Regardless of the number of claims, this limit is the most we will pay for the total of all loss or damage arising out of all occurrences of "specified causes of loss" (other than fire or lightning) and Flood which take place in a 12-month period (starting with the beginning of the present annual policy period). With respect to a particular occurrence of loss which results in "fungus", wet or dry rot or bacteria, we will not pay more than a total of $15,000 even if the "fungus", wet or dry rot or bacteria continues to be present or active, or recurs, in a later policy period.

4. The coverage provided under this Limited Coverage does not increase the applicable Limit of Insurance on any Covered Property. If a particular occurrence results in loss or damage by "fungus", wet or dry rot or bacteria, and other loss or damage, we will not pay more, for the total of all loss or damage, than the applicable Limit of Insurance on the affected Covered Property.

If there is covered loss or damage to Covered Property, not caused by "fungus", wet or dry rot or bacteria, loss payment will not be limited by the terms of this Limited Coverage, except to the extent that "fungus", wet or dry rot or bacteria causes an increase in the loss. Any such increase in the loss will be subject to the terms of this Limited Coverage.

5. The terms of this Limited Coverage do not increase or reduce the coverage provided under Paragraph **F.2.** (Water Damage, Other Liquids, Powder Or Molten Material Damage) of this Causes of Loss Form or under the Additional Coverage — Collapse.

6. The following, **6.a.** or **6.b.,** applies only if Business Income and/or Extra Expense Coverage applies to the described premises and only if the "suspension" of "operations" satisfies all terms and conditions of the applicable Business Income and/or Extra Expense Coverage Form.

a. If the loss which resulted in "fungus", wet or dry rot or bacteria does not in itself necessitate a "suspension" of "operations", but such "suspension" is necessary due to loss or damage to property caused by "fungus", wet or dry rot or bacteria, then our payment under Business Income and/or Extra Expense is limited to the amount of loss and/or expense sustained in a period of not more than 30 days. The days need not be consecutive.

b. If a covered "suspension" of "operations" was caused by loss or damage other than "fungus", wet or dry rot or bacteria but remediation of "fungus", wet or dry rot or bacteria prolongs the "period of restoration", we will pay for loss and/or expense sustained during the delay (regardless of when such a delay occurs during the "period of restoration"), but such coverage is limited to 30 days. The days need not be consecutive.

F. Additional Coverage — Back Up Of Sewer, Drain Or Sump

1. We will pay for

a. direct physical loss of or damage to Covered Property at the premises described in the Declarations; or

b. if Business Income and/or Extra Expense Coverage applies to the described premises, the loss of Business Income you sustain and/or necessary Extra Expense you incur at premises which are described in the Declarations

solely caused by water that backs up from a sewer, drain or sump.

2. We will not pay for water or other materials that back up from any sewer, drain or sump when it is caused by any flood.

3. Coverage under **F.1.b.** above applies only if the "suspension" of "operations" satisfies all terms and conditions of the applicable Business Income and/or Extra Expense Coverage Form.

4. The most we will pay in any one occurrence for this Additional Coverage under **F.1.a.** and **F.1.b.** combined is $50,000 per premises.

This coverage is included within the Limits of Insurance.

G. Additional Coverage Extensions

1. Water Damage, Other Liquids, Powder Or Molten Material Damage

If loss or damage caused by or resulting from covered water or other liquid, powder or molten material occurs, we will also pay the cost to tear out and replace any part of the building or structure to repair damage to the system or appliance from which the water or other substance escapes. This Coverage Extension does not increase the Limit of Insurance.

2. Glass

a. We will pay for expenses incurred to put up temporary plates or board up openings if repair or replacement of damaged glass is delayed.

b. We will pay for expenses incurred to remove or replace obstructions when repairing or replacing glass that is part of a building. This does not include removing or replacing window displays.

This Coverage Extension, **G.2.,** does not increase the Limit of Insurance.

H. Definitions

1. "Fungus" means any type or form of fungus, including mold or mildew, and any mycotoxins, spores, scents or by-products produced or released by fungi.

2. "Operations" means:

a. Your business activities occurring at the described premises; and

b. The tenantability of the described premises.

3. "Specified causes of loss" means the following: Fire; lightning; explosion; windstorm or hail; smoke; aircraft or vehicles; riot or civil commotion; vandalism; leakage from fire-extinguishing equipment; sinkhole collapse; volcanic action; falling objects; weight of snow, ice or sleet; water damage.

a. Sinkhole collapse means the sudden sinking or collapse of land into underground empty spaces created by the action of water on limestone or dolomite. This cause of loss does not include:

(1) The cost of filling sinkholes; or

(2) Sinking or collapse of land into man-made underground cavities.

b. Falling objects does not include loss or damage to:

(1) Personal property in the open; or

(2) The interior of a building or structure, or property inside a building or structure, unless the roof or an outside wall of the building or structure is first damaged by a falling object.

c. Water damage means accidental discharge or leakage of water or steam as the direct result of the breaking apart or cracking of a plumbing, heating, air conditioning or other system or appliance (other than a sump system including its related equipment and parts), that is located on the described premises and contains water or steam.

4. "Suspension" means:

a. The slowdown or cessation of your business activities; or

b. That a part or all of the described premises is rendered untenantable.

Safeco Optimum Property ™ for Condominium Associations
BUSINESS INCOME (AND EXTRA EXPENSE) COVERAGE FORM

Various provisions in this policy restrict coverage. Read the entire policy carefully to determine rights, duties and what is and is not covered.

Throughout this policy the words "you" and "your" refer to the Named Insured shown in the Declarations. The words "we", "us" and "our" refer to the Company providing this insurance.

Other words and phrases that appear in quotation marks have special meaning. Refer to Section **F.** Definitions.

A. Coverage

1. Business Income

Business Income means the:

a. Net Income (Net Profit or Loss before income taxes) that would have been earned or incurred; and

b. Continuing normal operating expenses incurred, including payroll.

For manufacturing risks, Net Income includes the net sales value of production.

Coverage is provided as described and limited below for one or more of the following options for which a Limit of Insurance is shown in the Declarations:

(1) Business Income Including "Rental Value".

(2) Business Income Other Than "Rental Value".

(3) "Rental Value".

If option **(1)** above is selected, the term Business Income will include "Rental Value". If option **(3)** above is selected, the term Business Income will mean "Rental Value" only.

If Limits of Insurance are shown under more than one of the above options, the provisions of this Coverage Part apply separately to each.

We will pay for the actual loss of Business Income you sustain due to the necessary "suspension" of your "operations" during the "period of restoration". The "suspension" must be caused by direct physical loss of or damage to property at premises which are described in the Declarations and for which a Business Income Limit of Insurance is shown in the Declarations. The loss or damage must be caused by or result from a Covered Cause of Loss. With respect to loss of or damage to personal property in the open or personal property in a vehicle, the described premises include the area within 1,000 feet of the site at which the described premises are located.

With respect to the requirements set forth in the preceding paragraph, if you occupy only part of the site at which the described premises are located, your premises means:

a. The portion of the building which you rent, lease or occupy; and

b. Any area within the building or on the site at which the described premises are located, if that area services, or is used to gain access to, the described premises.

2. Extra Expense

a. Extra Expense coverage is provided at the premises described in the Declarations only if the Declarations show that Business Income coverage applies at that premises.

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b. Extra Expense means necessary expenses you incur during the "period of restoration" that you would not have incurred if there had been no direct physical loss or damage to property caused by or resulting from a Covered Cause of Loss.

We will pay Extra Expense (other than the expense to repair or replace property) to:

(1) Avoid or minimize the "suspension" of business and to continue operations at the described premises or at replacement premises or temporary locations, including relocation expenses and costs to equip and operate the replacement location or temporary location.

(2) Minimize the "suspension" of business if you cannot continue "operations".

We will also pay Extra Expense to repair or replace property, but only to the extent it reduces the amount of loss that otherwise would have been payable under this Coverage Form.

3. Covered Causes Of Loss, Exclusions And Limitations

See applicable Causes Of Loss Form as shown in the Declarations.

4. Additional Limitation — Interruption Of Computer Operations

a. Coverage for Business Income does not apply when a "suspension" of "operations" is caused by destruction or corruption of "electronic data", or any loss or damage to "electronic data", except as provided under the Coverage Extension for Electronic Data Processing found in the Building And Personal Property Coverage Form.

b. Coverage for Extra Expense does not apply when action is taken to avoid or minimize a "suspension" of "operations" caused by destruction or corruption of "electronic data", or any loss or damage to "electronic data", except as provided under the Coverage Extension for Electronic Data Processing found in the Building And Personal Property Coverage Form.

5. Additional Coverages

a. Civil Authority

In this Additional Coverage — Civil Authority, the described premises are premises to which this Coverage Form applies, as shown in the Declarations.

When a Covered Cause of Loss causes damage to property other than property at the described premises, we will pay for the actual loss of Business Income you sustain and necessary Extra Expense caused by action of civil authority that prohibits access to the described premises, provided that both of the following apply:

(1) Access to the area immediately surrounding the damaged property is prohibited by civil authority as a result of the damage, and the described premises are within that area but are not more than one mile from the damaged property; and

(2) The action of civil authority is taken in response to dangerous physical conditions resulting from the damage or continuation of the Covered Cause of Loss that caused the damage, or the action is taken to enable a civil authority to have unimpeded access to the damaged property.

Civil Authority coverage for Business Income will begin 72 hours after the time of the first action of civil authority that prohibits access to the described premises and will apply for a period of up to thirty consecutive days from the date on which such coverage began.

Civil Authority coverage for Extra Expense will begin immediately after the time of the first action of civil authority that prohibits access to the described premises and will end:

(1) 30 consecutive days after the date of that action; or

(2) When your Civil Authority coverage for Business Income ends;

whichever is later.

b. Alterations And New Buildings

We will pay for the actual loss of Business Income you sustain and necessary Extra Expense you incur due to direct physical loss or damage at the described premises caused by or resulting from any Covered Cause of Loss to:

(1) New buildings or structures, whether complete or under construction;

(2) Alterations or additions to existing buildings or structures; and

(3) Machinery, equipment, supplies or building materials located on or within 1,000 feet of the described premises and:

(a) Used in the construction, alterations or additions; or

(b) Incidental to the occupancy of new buildings.

If such direct physical loss or damage delays the start of "operations", the "period of restoration" for Business Income Coverage will begin on the date "operations" would have begun if the direct physical loss or damage had not occurred.

c. Extended Business Income

(1) Business Income Other Than "Rental Value"

If the necessary "suspension" of your "operations" produces a Business Income loss payable under this policy, we will pay for the actual loss of Business Income you incur during the period that:

(a) Begins on the date property (except "finished stock") is actually repaired, rebuilt or replaced and "operations" are resumed; and

(b) Ends on the earlier of:

(i) The date you could restore your "operations", with reasonable speed, to the level which would generate the business income amount that would have existed if no direct physical loss or damage had occurred; or

(ii) 180 consecutive days after the date determined in **(1)(a)** above, unless "180" is replaced in the Declarations by a different number of days.

However, Extended Business Income does not apply to loss of Business Income incurred as a result of unfavorable business conditions caused by the impact of the Covered Cause of Loss in the area where the described premises are located.

Loss of Business Income must be caused by direct physical loss or damage at the described premises caused by or resulting from any Covered Cause of Loss.

(2) "Rental Value"

If the necessary "suspension" of your "operations" produces a "Rental Value" loss payable under this policy, we will pay for the actual loss of "Rental Value" you incur during the period that:

(a) Begins on the date property is actually repaired, rebuilt or replaced and tenantability is restored; and

(b) Ends on the earlier of:

(i) The date you could restore tenant occupancy, with reasonable speed, to the level which would generate the "Rental Value" that would have existed if no direct physical loss or damage had occurred; or

(ii) 180 consecutive days after the date determined in **(2)(a)** above, unless "180" is replaced in the Declarations by a different number of days.

However, Extended Business Income does not apply to loss of "Rental Value" incurred as a result of unfavorable business conditions caused by the impact of the Covered Cause of Loss in the area where the described premises are located.

Loss of "Rental Value" must be caused by direct physical loss or damage at the described premises caused by or resulting from any Covered Cause of Loss.

d. Dependent Properties — Time Element

(1) Your coverage for Business Income and Extra Expense, as provided and limited in this form, is extended to apply to the actual loss of Business Income you sustain, and the actual and necessary Extra Expense you incur, due to direct physical loss of or damage to "dependent property" caused by or resulting from a Covered Cause of Loss.

However this Additional Coverage does not apply when the only loss to dependent property is loss or damage to "electronic data", including destruction or corruption of "electronic data". If the dependent property sustains loss or damage to "electronic data" and other property, coverage under this Additional Coverage will not continue once the other property is repaired, rebuilt or replaced.

(2) Under the Loss Determination Condition below, the following is added to the Resumption Of Operations provision:

We will reduce the amount of your Business Income loss, other than Extra Expense, to the extent you can resume "operations", in whole or in part, by using any other available source of materials or outlet for your products.

(3) The most we will pay under this Additional Coverage is $50,000 in any one occurrence regardless of the number of dependent properties.

Payments under this Additional Coverage will not increase the applicable Limit of Insurance.

(4) The provisions of this Additional Coverage are superseded by **CP 15 08** Business Income From Dependent Properties — Broad Form, or **CP 15 09** Business Income From Dependent Properties — Limited Form, if attached to and made a part of this policy.

e. Ordinance Or Law — Increased Period Of Restoration

(1) If a Covered Cause of Loss occurs to property at the premises described in the Declarations, coverage is extended to include the amount of actual and necessary loss you sustain during the increased period of "suspension" of "operations" caused by or resulting from the enforcement of any ordinance or law that:

(a) Regulates the construction or repair of any property;

(b) Requires the tearing down of parts of any property not damaged by a Covered Cause of Loss; and

(c) Is in force at the time of loss.

However, coverage is not extended under this Additional Coverage to include loss caused by or resulting from the enforcement of any ordinance or law which requires any insured or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of "pollutants".

f. Transit — Business Income

(1) This insurance is extended to apply to the actual loss of Business Income you sustain caused by direct physical loss or damage by a Covered Cause of Loss to Covered Property while in or on a vehicle or in transit more than 1,000 feet from a covered premises while:

(a) In or on a vehicle you own, rent or lease;

(b) In the custody of a public or contract trucker;

(c) In the custody of an air or rail carrier; or

(d) While waterborne on inland waterways. However, there is no coverage under this Additional Coverage for any imported or exported property that is covered under any ocean marine

cargo policy that anyone has obtained.

(2) There is no coverage under this Additional Coverage resulting from loss or damage to:

(a) "Fine arts", "antiques", fur garments, jewelry, precious or semiprecious stones, gold, silver, platinum, or other precious metals or alloys; or

(b) Mail shipments in the custody of the U.S. Postal Service.

(3) This Additional Coverage will continue to apply to such property in the due course of transit, after the expiration or cancellation of this policy, until arrival at and accepted by an authorized representative at the invoiced destination, but for no longer than 30 days after the date of the shipment origination, but this will not cut short the "period of restoration".

(4) You must retain accurate records of all shipments of Covered Property for one year.

(5) The most we will pay under this Additional Coverage is $50,000 in any one occurrence.

Payments under this Additional Coverage will not increase the applicable Limit of Insurance.

6. Coverage Extensions

a. Newly Acquired Locations

(1) You may extend your Business Income and Extra Expense Coverages to apply to property at any premises you acquire other than fairs or exhibitions.

(2) The most we will pay under this Extension, for the sum of Business Income loss and Extra Expense incurred, is $250,000 at each premises.

Payments under this Coverage Extension are separate from the Limit(s) of Insurance shown in the Declarations for any other coverage.

(3) Insurance under this Extension for each newly acquired premises will end when any of the following first occurs:

(a) This policy expires;

(b) 180 days expire after you acquire or begin to construct the property; or

(c) You report values to us.

We will charge you additional premium for values reported from the date you acquire the property.

b. Spoilage Due To Power Outage, Mechanical Breakdown, Or Contamination — Time Element

(1) You may extend your Business Income and Extra Expense Coverages to apply to loss caused by spoilage of "perishable stock" caused by:

(a) Breakdown or Contamination, meaning:

(i) Change in temperature or humidity caused by mechanical breakdown or mechanical failure of refrigerating, cooling, or humidity control equipment; and

(ii) Contamination by the refrigerant.

(b) Power Outage, meaning change in temperature or humidity caused by complete or partial interruption of electrical power due to conditions beyond your control.

(2) This coverage does not apply to loss to stock which is outside of a building or in or on a vehicle unless the stock is being moved to prevent or reduce loss covered by this policy.

(3) Only the following Exclusions contained in Paragraph **B.1.** of the Causes Of Loss — Special Form apply to this Coverage Extension:

(a) **B.1.b.** Earth Movement;

(b) **B.1.c.** Governmental Action;

(c) **B.1.d.** Nuclear Hazard;

(d) **B.1.f.** War And Military Action; and

(e) **B.1.g.** Water.

(4) The following Exclusions are added:

We will not pay for loss or damage caused by:

(a) The disconnecting of any refrigerating, cooling or humidity control system from the source of power.

(b) Shutting off electrical power by turning off the switch that controls the flow of electricity.

(c) The inability of an Electrical Utility Company or other power source to provide sufficient power due to:

(i) Lack of fuel; or

(ii) Governmental order.

(d) A power source at the described premises not having enough power to meet demand due to lack of generating capacity.

(5) For the purposes of this Coverage Extension, the "period of restoration" begins 24 hours after the time of direct physical loss for Business Income coverage, or immediately after the time of direct physical loss or damage for Extra Expense coverage.

(6) The most we will pay under this Coverage Extension is $50,000 per occurrence.

c. Utility Service —Time Element

(1) You may extend your Business Income and Extra Expense Coverages to apply to loss caused by the interruption of service to the described premises or Newly Acquired Locations. The interruption must result from direct physical loss or damage by a Covered Cause of Loss to the property described in paragraph **(2).**

(2) Utility Services

(a) Water Supply Services, meaning pumping stations and water mains supplying water to your premises.

(b) Communication Supply Services, meaning property supplying communication services, including telephone, radio, microwave or television services, to your premises, such as:

(i) Communication transmission lines, including optic fiber transmission lines;

(ii) Coaxial cables; and

(iii) Microwave radio relays except satellites.

(c) Power Supply Services, meaning the following types of property supplying electricity, steam or gas to your premises:

(i) Utility generating plants;

(ii) Switching stations;

(iii) Substations;

(iv) Transformers; and

(v) Transmission lines.

(3) For the purposes of this Coverage Extension, the "period of restoration" begins 24 hours after the time of direct physical loss for Business Income coverage, or immediately after the time of direct physical loss or damage for Extra Expense coverage.

(4) This Coverage Extension does not apply to loss caused by spoilage of "perishable stock" caused by interruption of Utility Services.

(5) The most we will pay under this Coverage Extension is $50,000 per occurrence.

Payments under this Coverage Extension will not increase the applicable Limit of Insurance.

(6) The provisions of this Coverage Extension are superseded by **CP 15 45** Utility Services — Time Element, if attached to and made a part of this policy.

B. Limits Of Insurance

1. The most we will pay for loss in any one occurrence is the applicable Limit of Insurance shown in the Declarations.

2. The amount of insurance stated in the Coverage Extension **A.6.a. Newly Acquired Locations** applies in accordance with the terms of that coverage and is separate from

the Limit(s) of Insurance shown in the Declarations for any other coverage.

3. Payments under the following Additional Coverages and Coverage Extensions will not increase the applicable Limit of Insurance:

   a. Additional Coverage **A.5.a. Civil Authority**

   b. Additional Coverage **A.5.b. Alterations And New Buildings**

   c. Additional Coverage **A.5.c. Extended Business Income**

   d. Additional Coverage **A.5.d. Dependent Properties — Time Element**

   e. Additional Coverage **A.5.e. Ordinance Or Law — Increased Period Of Restoration**

   f. Additional Coverage **A.5.f. Transit — Business Income**

   g. Coverage Extension **A.6.b. Spoilage Due To Power Outage, Mechanical Breakdown, Or Contamination — Time Element**

   h. Coverage Extension **A.6.c. Utility Service — Time Element**

C. Deductible

1. We will not pay for loss in any one occurrence until the amount of loss exceeds the Deductible shown in the Declarations. We will then pay the amount of loss in excess of the Deductible, up to the applicable Limit of Insurance.

2. When the same occurrence involves loss to insurance under this coverage form and loss under the Building And Personal Property Coverage Form, only one deductible will be applied to the occurrence.

3. Windstorm, Hail or Hurricane percentage deductibles do not apply to Business Income coverage or Extra Expense coverage.

D. Loss Conditions

The following conditions apply in addition to the Common Policy Conditions and the Commercial Property Conditions.

1. **Appraisal**

   If we and you disagree on the amount of Net Income and operating expense or the amount of loss, either may make written demand for an appraisal of the loss. In this event, each party will select a competent and impartial appraiser.

   The two appraisers will select an umpire. If they cannot agree, either may request that selection be made by a judge of a court having jurisdiction. The appraisers will state separately the amount of Net Income and operating expense or amount of loss. If they fail to agree, they will submit their differences to the umpire. A decision agreed to by any two will be binding. Each party will:

   a. Pay its chosen appraiser; and

   b. Bear the other expenses of the appraisal and umpire equally.

   If there is an appraisal, we will still retain our right to deny the claim.

2. **Duties In The Event Of Loss**

   a. You must see that the following are done in the event of loss:

      (1) Notify the police if a law may have been broken.

      (2) Give us prompt notice of the direct physical loss or damage. Include a description of the property involved.

      (3) As soon as possible, give us a description of how, when, and where the direct physical loss or damage occurred.

      (4) Take all reasonable steps to protect the Covered Property from further damage, and keep a record of your expenses necessary to protect the Covered Property, for consideration in the settlement of the claim. This will not increase the Limit of Insurance. However, we will not pay for any subsequent loss or damage resulting from a cause of loss that is not a Covered Cause of Loss. Also, if feasible, set the damaged property aside and in the best possible order for examination.

      (5) As often as may be reasonably required, permit us to inspect the property proving the loss or damage and examine your books and records.

      Also permit us to take samples of damaged and undamaged property for inspection, testing and analysis, and permit us to make copies from your books and records.

(6) Send us a signed, sworn proof of loss containing the information we request to investigate the claim. You must do this within 60 days after our request. We will supply you with the necessary forms.

(7) Cooperate with us in the investigation or settlement of the claim.

(8) If you intend to continue your business, you must resume all or part of your "operations" as quickly as possible.

b. We may examine any insured under oath, while not in the presence of any other insured and at such times as may be reasonably required, about any matter relating to this insurance or the claim, including an insured's books and records. In the event of an examination, an insured's answers must be signed.

3. Loss Determination

a. The amount of Business Income loss will be determined based on:

(1) The Net Income of the business before the direct physical loss or damage occurred;

(2) The likely Net Income of the business if no physical loss or damage had occurred, but not including any Net Income that would likely have been earned as a result of an increase in the volume of business due to favorable business conditions caused by the impact of the Covered Cause of Loss on customers or on other businesses;

(3) The operating expenses, including payroll expenses, necessary to resume "operations" with the same quality of service that existed just before the direct physical loss or damage; and

(4) Other relevant sources of information, including:

(a) Your financial records and accounting procedures;

(b) Bills, invoices and other vouchers; and

(c) Deeds, liens or contracts.

b. The amount of Extra Expense will be determined based on:

(1) All expenses that exceed the normal operating expenses that would have been incurred by "operations" during the "period of restoration" if no direct physical loss or damage had occurred. We will deduct from the total of such expenses:

(a) The salvage value that remains of any property bought for temporary use during the "period of restoration", once "operations" are resumed; and

(b) Any Extra Expense that is paid for by other insurance, except for insurance that is written subject to the same plan, terms, conditions and provisions as this insurance; and

(2) Necessary expenses that reduce the Business Income loss that otherwise would have been incurred.

c. Resumption Of Operations

We will reduce the amount of your:

(1) Business Income loss, other than Extra Expense, to the extent you can resume your "operations", in whole or in part, by using damaged or undamaged property (including merchandise or stock) at the described premises or elsewhere.

(2) Extra Expense loss to the extent you can return "operations" to normal and discontinue such Extra Expense.

d. If you do not resume "operations", or do not resume "operations" as quickly as possible, we will pay based on the length of time it would have taken to resume "operations" as quickly as possible.

4. Loss Payment

We will pay for covered loss within 30 days after we receive the sworn proof of loss, if you have complied with all of the terms of this Coverage Part and:

a. We have reached agreement with you on the amount of loss; or

b. An appraisal award has been made.

E. Optional Coverages

If shown as applicable in the Declarations, the following Optional Coverages apply separately to each item.

1. Maximum Period Of Indemnity

The most we will pay for the total of Business Income loss and Extra Expense is the lesser of:

a. The amount of loss sustained and expenses incurred during the 120 days immediately following the beginning of the "period of restoration"; or

b. The Limit of Insurance shown in the Declarations.

2. Monthly Limit Of Indemnity

The most we will pay for loss of Business Income in each period of 30 consecutive days after the beginning of the "period of restoration" is:

a. The Limit of Insurance, multiplied by

b. The fraction shown in the Declarations for this Optional Coverage.

EXAMPLE

When:	The Limit of Insurance is	$ 120,000
	The fraction shown in the Declarations for this Optional Coverage is	1/4
	The most we will pay for loss in each period of 30 consecutive days is: ($120,000 x 1/4 = $30,000)	$ 30,000
	If, in this example, the actual amount of loss is:	
	Days 1-30	$ 40,000
	Days 31-60	$ 20,000
	Days 61-90	$ 30,000
		$ 90,000
	We will pay:	
	Days 1-30	$ 30,000
	Days 31-60	$ 20,000
	Days 61-90	$ 30,000
		$ 80,000

The remaining $10,000 is not covered.

F. Definitions

1. "Antique" means an object having value because its:

a. craftsmanship is in the style or fashion of former times; and

b. age is 100 years old or older.

2. "Dependent property" means property operated by others whom you depend on to:

a. Deliver materials or services to you, or to others for your account. With respect to Contributing Locations, services does not mean water, communication or power supply services;

b. Accept your products or services;

c. Manufacture products for delivery to your customers under contract of sale; or

d. Attract customers to your business.

"Dependent property" does not include roads, bridges, tunnels, waterways, airfields, pipelines or any other similar areas or structures.

3. "Electronic data" means information, facts or computer programs stored as or on, created or used on, or transmitted to or from computer software (including systems and applications software), on hard or floppy disks, CD-ROMs, tapes, drives, cells, data processing devices or any other repositories of computer software which are used with electronically controlled equipment. The term computer programs, referred to in the foregoing description of "electronic data", means a set of related electronic instructions which direct the operations and functions of a computer or device connected to it, which enable the computer or device to receive, process, store, retrieve or send data.

4. "Fine arts" means paintings, etchings, pictures; tapestries; rare or art glass; art glass windows; valuable rugs; statuary; sculptures; "antique" furniture; bric-a-brac; porcelains; and similar property of rarity, historical value or artistic merit.

5. "Finished stock" means stock you have manufactured.

"Finished stock" also includes whiskey and alcoholic products being aged.

"Finished stock" does not include stock you have manufactured that is held for sale on the premises of any retail outlet insured under this Coverage Part.

6. "Operations" means:

   a. Your business activities occurring at the described premises; and

   b. The tenantability of the described premises, if coverage for Business Income Including "Rental Value" or "Rental Value" applies.

7. "Period of restoration" means the period of time that:

   a. Begins:

      (1) 72 hours after the time of direct physical loss or damage for Business Income coverage; or

      (2) Immediately after the time of direct physical loss or damage for Extra Expense coverage;

      caused by or resulting from any Covered Cause of Loss at the described premises; and

   b. Ends on the earlier of:

      (1) The date when the property at the described premises should be repaired, rebuilt or replaced with reasonable speed and similar quality; or

      (2) The date when business is resumed at a new permanent location.

   "Period of restoration" does not include any increased period required due to the enforcement of any ordinance or law that:

      (1) Regulates the construction, use or repair, or requires the tearing down of any property; or

      (2) Requires any insured or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of "pollutants"

   The expiration date of this policy will not cut short the "period of restoration".

8. "Perishable stock" means personal property which is maintained under controlled conditions for its preservation and which is susceptible to loss or damage if the controlled conditions change.

9. "Pollutants" means any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste. Waste includes materials to be recycled, reconditioned or reclaimed.

10. "Rental Value" means Business Income that consists of:

    a. Net Income (Net Profit or Loss before income taxes) that would have been earned or incurred as rental income from tenant occupancy of the premises described in the Declarations as furnished and equipped by you, including fair rental value of any portion of the described premises which is occupied by you; and

    b. Continuing normal operating expenses incurred in connection with that premises, including:

       (1) Payroll; and

       (2) The amount of charges which are the legal obligation of the tenant(s) but would otherwise be your obligations.

11. "Suspension" means:

    a. The slowdown or cessation of your business activities; or

    b. That a part or all of the described premises is rendered untenantable, if coverage for Business Income Including "Rental Value" or "Rental Value" applies.

Safeco Optimum Property ™ for Condominium Associations BUSINESS INCOME (WITHOUT EXTRA EXPENSE) COVERAGE FORM

Various provisions in this policy restrict coverage. Read the entire policy carefully to determine rights, duties and what is and is not covered.

Throughout this policy the words "you" and "your" refer to the Named Insured shown in the Declarations. The words "we", "us" and "our" refer to the Company providing this insurance.

Other words and phrases that appear in quotation marks have special meaning. Refer to Section **F.** Definitions.

A. Coverage

1. Business Income

Business Income means the:

a. Net Income (Net Profit or Loss before income taxes) that would have been earned or incurred; and

b. Continuing normal operating expenses incurred, including payroll.

For manufacturing risks, Net Income includes the net sales value of production.

Coverage is provided as described and limited below for one or more of the following options for which a Limit of Insurance is shown in the Declarations:

(1) Business Income Including "Rental Value".

(2) Business Income Other Than "Rental Value".

(3) "Rental Value".

If option **(1)** above is selected, the term Business Income will include "Rental Value". If option **(3)** above is selected, the term Business Income will mean "Rental Value" only.

If Limits of Insurance are shown under more than one of the above options, the provisions of this Coverage Part apply separately to each.

We will pay for the actual loss of Business Income you sustain due to the necessary "suspension" of your "operations" during the "period of restoration". The "suspension" must be caused by direct physical loss of or damage to property at premises which are described in the Declarations and for which a Business Income Limit of Insurance is shown in the Declarations. The loss or damage must be caused by or result from a Covered Cause of Loss. With respect to loss of or damage to personal property in the open or personal property in a vehicle, the described premises include the area within 1,000 feet of the site at which the described premises are located.

With respect to the requirements set forth in the preceding paragraph, if you occupy only part of the site at which the described premises are located, your premises means:

a. The portion of the building which you rent, lease or occupy; and

b. Any area within the building or on the site at which the described premises are located, if that area services, or is used to gain access to, the described premises.

2. Covered Causes Of Loss, Exclusions And Limitations

See applicable Causes Of Loss Form as shown in the Declarations.

3. Additional Limitation — Interruption Of Computer Operations

Coverage for Business Income does not apply when a "suspension" of "operations" is caused by destruction or corruption of "electronic data", or any loss or damage to "electronic data", except as provided under the Coverage Extension for Electronic Data

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Processing found in the Building And Personal Property Coverage Form.

4. Additional Coverages

a. Expenses To Reduce Loss

In the event of a covered loss of Business Income, we will pay necessary expenses you incur, except the cost of extinguishing a fire, to avoid further loss of Business Income. The total of our payment for Business Income loss and Expenses to Reduce Loss will not be more than the Business Income loss that would have been payable under this Coverage Form if the Expenses to Reduce Loss had not been incurred. This coverage does not increase the Limit of Insurance.

b. Civil Authority

In this Additional Coverage — Civil Authority, the described premises are premises to which this Coverage Form applies, as shown in the Declarations.

When a Covered Cause of Loss causes damage to property other than property at the described premises, we will pay for the actual loss of Business Income you sustain caused by action of civil authority that prohibits access to the described premises, provided that both of the following apply:

(1) Access to the area immediately surrounding the damaged property is prohibited by civil authority as a result of the damage, and the described premises are within that area but are not more than one mile from the damaged property; and

(2) The action of civil authority is taken in response to dangerous physical conditions resulting from the damage or continuation of the Covered Cause of Loss that caused the damage, or the action is taken to enable a civil authority to have unimpeded access to the damaged property.

Civil Authority coverage will begin 72 hours after the time of the first action of civil authority that prohibits access to the described premises and will apply for a period of up to thirty consecutive days from the date on which such coverage began.

c. Alterations And New Buildings

We will pay for the actual loss of Business Income you sustain due to direct physical loss or damage at the described premises caused by or resulting from any Covered Cause of Loss to:

(1) New buildings or structures, whether complete or under construction;

(2) Alterations or additions to existing buildings or structures; and

(3) Machinery, equipment, supplies or building materials located on or within 1,000 feet of the described premises and:

(a) Used in the construction, alterations or additions; or

(b) Incidental to the occupancy of new buildings.

If such direct physical loss or damage delays the start of "operations", the "period of restoration" will begin on the date "operations" would have begun if the direct physical loss or damage had not occurred.

d. Extended Business Income

(1) Business Income Other Than "Rental Value"

If the necessary "suspension" of your "operations" produces a Business Income loss payable under this policy, we will pay for the actual loss of Business Income you incur during the period that:

(a) Begins on the date property (except "finished stock") is actually repaired, rebuilt or replaced and "operations" are resumed; and

(b) Ends on the earlier of:

(i) The date you could restore your "operations", with reasonable speed, to the level which would generate the business income amount that would have existed if no direct physical loss or damage had occurred; or

(ii) 180 consecutive days after the date determined in

(1)(a) above, unless "180" is replaced in the Declarations by a different number of days.

However, Extended Business Income does not apply to loss of Business Income incurred as a result of unfavorable business conditions caused by the impact of the Covered Cause of Loss in the area where the described premises are located.

Loss of Business Income must be caused by direct physical loss or damage at the described premises caused by or resulting from any Covered Cause of Loss.

(2) "Rental Value"

If the necessary "suspension" of your "operations" produces a "Rental Value" loss payable under this policy, we will pay for the actual loss of "Rental Value" you incur during the period that:

(a) Begins on the date property is actually repaired, rebuilt or replaced and tenantability is restored; and

(b) Ends on the earlier of:

(i) The date you could restore tenant occupancy, with reasonable speed, to the level which would generate the "Rental Value" that would have existed if no direct physical loss or damage had occurred; or

(ii) 180 consecutive days after the date determined in **(2)(a)** above, unless "180" is replaced in the Declarations by a different number of days.

However, Extended Business Income does not apply to loss of "Rental Value" incurred as a result of unfavorable business conditions caused by the impact of the Covered Cause of Loss in the area where the described premises are located.

Loss of "Rental Value" must be caused by direct physical loss or damage at the described premises caused by or resulting from any Covered Cause of Loss.

e. Dependent Properties — Business Income

(1) Your coverage for Business Income, as provided and limited in this form, is extended to apply to the actual loss of Business Income you sustain due to direct physical loss of or damage to "dependent property" caused by or resulting from a Covered Cause of Loss.

However this Additional Coverage does not apply when the only loss to dependent property is loss or damage to "electronic data", including destruction or corruption of "electronic data". If the dependent property sustains loss or damage to "electronic data" and other property, coverage under this Additional Coverage will not continue once the other property is repaired, rebuilt or replaced.

(2) Under the Loss Determination Condition below, the following is added to the Resumption Of Operations provision:

We will reduce the amount of your Business Income loss to the extent you can resume "operations", in whole or in part, by using any other available source of materials or outlet for your products.

(3) The most we will pay under this Additional Coverage is $50,000 in any one occurrence regardless of the number of dependent properties.

Payments under this Additional Coverage will not increase the applicable Limit of Insurance.

(4) The provisions of this Additional Coverage are superseded by **CP 15 08** Business Income From Dependent Properties — Broad Form, or **CP 15 09** Business Income From Dependent Properties — Limited Form, if attached to and made a part of this policy.

f. Ordinance Or Law — Increased Period Of Restoration

(1) If a Covered Cause of Loss occurs to property at the premises described in the Declarations, coverage is extended to include the amount of actual and necessary loss you sustain during the increased period of "suspension" of "operations" caused by or resulting from the enforcement of any ordinance or law that:

(a) Regulates the construction or repair of any property;

(b) Requires the tearing down of parts of any property not damaged by a Covered Cause of Loss; and

(c) Is in force at the time of loss.

However, coverage is not extended under this Additional Coverage to include loss caused by or resulting from the enforcement of any ordinance or law which requires any insured or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of "pollutants".

g. Transit — Business Income

(1) This insurance is extended to apply to the actual loss of Business Income you sustain caused by direct physical loss or damage by a Covered Cause of Loss to Covered Property while in or on a vehicle or in transit more than 1,000 feet from a covered premises while:

(a) In or on a vehicle you own, rent or lease;

(b) In the custody of a public or contract trucker;

(c) In the custody of an air or rail carrier; or

(d) While waterborne on inland waterways. However, there is no coverage under this Additional Coverage for any imported or exported property that is covered under any ocean marine cargo policy that anyone has obtained.

(2) There is no coverage under this Additional Coverage resulting from loss or damage to:

(a) "Fine arts", "antiques", fur garments, jewelry, precious or semiprecious stones, gold, silver, platinum, or other precious metals or alloys; or

(b) Mail shipments in the custody of the U.S. Postal Service.

(3) This Additional Coverage will continue to apply to such property in the due course of transit, after the expiration or cancellation of this policy, until arrival at and accepted by an authorized representative at the invoiced destination, but for no longer than 30 days after the date of the shipment origination, but this will not cut short the "period of restoration".

(4) You must retain accurate records of all shipments of Covered Property for one year.

(5) The most we will pay under this Additional Coverage is $50,000 in any one occurrence.

Payments under this Additional Coverage will not increase the applicable Limit of Insurance.

5. Coverage Extensions

a. Newly Acquired Locations

(1) You may extend your Business Income Coverage to apply to property at any premises you acquire other than fairs or exhibitions.

(2) The most we will pay under this Extension is $250,000 at each premises.

Payments under this Coverage Extension are separate from the Limit(s) of Insurance shown in the Declarations for any other coverage.

(3) Insurance under this Extension for each newly acquired premises will end when any of the following first occurs:

(a) This policy expires;

(b) 180 days expire after you acquire or begin to construct the property; or

(c) You report values to us.

We will charge you additional premium for values reported from the date you acquire the property.

b. Spoilage Due To Power Outage, Mechanical Breakdown, Or Contamination — Business Income

(1) You may extend your Business Income Coverage to apply to loss caused by spoilage of "perishable stock" caused by:

(a) Breakdown or Contamination, meaning:

(i) Change in temperature or humidity caused by mechanical breakdown or mechanical failure of refrigerating, cooling, or humidity control equipment; and

(ii) Contamination by the refrigerant.

(b) Power Outage, meaning change in temperature or humidity caused by complete or partial interruption of electrical power due to conditions beyond your control.

(2) This coverage does not apply to loss to stock which is outside of a building or in or on a vehicle unless the stock is being moved to prevent or reduce loss covered by this policy.

(3) Only the following Exclusions contained in Paragraph **B.1.** of the Causes Of Loss — Special Form apply to this Coverage Extension:

(a) **B.1.b.** Earth Movement;

(b) **B.1.c.** Governmental Action;

(c) **B.1.d.** Nuclear Hazard;

(d) **B.1.f.** War And Military Action; and

(e) **B.1.g.** Water.

(4) The following Exclusions are added:

We will not pay for loss or damage caused by:

(a) The disconnecting of any refrigerating, cooling or humidity control system from the source of power.

(b) Shutting off electrical power by turning off the switch that controls the flow of electricity.

(c) The inability of an Electrical Utility Company or other power source to provide sufficient power due to:

(i) Lack of fuel; or

(ii) Governmental order.

(d) A power source at the described premises not having enough power to meet demand due to lack of generating capacity.

(5) For the purposes of this Coverage Extension, the "period of restoration" begins 24 hours after the time of direct physical loss.

(6) The most we will pay under this Coverage Extension is $50,000 per occurrence.

c. Utility Service — Business Income

(1) You may extend your Business Income Coverage to apply to loss caused by the interruption of service to the described premises or Newly Acquired Locations. The interruption must result from direct physical loss or damage by a Covered Cause of Loss to the property described in paragraph **(2).**

(2) Utility Services

(a) Water Supply Services, meaning pumping stations and water mains supplying water to your premises.

(b) Communication Supply Services, meaning property supplying communication services, including telephone, radio, microwave or television services, to your premises, such as:

(i) Communication transmission lines, including optic fiber transmission lines;

(ii) Coaxial cables; and

(iii) Microwave radio relays except satellites.

(c) Power Supply Services, meaning the following types of property supplying electricity, steam or gas to your premises:

(i) Utility generating plants;

(ii) Switching stations;

(iii) Substations;

(iv) Transformers; and

(v) Transmission lines.

(3) For the purposes of this Coverage Extension, the "period of restoration" begins 24 hours after the time of direct physical loss.

(4) This Coverage Extension does not apply to loss caused by spoilage of "perishable stock" caused by interruption of Utility Services.

(5) The most we will pay under this Coverage Extension is $50,000 per occurrence.

Payments under this Coverage Extension will not increase the applicable Limit of Insurance.

(6) The provisions of this Coverage Extension are superseded by **CP 15 45** Utility Services — Time Element, if attached to and made a part of this policy.

B. Limits Of Insurance

1. The most we will pay for loss in any one occurrence is the applicable Limit of Insurance shown in the Declarations.

2. The amount of insurance stated in the Coverage Extension **A.5.a. Newly Acquired Locations** applies in accordance with the terms of that coverage and is separate from the Limit(s) of Insurance shown in the Declarations for any other coverage.

3. Payments under the following Additional Coverages and Coverage Extensions will not increase the applicable Limit of Insurance:

a. Additional Coverage **A.4.a. Expenses To Reduce Loss**

b. Additional Coverage **A.4.b. Civil Authority**

c. Additional Coverage **A.4.c. Alterations And New Buildings**

d. Additional Coverage **A.4.d. Extended Business Income**

e. Additional Coverage **A.4.e. Dependent Properties — Business Income**

f. Additional Coverage **A.4.f. Ordinance Or Law — Increased Period Of Restoration**

g. Additional Coverage **A.4.g. Transit — Business Income**

h. Coverage Extension **A.5.b. Spoilage Due To Power Outage, Mechanical Breakdown, Or Contamination — Business Income**

i. Coverage Extension **A.5.c. Utility Service — Business Income**

C. Deductible

1. We will not pay for loss in any one occurrence until the amount of loss exceeds the Deductible shown in the Declarations. We will then pay the amount of loss in excess of the Deductible, up to the applicable Limit of Insurance.

2. When the same occurrence involves loss to insurance under this coverage form and loss under the Building And Personal Property Coverage Form, only one deductible will be applied to the occurrence.

3. Windstorm, Hail or Hurricane percentage deductibles do not apply to Business Income coverage.

D. Loss Conditions

The following conditions apply in addition to the Common Policy Conditions and the Commercial Property Conditions.

1. Appraisal

If we and you disagree on the amount of Net Income and operating expense or the amount of loss, either may make written demand for an appraisal of the loss. In this event, each party will select a competent and impartial appraiser.

The two appraisers will select an umpire. If they cannot agree, either may request that selection be made by a judge of a court having jurisdiction. The appraisers will state separately the amount of Net Income and operating expense or amount of loss. If they fail to agree, they will submit their differences to the umpire. A decision agreed to by any two will be binding. Each party will:

a. Pay its chosen appraiser; and

b. Bear the other expenses of the appraisal and umpire equally.

If there is an appraisal, we will still retain our right to deny the claim.

2. Duties In The Event Of Loss

a. You must see that the following are done in the event of loss:

(1) Notify the police if a law may have been broken.

(2) Give us prompt notice of the direct physical loss or damage. Include a description of the property involved.

(3) As soon as possible, give us a description of how, when, and where the direct physical loss or damage occurred.

(4) Take all reasonable steps to protect the Covered Property from further damage, and keep a record of your expenses necessary to protect the Covered Property, for consideration in the settlement of the claim. This will not increase the Limit of Insurance. However, we will not pay for any subsequent loss or damage resulting from a cause of loss that is not a Covered Cause of Loss. Also, if feasible, set the damaged property aside and in the best possible order for examination.

(5) As often as may be reasonably required, permit us to inspect the property proving the loss or damage and examine your books and records.

Also permit us to take samples of damaged and undamaged property for inspection, testing and analysis, and permit us to make copies from your books and records.

(6) Send us a signed, sworn proof of loss containing the information we request to investigate the claim. You must do this within 60 days after our request. We will supply you with the necessary forms.

(7) Cooperate with us in the investigation or settlement of the claim.

(8) If you intend to continue your business, you must resume all or part of your "operations" as quickly as possible.

b. We may examine any insured under oath, while not in the presence of any other insured and at such times as may be reasonably required, about any matter relating to this insurance or the claim, including an insured's books and records. In the event of an examination, an insured's answers must be signed.

3. Loss Determination

a. The amount of Business Income loss will be determined based on:

(1) The Net Income of the business before the direct physical loss or damage occurred;

(2) The likely Net Income of the business if no physical loss or damage had occurred, but not including any Net Income that would likely have been earned as a result of an increase in the volume of business due to favorable business conditions caused by the impact of the Covered Cause of Loss on customers or on other businesses;

(3) The operating expenses, including payroll expenses, necessary to resume "operations" with the same quality of service that existed just before the direct physical loss or damage; and

(4) Other relevant sources of information, including:

(a) Your financial records and accounting procedures;

(b) Bills, invoices and other vouchers; and

(c) Deeds, liens or contracts.

b. Resumption Of Operations

We will reduce the amount of your Business Income loss to the extent you can resume your "operations", in whole or in part, by using damaged or undamaged property (including merchandise or stock) at the described premises or elsewhere.

c. If you do not resume "operations", or do not resume "operations" as quickly as possible, we will pay based on the length of time it would have taken to resume "operations" as quickly as possible.

4. Loss Payment

We will pay for covered loss within 30 days after we receive the sworn proof of loss, if you have complied with all of the terms of this Coverage Part and:

a. We have reached agreement with you on the amount of loss; or

b. An appraisal award has been made.

E. Optional Coverages

If shown as applicable in the Declarations, the following Optional Coverages apply separately to each item.

1. Maximum Period Of Indemnity

The most we will pay for the total of Business Income loss and Extra Expense is the lesser of:

a. The amount of loss sustained and expenses incurred during the 120 days immediately following the beginning of the "period of restoration"; or

b. The Limit of Insurance shown in the Declarations.

2. Monthly Limit Of Indemnity

The most we will pay for loss of Business Income in each period of 30 consecutive days after the beginning of the "period of restoration" is:

a. The Limit of Insurance, multiplied by

b. The fraction shown in the Declarations for this Optional Coverage.

EXAMPLE

When:	The Limit of Insurance is	$ 120,000
	The fraction shown in the Declarations for this Optional Coverage is	1/4
	The most we will pay for loss in each period of 30 consecutive days is: ($120,000 x 1/4 = $30,000)	$ 30,000
	If, in this example, the actual amount of loss is:	
	Days 1-30	$ 40,000
	Days 31-60	$ 20,000
	Days 61-90	$ 30,000
		$ 90,000

We will pay:

Days 1-30	$ 30,000
Days 31-60	$ 20,000
Days 61-90	$ 30,000
	$ 80,000

The remaining $10,000 is not covered.

F. Definitions

1. "Antique" means an object having value because its:

a. craftsmanship is in the style or fashion of former times; and

b. age is 100 years old or older.

2. "Dependent property" means property operated by others whom you depend on to:

a. Deliver materials or services to you, or to others for your account. With respect to Contributing Locations, services does not mean water, communication or power supply services;

b. Accept your products or services;

c. Manufacture products for delivery to your customers under contract of sale; or

d. Attract customers to your business.

"Dependent property" does not include roads, bridges, tunnels, waterways, airfields, pipelines or any other similar areas or structures.

3. "Electronic data" means information, facts or computer programs stored as or on, created or used on, or transmitted to or from computer software (including systems and applications software), on hard or floppy disks, CD-ROMs, tapes, drives, cells, data processing devices or any other repositories of computer software which are used with electronically controlled equipment. The term computer programs, referred to in the foregoing description of "electronic data", means a set of related electronic instructions which direct the operations and functions of a computer or device connected to it, which enable the computer or device to receive, process, store, retrieve or send data.

4. "Fine arts" means paintings, etchings, pictures; tapestries; rare or art glass; art glass windows; valuable rugs; statuary; sculptures; "antique" furniture; bric-a-brac; porcelains; and similar property of rarity, historical value or artistic merit.

5. "Finished stock" means stock you have manufactured.

"Finished stock" also includes whiskey and alcoholic products being aged.

"Finished stock" does not include stock you have manufactured that is held for sale on the premises of any retail outlet insured under this Coverage Part.

6. "Operations" means:

   a. Your business activities occurring at the described premises; and

   b. The tenantability of the described premises, if coverage for Business Income Including "Rental Value" or "Rental Value" applies.

7. "Period of restoration" means the period of time that:

   a. Begins 72 hours after the time of direct physical loss or damage caused by or resulting from any Covered Cause of Loss at the described premises; and

   b. Ends on the earlier of:

      (1) The date when the property at the described premises should be repaired, rebuilt or replaced with reasonable speed and similar quality; or

      (2) The date when business is resumed at a new permanent location.

   "Period of restoration" does not include any increased period required due to the enforcement of any ordinance or law that:

      (1) Regulates the construction, use or repair, or required the tearing down of any property; or

      (2) Requires any insured or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of "pollutants".

   The expiration date of this policy will not cut short the "period of restoration".

8. "Perishable stock" means personal property which is maintained under controlled conditions for its preservation and which is susceptible to loss or damage if the controlled conditions change.

9. "Pollutants" means any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste. Waste includes materials to be recycled, reconditioned or reclaimed.

10. "Rental Value" means Business Income that consists of:

    a. Net Income (Net Profit or Loss before income taxes) that would have been earned or incurred as rental income from tenant occupancy of the premises described in the Declarations as furnished and equipped by you, including fair rental value of any portion of the described premises which is occupied by you; and

    b. Continuing normal operating expenses incurred in connection with that premises, including:

       (1) Payroll; and

       (2) The amount of charges which are the legal obligation of the tenant(s) but would otherwise be your obligations.

11. "Suspension" means:

    a. The slowdown or cessation of your business activities; or

    b. That a part or all of the described premises is rendered untenantable, if coverage for Business Income Including "Rental Value" or "Rental Value" applies.

Safeco Optimum Property ™ for Condominium Associations
EXTRA EXPENSE COVERAGE FORM

Various provisions in this policy restrict coverage. Read the entire policy carefully to determine rights, duties and what is and is not covered.

Throughout this policy the words "you" and "your" refer to the Named Insured shown in the Declarations. The words "we", "us" and "our" refer to the Company providing this insurance.

Other words and phrases that appear in quotation marks have special meaning. Refer to Section **E.** Definitions.

A. Coverage

We will pay the actual and necessary Extra Expense you sustain due to direct physical loss of or damage to property at premises which are described in the Declarations and for which an Extra Expense Limit of Insurance is shown in the Declarations. The loss or damage must be caused by or result from a Covered Cause of Loss. With respect to loss of or damage to personal property in the open or personal property in a vehicle, the described premises include the area within 1,000 feet of the site at which the described premises are located.

With respect to the requirements set forth in the preceding paragraph, if you occupy only part of the site at which the described premises are located, your premises means:

a. The portion of the building which you rent, lease or occupy; and

b. Any area within the building or on the site at which the described premises are located, if that area services, or is used to gain access to, the described premises.

1. Extra Expense

Extra Expense means necessary expenses you incur during the "period of restoration" that you would not have incurred if there had been no direct physical loss or damage to property. Coverage pertains to expenses (other than the expense to repair or replace property) which are incurred to:

a. Avoid or minimize the "suspension" of business and to continue "operations" at the described premises or at replacement premises or temporary locations, including relocation expenses and costs to equip and operate the replacement location or temporary location.

b. Minimize the "suspension" of business if you cannot continue "operations".

We will also pay Extra Expense to repair or replace property, but only to the extent it reduces the amount of loss that otherwise would have been payable under this Coverage Form.

2. Covered Causes Of Loss, Exclusions And Limitations

See applicable Causes Of Loss Form as shown in the Declarations.

3. Additional Limitation — Interruption Of Computer Operations

Coverage for Extra Expense does not apply when action is taken to avoid or minimize a "suspension" of "operations" caused by destruction or corruption of "electronic data", or any loss or damage to "electronic data", except as provided under the Coverage Extension for Electronic Data Processing found in the Building And Personal Property Coverage Form.

4. Additional Coverages

a. Alterations And New Buildings

We will pay for the actual and necessary Extra Expense you incur due to direct physical loss or damage at the described premises caused by or resulting from any Covered Cause of Loss to:

(1) New buildings or structures, whether complete or under construction;

(2) Alterations or additions to existing buildings or structures; and

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(3) Machinery, equipment, supplies or building materials located on or within 1,000 feet of the described premises and:

(a) Used in the construction, alterations or additions; or

(b) Incidental to the occupancy of new buildings.

b. Civil Authority

In this Additional Coverage — Civil Authority, the described premises are premises to which this Coverage Form applies, as shown in the Declarations.

When a Covered Cause of Loss causes damage to property other than property at the described premises, we will pay for the actual and necessary Extra Expense you incur caused by action of civil authority that prohibits access to the described premises, provided that both of the following apply:

(1) Access to the area immediately surrounding the damaged property is prohibited by civil authority as a result of the damage, and the described premises are within that area but are not more than one mile from the damaged property; and

(2) The action of civil authority is taken in response to dangerous physical conditions resulting from the damage or continuation of the Covered Cause of Loss that caused the damage, or the action is taken to enable a civil authority to have unimpeded access to the damaged property.

Civil Authority coverage will begin immediately after the time of the first action of civil authority that prohibits access to the described premises and will end 30 consecutive days after the date of that action.

c. Dependent Properties — Extra Expense

(1) Your coverage for Extra Expense, as provided and limited in this form, is extended to apply to the actual and necessary Extra Expense you incur due to direct physical loss of or damage to "dependent property" caused by or resulting from a Covered Cause of Loss.

However this Additional Coverage does not apply when the only loss to "dependent property" is loss or damage to "electronic data", including destruction or corruption of "electronic data". If the "dependent property" sustains loss or damage to "electronic data" and other property, coverage under this Additional Coverage will not continue once the other property is repaired, rebuilt or replaced.

(2) The most we will pay under this Additional Coverage is $50,000 in any one occurrence regardless of the number of dependent properties.

Payments under this Additional Coverage will not increase the applicable Limit of Insurance.

d. Ordinance Or Law — Increased Period Of Restoration

(1) If a Covered Cause of Loss occurs to property at the premises described in the Declarations, coverage is extended to include the amount of actual and necessary loss you sustain during the increased period of "suspension" of "operations" caused by or resulting from the enforcement of any ordinance or law that:

(a) Regulates the construction or repair of any property;

(b) Requires the tearing down of parts of any property not damaged by a Covered Cause of Loss; and

(c) Is in force at the time of loss.

However, coverage is not extended under this Additional Coverage to include loss caused by or resulting from the enforcement of any ordinance or law which requires any insured or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of "pollutants".

5. Coverage Extensions

a. Newly Acquired Locations

(1) You may extend your Extra Expense Coverage to apply to property at any premises you acquire other than fairs or exhibitions.

(2) The most we will pay under this Extension is $250,000 at each premises.

Payments under this Coverage Extension are separate from the Limit(s) of Insurance shown in the Declarations for any other coverage.

(3) Insurance under this Extension for each newly acquired premises will end when any of the following first occurs:

(a) This policy expires;

(b) 180 days expire after you acquire or begin to construct the property; or

(c) You report values to us.

We will charge you additional premium for values reported from the date you acquire the property.

b. Spoilage Due To Power Outage, Mechanical Breakdown, Or Contamination — Extra Expense

(1) You may extend your Extra Expense Coverage to apply to loss caused by spoilage of "perishable stock" caused by:

(a) Breakdown or Contamination, meaning:

(i) Change in temperature or humidity caused by mechanical breakdown or mechanical failure of refrigerating, cooling, or humidity control equipment; and

(ii) Contamination by the refrigerant.

(b) Power Outage, meaning change in temperature or humidity caused by complete or partial interruption of electrical power due to conditions beyond your control.

(2) This coverage does not apply to loss to stock which is outside of a building or in or on a vehicle unless the stock is being moved to prevent or reduce loss covered by this policy.

(3) Only the following Exclusions contained in Paragraph **B.1.** of the Causes Of Loss — Special Form apply to this Coverage Extension:

(a) **B.1.b.** Earth Movement;

(b) **B.1.c.** Governmental Action;

(c) **B.1.d.** Nuclear Hazard;

(d) **B.1.f.** War And Military Action; and

(e) **B.1.g.** Water.

(4) The following Exclusions are added:

We will not pay for loss or damage caused by:

(a) The disconnecting of any refrigerating, cooling or humidity control system from the source of power.

(b) Shutting off electrical power by turning off the switch that controls the flow of electricity.

(c) The inability of an Electrical Utility Company or other power source to provide sufficient power due to:

(i) Lack of fuel; or

(ii) Governmental order.

(d) A power source at the described premises not having enough power to meet demand due to lack of generating capacity.

(5) The most we will pay under this Coverage Extension is $50,000 per occurrence.

c. Utility Service — Extra Expense

(1) You may extend your Extra Expense Coverage to apply to loss at the described premises or Newly Acquired Locations caused by the interruption of service to the described premises or Newly Acquired Locations. The interruption must result from direct physical loss or damage by a Covered Cause of Loss to the property described in Paragraph **(2),**

(2) Utility Services

(a) Water Supply Services, meaning pumping stations and water mains supplying water to your premises.

(b) Communication Supply Services, meaning property supplying communication services, including telephone, radio, microwave or television

services, to your premises, such as:

(i) Communication transmission lines, including optic fiber transmission lines;

(ii) Coaxial cables; and

(iii) Microwave radio relays except satellites.

(c) Power Supply Services, meaning the following types of property supplying electricity, steam or gas to your premises:

(i) Utility generating plants;

(ii) Switching stations;

(iii) Substations;

(iv) Transformers; and

(v) Transmission lines.

(3) This Coverage Extension does not apply to loss caused by spoilage of "perishable stock" caused by interruption of Utility Services.

(4) The most we will pay under this Coverage Extension is $50,000 per occurrence.

Payments under this Coverage Extension will not increase the applicable Limit of Insurance.

(5) The provisions of this Coverage Extension are superseded by **CP 15 45** Utility Services — Time Element, if attached to and made a part of this policy.

B. Limits Of Insurance

1. The most we will pay for loss in any one occurrence is the applicable Limit of Insurance shown in the Declarations.

2. The amount of insurance stated in the Coverage Extension **A.5.a. Newly Acquired Locations** applies in accordance with the terms of that coverage and is separate from the Limit(s) of Insurance shown in the Declarations for any other coverage.

3. Payments under the following Additional Coverages and Coverage Extensions will not increase the applicable Limit of Insurance:

a. Additional Coverage **A.4.a. Alterations And New Buildings**

b. Additional Coverage **A.4.b. Civil Authority**

c. Additional Coverage **A.4.c. Dependent Properties — Extra Expense**

d. Additional Coverage **A.4.d. Ordinance Or Law — Increased Period Of Restoration**

e. Coverage Extension **A.5.b. Spoilage Due To Power Outage, Mechanical Breakdown, Or Contamination — Extra Expense**

f. Coverage Extension **A.5.c. Utility Service — Extra Expense**

C. Deductible

1. We will not pay for loss in any one occurrence until the amount of loss exceeds the Deductible shown in the Declarations. We will then pay the amount of loss in excess of the Deductible, up to the applicable Limit of Insurance.

2. When the same occurrence involves loss to insurance under this coverage form and loss under the Building And Personal Property Coverage Form, only one deductible will be applied to the occurrence.

3. Windstorm, Hail or Hurricane percentage deductibles do not apply to Extra Expense coverage.

D. Loss Conditions

The following conditions apply in addition to the Common Policy Conditions and the Commercial Property Conditions.

1. Appraisal

If we and you disagree on the amount of loss, either may make written demand for an appraisal of the loss. In this event, each party will select a competent and impartial appraiser. The two appraisers will select an umpire. If they cannot agree, either may request that selection be made by a judge of a court having jurisdiction. The appraisers will state separately the amount of loss. If they fail to agree, they will submit their differences to the umpire. A decision agreed to by any two will be binding. Each party will:

a. Pay its chosen appraiser; and

b. Bear the other expenses of the appraisal and umpire equally.

If there is an appraisal, we will still retain our right to deny the claim.

2. Duties If You Incur Extra Expense

a. You must see that the following are done if you incur Extra Expense:

(1) Notify the police if a law may have been broken.

(2) Give us prompt notice of the direct physical loss or damage. Include a description of the property involved.

(3) As soon as possible, give us a description of how, when, and where the direct physical loss or damage occurred.

(4) Take all reasonable steps to protect the Covered Property from further damage, and keep a record of your expenses necessary to protect the Covered Property, for consideration in the settlement of the claim. This will not increase the Limit of Insurance. However, we will not pay for any subsequent loss or damage resulting from a cause of loss that is not a Covered Cause of Loss. Also, if feasible, set the damaged property aside and in the best possible order for examination.

(5) As often as may be reasonably required, permit us to inspect the property proving the loss or damage and examine your books and records.

Also permit us to take samples of damaged and undamaged property for inspection, testing and analysis, and permit us to make copies from your books and records.

(6) Send us a signed, sworn proof of loss containing the information we request to investigate the claim. You must do this within 60 days after our request. We will supply you with the necessary forms.

(7) Cooperate with us in the investigation or settlement of the claim.

(8) If you intend to continue your business, you must resume all or part of your "operations" as quickly as possible.

b. We may examine any insured under oath, while not in the presence of any other insured and at such times as may be reasonably required, about any matter relating to this insurance or the claim, including an insured's books and records. In the event of an examination, an insured's answers must be signed.

3. Limits On Loss Payment

We will not pay more for Extra Expense than the percentages shown in the Declarations times the Limit of Insurance.

When the "period of restoration" is:

a. 30 days or less, the first percentage applies.

b. 60 days or less, but more than 30 days, the second percentage applies.

c. More than 60 days, the third percentage applies.

EXAMPLE:

The Limit of Insurance is	$ 100,000
The percentages shown in the Declarations are	40%-80%-100%
The "period of restoration" is	45 days
The amount of Extra Expenses incurred is	$ 90,000

We will not pay more than $100,000 times 80% (the percentage applicable for a "period of restoration" of 31-60 days), or $80,000. The remaining $10,000 is not covered.

4. Loss Determination

a. The amount of Extra Expense will be determined based on:

(1) All expenses that exceed the normal operating expenses that would have been incurred by "operations" during the "period of restoration" if no direct physical loss or damage had occurred. We will deduct from the total of such expenses:

(a) The salvage value that remains of any property bought for temporary use during the "period of restoration", once "operations" are resumed; and

(b) Any Extra Expense that is paid for by other insurance, except for insurance that is written subject to the same plan, terms, conditions and provisions as this insurance; and

(2) Necessary expenses that reduce the Extra Expense otherwise incurred.

b. We will reduce the amount of your Extra Expense loss to the extent you can return "operations" to normal and discontinue such Extra Expense.

c. If you do not resume "operations", or do not resume "operations" as quickly as possible, we will pay based on the length of time it would have taken to resume "operations" as quickly as possible.

5. **Loss Payment**

We will pay for any loss within 30 days after we receive the proof of loss, if you have complied with all of the terms of this Coverage Part and:

a. We reach agreement with you on the amount of loss; or

b. An appraisal award has been made.

E. Definitions

1. "Dependent property" means property operated by others whom you depend on to:

a. Deliver materials or services to you, or to others for your account. With respect to Contributing Locations, services does not mean water, communication or power supply services;

b. Accept your products or services;

c. Manufacture products for delivery to your customers under contract of sale; or

d. Attract customers to your business.

"Dependent property" does not include roads, bridges, tunnels, waterways, airfields, pipelines or any other similar areas or structures.

2. "Electronic data" means information, facts or computer programs stored as or on, created or used on, or transmitted to or from computer software (including systems and applications software), on hard or floppy disks, CD-ROMs, tapes, drives, cells, data processing devices or any other repositories of computer software which are used with electronically controlled equipment. The term computer programs, referred to in the foregoing description of "electronic data", means a set of related electronic instructions which direct the operations and functions of a computer or device connected to it, which enable the computer or device to receive, process, store, retrieve or send data.

3. "Operations" means your business activities occurring at the described premises.

4. "Period of restoration" means the period of time that:

a. Begins with the date of direct physical loss or damage caused by or resulting from any Covered Cause of Loss at the described premises; and

b. Ends on the earlier of:

(1) The date when the property at the described premises should be repaired, rebuilt or replaced with reasonable speed and similar quality; or

(2) The date when business is resumed at a new permanent location.

"Period of restoration" does not include any increased period required due to the enforcement of any ordinance or law that:

(1) Regulates the construction, use or repair, or requires the tearing down of any property; or

(2) Requires any insured or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of "pollutants".

The expiration date of this policy will not cut short the "period of restoration".

5. "Perishable stock" means personal property which is maintained under controlled conditions for its preservation and which is susceptible to loss or damage if the controlled conditions change.

6. "Pollutants" means any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste. Waste includes materials to be recycled, reconditioned or reclaimed.

7. "Suspension" means the slowdown or cessation of your business activities.

Safeco Optimum Property ™ for Condominium Associations
BUSINESS INCOME (AND EXTRA EXPENSE)
ACTUAL LOSS SUSTAINED COVERAGE FORM

Various provisions in this policy restrict coverage. Read the entire policy carefully to determine rights, duties and what is and is not covered.

Throughout this policy the words "you" and "your" refer to the Named Insured shown in the Declarations. The words "we", "us" and "our" refer to the Company providing this insurance.

Other words and phrases that appear in quotation marks have special meaning. Refer to Section **D.** Definitions.

A. Coverage

1. Business Income

Business Income means the:

a. Net Income (Net Profit or Loss before income taxes) that would have been earned or incurred; and

b. Continuing normal operating expenses incurred, including payroll.

For manufacturing risks, Net Income includes the net sales value of production.

Coverage is provided as described and limited below for one or more of the following options for which a Limit of Insurance is shown in the Declarations:

(1) Business Income Including "Rental Value".

(2) Business Income Other Than "Rental Value".

(3) "Rental Value".

If option **(1)** above is selected, the term Business Income will include "Rental Value". If option **(3)** above is selected, the term Business Income will mean "Rental Value" only.

If Limits of Insurance are shown under more than one of the above options, the provisions of this Coverage Part apply separately to each.

We will only pay for loss of Business Income that you sustain during the "period of restoration" and that occurs within 12 consecutive months after the date of direct physical loss or damage. With respect to loss of or damage to personal property in the open or personal property in a vehicle, the described premises include the area within 1,000 feet of the site at which the described premises are located.

With respect to the requirements set forth in the preceding paragraph, if you occupy only part of the site at which the described premises are located, your premises means:

a. The portion of the building which you rent, lease or occupy; and

b. Any area within the building or on the site at which the described premises are located, if that area services, or is used to gain access to, the described premises.

If you are operating at a Net Loss, continuing normal operating expenses will be offset by the net loss.

2. Extra Expense

a. Extra Expense coverage is provided at the premises described in the Declarations.

b. Extra Expense means necessary expenses you incur during the "period of restoration" that you would not have incurred if there had been no direct physical loss or damage to property caused by or resulting from a Covered Cause of Loss.

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We will pay Extra Expense (other than the expense to repair or replace property) to:

(1) Avoid or minimize the "suspension" of business and to continue "operations" at the described premises or at replacement premises or temporary locations, including relocation expenses and costs to equip and operate the replacement location or temporary location.

(2) Minimize the "suspension" of business if you cannot continue "operations".

We will also pay Extra Expense to repair or replace property, but only to the extent it reduces the amount of loss that otherwise would have been payable under this Coverage Form.

We will only pay Extra Expense you incur during the "period of restoration" and that occurs within 12 consecutive months after the date of direct physical loss or damage.

3. Covered Causes Of Loss, Exclusions And Limitations

See applicable Causes Of Loss Form as shown in the Declarations.

4. Additional Limitation — Interruption Of Computer Operations

a. Coverage for Business Income does not apply when a "suspension" of "operations" is caused by destruction or corruption of "electronic data", or any loss or damage to "electronic data", except as provided under the Coverage Extension for Electronic Data Processing found in the Building And Personal Property Coverage Form.

b. Coverage for Extra Expense does not apply when action is taken to avoid or minimize a "suspension" of "operations" caused by destruction or corruption of "electronic data", or any loss or damage to "electronic data", except as provided under the Coverage Extension for Electronic Data Processing found in the Building And Personal Property Coverage Form.

5. Additional Coverages

a. Civil Authority

In this Additional Coverage — Civil Authority, the described premises are premises to which this Coverage Form applies, as shown in the Declarations.

When a Covered Cause of Loss causes damage to property other than property at the described premises, we will pay for the actual loss of Business Income you sustain and necessary Extra Expense caused by action of civil authority that prohibits access to the described premises, provided that both of the following apply:

(1) Access to the area immediately surrounding the damaged property is prohibited by civil authority as a result of the damage, and the described premises are within that area but are not more than one mile from the damaged property; and

(2) The action of civil authority is taken in response to dangerous physical conditions resulting from the damage or continuation of the Covered Cause of Loss that caused the damage, or the action is taken to enable a civil authority to have unimpeded access to the damaged property.

Civil Authority coverage for Business Income will begin 72 hours after the time of the first action of civil authority that prohibits access to the described premises and will apply for a period of up to thirty consecutive days from the date on which such coverage began.

Civil Authority coverage for Extra Expense will begin immediately after the time of the first action of civil authority that prohibits access to the described premises and will end:

(1) 30 consecutive days after the date of that action; or

(2) When your Civil Authority coverage for Business Income ends;

whichever is later.

b. Alterations And New Buildings

We will pay for the actual loss of Business Income you sustain and necessary Extra Expense you incur due to direct physical loss or damage at the described premises caused by or resulting from any Covered Cause of Loss to:

(1) New buildings or structures, whether complete or under construction;

(2) Alterations or additions to existing buildings or structures; and

(3) Machinery, equipment, supplies or building materials located on or within 1,000 feet of the described premises and:

(a) Used in the construction, alterations or additions; or

(b) Incidental to the occupancy of new buildings.

If such direct physical loss or damage delays the start of "operations", the "period of restoration" for Business Income Coverage will begin on the date "operations" would have begun if the direct physical loss or damage had not occurred.

This Additional Coverage applies to losses that you incur during the "period of restoration" and that occur within 12 consecutive months after the date of direct physical loss or damage.

c. Extended Business Income

(1) Business Income Other Than "Rental Value"

If the necessary "suspension" of your "operations" produces a Business Income loss payable under this policy, we will pay for the actual loss of Business Income you incur during the period that:

(a) Begins on the date property (except "finished stock") is actually repaired, rebuilt or replaced and "operations" are resumed; and

(b) Ends on the earlier of:

(i) The date you could restore your "operations", with reasonable speed, to the level which would generate the business income amount that would have existed if no direct physical loss or damage had occurred; or

(ii) 180 consecutive days after the date determined in **(1)(a)** above, unless "180" is replaced in the Declarations by a different number of days.

However, Extended Business Income does not apply to loss of Business Income incurred as a result of unfavorable business conditions caused by the impact of the Covered Cause of Loss in the area where the described premises are located.

Loss of Business Income must be caused by direct physical loss or damage at the described premises caused by or resulting from any Covered Cause of Loss.

(2) "Rental Value"

If the necessary "suspension" of your "operations" produces a "Rental Value" loss payable under this policy, we will pay for the actual loss of "Rental Value" you incur during the period that:

(a) Begins on the date property is actually repaired, rebuilt or replaced and tenantability is restored; and

(b) Ends on the earlier of:

(i) The date you could restore tenant occupancy, with reasonable speed, to the level which would generate the "Rental Value" that would have existed if no direct physical loss or damage had occurred; or

(ii) 180 consecutive days after the date determined in **(2)(a)** above, unless "180" is replaced in the Declarations by a different number of days.

However, Extended Business Income does not apply to loss of "Rental Value" incurred as a result of unfavorable business conditions caused by the impact of the Covered Cause of Loss in the area where the described premises are located.

Loss of "Rental Value" must be caused by direct physical loss or damage at the described premises caused by or resulting from any Covered Cause of Loss.

d. Dependent Properties — Time Element

(1) Your coverage for Business Income and Extra Expense, as provided and limited in this form, is extended to apply to the actual loss of Business Income you sustain, and the actual and necessary Extra Expense you incur, due to direct physical loss of or damage to "dependent property" caused by or resulting from a Covered Cause of Loss.

However this Additional Coverage does not apply when the only loss to "dependent property" is loss or damage to "electronic data", including destruction or corruption of "electronic data". If the dependent property sustains loss or damage to "electronic data" and other property, coverage under this Additional Coverage will not continue once the other property is repaired, rebuilt or replaced.

(2) Under the Loss Determination Condition below, the following is added to the Resumption Of Operations provision:

We will reduce the amount of your Business Income loss, other than Extra Expense, to the extent you can resume "operations", in whole or in part, by using any other available source of materials or outlet for your products.

(3) The most we will pay under this Additional Coverage is $50,000 in any one occurrence regardless of the number of dependent properties.

(4) The provisions of this Additional Coverage are superseded by **CP 15 08** Business Income From Dependent Properties — Broad Form, or **CP 15 09** Business Income From Dependent Properties — Limited Form, if attached to and made a part of this policy.

e. Ordinance Or Law — Increased Period Of Restoration

(1) If a Covered Cause of Loss occurs to property at the premises described in the Declarations, coverage is extended to include the amount of actual and necessary loss you sustain during the increased period of "suspension" of "operations" caused by or resulting from the enforcement of any ordinance or law that:

(a) Regulates the construction or repair of any property;

(b) Requires the tearing down of parts of any property not damaged by a Covered Cause of Loss; and

(c) Is in force at the time of loss.

However, coverage is not extended under this Additional Coverage to include loss caused by or resulting from the enforcement of any ordinance or law which requires any insured or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of "pollutants".

We will only pay for loss under this Additional Coverage that occurs within 12 consecutive months after the date of direct physical loss or damage.

f. Transit — Business Income

(1) This insurance is extended to apply to the actual loss of Business Income you sustain caused by direct physical loss or damage by a Covered Cause of Loss to Covered Property while in or on a vehicle or in transit more than 1,000 feet from a covered premises while:

(a) In or on a vehicle you own, rent or lease;

(b) In the custody of a public or contract trucker;

(c) In the custody of an air or rail carrier; or

(d) While waterborne on inland waterways. However, there is no coverage under this Additional Coverage for any imported or exported property that is covered under any ocean marine cargo policy that anyone has obtained.

(2) There is no coverage under this Additional Coverage resulting from loss or damage to:

(a) "Fine arts", "antiques", fur garments, jewelry, precious or semiprecious stones, gold, silver, platinum, or other precious metals or alloys; or

(b) Mail shipments in the custody of the U.S. Postal Service.

(3) This Additional Coverage will continue to apply to such property in the due course of transit, after the expiration or cancellation of this policy, until arrival at and accepted by an authorized representative at the invoiced destination, but for no longer than 30 days after the date of the shipment origination, but this will not cut short the "period of restoration".

(4) You must retain accurate records of all shipments of Covered Property for one year.

(5) The most we will pay under this Additional Coverage is $50,000 in any one occurrence.

6. Coverage Extensions

a. Newly Acquired Locations

(1) You may extend your Business Income and Extra Expense Coverages to apply to property at any premises you acquire other than fairs or exhibitions.

(2) The most we will pay under this Extension, for the sum of Business Income loss and Extra Expense incurred, is $250,000 at each premises.

(3) Insurance under this Extension for each newly acquired premises will end when any of the following first occurs:

(a) This policy expires;

(b) 180 days expire after you acquire or begin to construct the property; or

(c) You report values to us.

We will charge you additional premium for values reported from the date you acquire the property.

b. Spoilage Due To Power Outage, Mechanical Breakdown, Or Contamination — Time Element

(1) You may extend your Business Income and Extra Expense Coverages to apply to loss caused by spoilage of "perishable stock" caused by:

(a) Breakdown or Contamination, meaning:

(i) Change in temperature or humidity caused by mechanical breakdown or mechanical failure of refrigerating, cooling, or humidity control equipment; and

(ii) Contamination by the refrigerant.

(b) Power Outage, meaning change in temperature or humidity caused by complete or partial interruption of electrical power due to conditions beyond your control.

(2) This coverage does not apply to loss to stock which is outside of a building or in or on a vehicle unless the stock is being moved to prevent or reduce loss covered by this policy.

(3) Only the following Exclusions contained in Paragraph **B.1.** of the Causes Of Loss — Special Form apply to this Coverage Extension:

(a) **B.1.b.** Earth Movement;

(b) **B.1.c.** Governmental Action;

(c) **B.1.d.** Nuclear Hazard;

(d) **B.1.f.** War And Military Action; and

(e) **B.1.g.** Water.

(4) The following Exclusions are added:

We will not pay for loss or damage caused by:

(a) The disconnecting of any refrigerating, cooling or humidity control system from the source of power.

(b) Shutting off electrical power by turning off the switch that controls the flow of electricity.

(c) The inability of an Electrical Utility Company or other power source to provide sufficient power due to:

(i) Lack of fuel; or

(ii) Governmental order.

(d) A power source at the described premises not having enough power to meet demand due to lack of generating capacity.

(5) For the purposes of this Coverage Extension, the "period of restoration" begins 24 hours after the time of direct physical loss for Business Income coverage, or immediately after the time of direct physical loss or damage for Extra Expense coverage.

(6) The most we will pay under this Coverage Extension is $50,000 per occurrence.

c. Utility Service — Time Element

(1) You may extend your Business Income and Extra Expense Coverages to apply to loss caused by the interruption of service to the described premises or Newly Acquired Locations. The interruption must result from direct physical loss or damage by a Covered Cause of Loss to the property described in Paragraph **(2).**

(2) Utility Services

(a) Water Supply Services, meaning pumping stations and water mains supplying water to your premises.

(b) Communication Supply Services, meaning property supplying communication services, including telephone, radio, microwave or television services, to your premises, such as:

(i) Communication transmission lines, including optic fiber transmission lines;

(ii) Coaxial cables; and

(iii) Microwave radio relays except satellites.

(c) Power Supply Services, meaning the following types of property supplying electricity, steam or gas to your premises:

(i) Utility generating plants;

(ii) Switching stations;

(iii) Substations;

(iv) Transformers; and

(v) Transmission lines.

(3) For the purposes of this Coverage Extension, the "period of restoration" begins 24 hours after the time of direct physical loss for Business Income coverage, or immediately after the time of direct physical loss or damage for Extra Expense coverage.

(4) This Coverage Extension does not apply to loss caused by spoilage of "perishable stock" caused by interruption of Utility Services.

(5) The most we will pay under this Coverage Extension is $50,000 per occurrence.

(6) The provisions of this Coverage Extension are superseded by **CP 15 45** Utility Services — Time Element, if attached to and made a part of this policy.

B. Deductible

1. We will not pay for loss in any one occurrence until the amount of loss exceeds the Deductible shown in the Declarations. We will then pay the amount of covered loss in excess of the Deductible.

2. When the same occurrence involves loss to insurance under this coverage form and loss under the Building And Personal Property Coverage Form, only one deductible will be applied to the occurrence.

3. Windstorm, Hail or Hurricane percentage deductibles do not apply to Business Income coverage or Extra Expense coverage.

C. Loss Conditions

The following conditions apply in addition to the Common Policy Conditions and the Commercial Property Conditions.

1. Appraisal

If we and you disagree on the amount of Net Income and operating expense or the amount of loss, either may make written

demand for an appraisal of the loss. In this event, each party will select a competent and impartial appraiser.

The two appraisers will select an umpire. If they cannot agree, either may request that selection be made by a judge of a court having jurisdiction. The appraisers will state separately the amount of Net Income and operating expense or amount of loss. If they fail to agree, they will submit their differences to the umpire. A decision agreed to by any two will be binding. Each party will:

a. Pay its chosen appraiser; and

b. Bear the other expenses of the appraisal and umpire equally.

If there is an appraisal, we will still retain our right to deny the claim.

2. Duties In The Event Of Loss

a. You must see that the following are done in the event of loss:

(1) Notify the police if a law may have been broken.

(2) Give us prompt notice of the direct physical loss or damage. Include a description of the property involved.

(3) As soon as possible, give us a description of how, when, and where the direct physical loss or damage occurred.

(4) Take all reasonable steps to protect the Covered Property from further damage, and keep a record of your expenses necessary to protect the Covered Property, for consideration in the settlement of the claim. However, we will not pay for any subsequent loss or damage resulting from a cause of loss that is not a Covered Cause of Loss. Also, if feasible, set the damaged property aside and in the best possible order for examination.

(5) As often as may be reasonably required, permit us to inspect the property proving the loss or damage and examine your books and records.

Also permit us to take samples of damaged and undamaged property for inspection, testing and analysis, and permit us to make copies from your books and records.

(6) Send us a signed, sworn proof of loss containing the information we request to investigate the claim. You must do this within 60 days after our request. We will supply you with the necessary forms.

(7) Cooperate with us in the investigation or settlement of the claim.

(8) If you intend to continue your business, you must resume all or part of your "operations" as quickly as possible.

b. We may examine any insured under oath, while not in the presence of any other insured and at such times as may be reasonably required, about any matter relating to this insurance or the claim, including an insured's books and records. In the event of an examination, an insured's answers must be signed.

3. Loss Determination

a. The amount of Business Income loss will be determined based on:

(1) The Net Income of the business before the direct physical loss or damage occurred;

(2) The likely Net Income of the business if no physical loss or damage had occurred, but not including any Net Income that would likely have been earned as a result of an increase in the volume of business due to favorable business conditions caused by the impact of the Covered Cause of Loss on customers or on other businesses;

(3) The operating expenses, including payroll expenses, necessary to resume "operations" with the same quality of service that existed just before the direct physical loss or damage; and

(4) Other relevant sources of information, including:

(a) Your financial records and accounting procedures;

(b) Bills, invoices and other vouchers; and

(c) Deeds, liens or contracts.

b. The amount of Extra Expense will be determined based on:

(1) All expenses that exceed the normal operating expenses that would have been incurred by "operations" during the "period of restoration" if no direct physical loss or damage had

occurred. We will deduct from the total of such expenses:

(a) The salvage value that remains of any property bought for temporary use during the "period of restoration", once "operations" are resumed; and

(b) Any Extra Expense that is paid for by other insurance, except for insurance that is written subject to the same plan, terms, conditions and provisions as this insurance; and

(2) Necessary expenses that reduce the Business Income loss that otherwise would have been incurred.

c. Resumption Of Operations

We will reduce the amount of your:

(1) Business Income loss, other than Extra Expense, to the extent you can resume your "operations", in whole or in part, by using damaged or undamaged property (including merchandise or stock) at the described premises or elsewhere.

(2) Extra Expense loss to the extent you can return "operations" to normal and discontinue such Extra Expense.

d. If you do not resume "operations", or do not resume "operations" as quickly as possible, we will pay based on the length of time it would have taken to resume "operations" as quickly as possible.

4. Loss Payment

We will pay for covered loss within 30 days after we receive the sworn proof of loss, if you have complied with all of the terms of this Coverage Part and:

a. We have reached agreement with you on the amount of loss; or

b. An appraisal award has been made.

D. Definitions

1. "Antique" means an object having value because its:

a. craftsmanship is in the style or fashion of former times; and

b. age is 100 years old or older.

2. "Dependent property" means property operated by others whom you depend on to:

a. Deliver materials or services to you, or to others for your account. With respect to Contributing Locations, services does not mean water, communication or power supply services;

b. Accept your products or services;

c. Manufacture products for delivery to your customers under contract of sale; or

d. Attract customers to your business.

"Dependent property" does not include roads, bridges, tunnels, waterways, airfields, pipelines or any other similar areas or structures.

3. "Electronic data" means information, facts or computer programs stored as or on, created or used on, or transmitted to or from computer software (including systems and applications software), on hard or floppy disks, CD-ROMs, tapes, drives, cells, data processing devices or any other repositories of computer software which are used with electronically controlled equipment. The term computer programs, referred to in the foregoing description of "electronic data", means a set of related electronic instructions which direct the operations and functions of a computer or device connected to it, which enable the computer or device to receive, process, store, retrieve or send data.

4. "Fine arts" means paintings, etchings, pictures; tapestries; rare or art glass; art glass windows; valuable rugs; statuary; sculptures; "antique" furniture; bric-a-brac; porcelains; and similar property of rarity, historical value or artistic merit.

5. "Finished stock" means stock you have manufactured.

"Finished stock" also includes whiskey and alcoholic products being aged.

"Finished stock" does not include stock you have manufactured that is held for sale on the premises of any retail outlet insured under this Coverage Part.

6. "Operations" means:

a. Your business activities occurring at the described premises; and

b. The tenantability of the described premises, if coverage for Business Income

Including "Rental Value" or "Rental Value" applies.

7. "Period of restoration" means the period of time that:

a. Begins:

(1) 72 hours after the time of direct physical loss or damage for Business Income coverage; or

(2) Immediately after the time of direct physical loss or damage for Extra Expense coverage;

caused by or resulting from any Covered Cause of Loss at the described premises; and

b. Ends on the earlier of:

(1) The date when the property at the described premises should be repaired, rebuilt or replaced with reasonable speed and similar quality; or

(2) The date when business is resumed at a new permanent location.

"Period of restoration" does not include any increased period required due to the enforcement of any ordinance or law that

(1) Regulates the construction, use or repair, or requires the tearing down of any property; or

(2) Requires any insured or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of "pollutants".

The expiration date of this policy will not cut short the "period of restoration".

8. "Perishable stock" means personal property which is maintained under controlled conditions for its preservation and which is susceptible to loss or damage if the controlled conditions change.

9. "Pollutants" means any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste. Waste includes materials to be recycled, reconditioned or reclaimed.

10. "Rental Value" means Business Income that consists of:

a. Net Income (Net Profit or Loss before income taxes) that would have been earned or incurred as rental income from tenant occupancy of the premises described in the Declarations as furnished and equipped by you, including fair rental value of any portion of the described premises which is occupied by you; and

b. Continuing normal operating expenses incurred in connection with that premises, including:

(1) Payroll; and

(2) The amount of charges which are the legal obligation of the tenant(s) but would otherwise be your obligations.

11. "Suspension" means:

a. The slowdown or cessation of your business activities; or

b. That a part or all of the described premises is rendered untenantable, if coverage for Business Income Including "Rental Value" or "Rental Value" applies.

"FUNGUS ", WET ROT, DRY ROT AND BACTERIA COVERAGE

This endorsement modifies insurance provided under the following:

CAUSES OF LOSS — SPECIAL FORM
BUILDING AND PERSONAL PROPERTY COVERAGE FORM

In the CAUSES OF LOSS — SPECIAL FORM:

Exclusion **B.1.h. "Fungus", Wet Rot, Dry Rot and Bacteria** is deleted.

Paragraph **E. Additional Coverage — Limited Coverage for "Fungus", Wet Rot, Dry Rot and Bacteria** is deleted.

Definition **H.1.** "Fungus" is deleted.

In the BUILDING AND PERSONAL PROPERTY COVERAGE FORM:

Definition **H.12.** "Fungus" is deleted.

In the **Ordinance Or Law** Additional Coverage of the:

Safeco Optimum Property™
Building and Personal Property Coverage Form (paragraph **4.m.**)

Safeco Optimum Property™
for Apartments Building and Personal Property Coverage Form (paragraph **4.m.**)

Safeco Optimum Property™
for Automobile Service Businesses Building and Personal Property Coverage Form (paragraph **4.m.**)

Safeco Optimum Property™
for Condominium Associations Building and Personal Property Coverage Form (paragraph **4.o.**)

Safeco Optimum Property™
for Golf and Country Clubs Building and Personal Property Coverage Form (paragraph **4.m.**)

Safeco Optimum Property™
for Manufacturers Building and Personal Property Coverage Form (paragraph **4.m.**)

Safeco Optimum Property™
for Religious Institutions Building and Personal Property Coverage Form (paragraph **4.o.**)

Safeco Optimum Property™
for Restaurants Building and Personal Property Coverage Form (paragraph **4.n.**)

Paragraph **(2)** is deleted and replaced by the following:

(2) (a) Enforcement of any ordinance or law which requires the demolition, repair, replacement, reconstruction, remodeling or remediation of property due to contamination by "pollutants"; or

(b) The costs associated with the enforcement of any ordinance or law which requires any insured or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of "pollutants".

Definition **H.12.** "Fungus" is deleted.

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ORDINANCE OR LAW COVERAGE

This endorsement modifies insurance provided under the following:

BUILDING AND PERSONAL PROPERTY COVERAGE FORM

The **Ordinance Or Law** Additional Coverage of the:

Safeco Optimum Property™
Building and Personal Property Coverage Form (paragraph **A.4.m.**)

Safeco Optimum Property™
for Apartments Building and Personal Property Coverage Form (paragraph **A.4.m.**)

Safeco Optimum Property™
for Automobile Service Businesses Building and Personal Property Coverage Form (paragraph **A.4.m.**)

Safeco Optimum Property™
for Condominium Associations Building and Personal Property Coverage Form (paragraph **A.4.o.**)

Safeco Optimum Property™
for Golf and Country Clubs Building and Personal Property Coverage Form (paragraph **A.4.m.**)

Safeco Optimum Property™
for Manufacturers Building and Personal Property Coverage Form (paragraph **A.4.m.**)

Safeco Optimum Property™
for Religious Institutions Building and Personal Property Coverage Form (paragraph **A.4.o.**)

Safeco Optimum Property™
for Restaurants Building and Personal Property Coverage Form (paragraph **A.4.n.**)

is deleted and replaced by the following:

Ordinance Or Law

(1) Application of Coverage(s)

The Coverage(s) provided by this Additional Coverage apply only if both **(1)(a)** and **(1)(b)** are satisfied and are then subject to the qualifications set forth in **(1)(c).**

(a) The ordinance or law:

(i) Regulates the demolition, construction or repair of buildings, or establishes zoning or land use requirements at the described premises; and

(ii) Is in force at the time of loss.

But coverage under this Additional Coverage applies only in response to the minimum requirements of the ordinance or law. Losses and costs incurred in complying with recommended actions or standards that exceed actual requirements are not covered under this Additional Coverage.

(b) **(i)** The building sustains direct physical damage that is covered under this policy and such damage results in enforcement of the ordinance or law; or

(ii) The building sustains both direct physical damage that is covered under this policy and direct physical damage that is not covered under this policy, and the building damage in its entirety results in enforcement of the ordinance or law.

(iii) But if the building sustains direct physical damage that is not covered under this policy, and such damage is the subject of the ordinance or law, then there is no coverage under this Additional Coverage even if the building has also sustained covered direct physical damage.

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(c) In the situation described in **(1)(b)(ii)** above, we will not pay the full amount of loss otherwise payable under the terms of Coverages **A, B,** and/or **C** of this Additional Coverage. Instead, we will pay a proportion of such loss; meaning the proportion that the covered direct physical damage bears to the total direct physical damage. (Section **(7)** of this Additional Coverage provides an example of this procedure).

However, if the covered direct physical damage, alone, would have resulted in enforcement of the ordinance or law, then we will pay the full amount of loss otherwise payable under the terms of Coverages **A, B** and/or **C** of this Additional Coverage.

(2) Exclusion

We will not pay under Coverage **A, B,** or **C** of this Additional Coverage for the costs associated with the enforcement of any ordinance or law which requires any insured or others to test for, monitor or assess the existence, concentration or effects of "pollutants", "fungus", wet or dry rot or bacteria. But we will pay for testing which is performed in the course of removal of "pollutants", "fungus", wet or dry rot or bacteria from a building, if the ordinance or law, as enforced, requires such testing.

(3) Coverage

(a) Coverage A — Coverage for Loss to the Undamaged Portion of the Building

With respect to the building that has sustained covered direct physical damage, we will pay under Coverage **A** for the loss in value of the undamaged portion of the building as a consequence of enforcement of an ordinance or law that requires demolition of undamaged parts of the same building.

Coverage **A** is included within the Limit of Insurance shown in the Declarations as applicable to the covered building. Coverage **A** does not increase the Limit of Insurance.

(b) Coverage B — Demolition Cost Coverage

With respect to the building that has sustained covered direct physical damage, we will pay the cost to demolish and clear the site of undamaged parts of the same building, as a consequence of enforcement of an ordinance or law that requires demolition of such undamaged property.

(c) Coverage C — Increased Cost of Construction Coverage

(i) With respect to the building that has sustained covered direct physical damage, we will pay the increased cost to:

(aa) Repair or reconstruct damaged portions of that building; and/or

(bb) Reconstruct or remodel undamaged portions of that building, whether or not demolition is required;

when the increased cost is a consequence of enforcement of the minimum requirements of the ordinance or law.

(ii) However:

(aa) This coverage applies only if the restored or remodeled property is intended for similar occupancy as the current property, unless such occupancy is not permitted by zoning or land use ordinance or law.

(bb) We will not pay for the increased cost of construction if the building is not repaired, reconstructed or remodeled.

(iii) When a building is damaged or destroyed and Coverage **C** applies to that building in accordance with **(c)(i)** above, coverage for the increased cost of construction also applies to repair or reconstruction of the following, subject to the same conditions stated in **(c)(i):**

(aa) The cost of excavations, grading, backfilling and filling; and

(bb) Pilings.

The items listed in **(iii)(aa)** and **(iii)(bb)** above are deleted from Property Not Covered, but only with respect to the coverage described in this Provision, **(c)(iii).**

(4) Loss Payment

(a) Both of the following loss payment Provisions, **(4)(b)** and **(4)(c),** are subject to the apportionment procedures set forth in Section **(1)(c)** of this Additional Coverage.

(b) When there is a loss in value of an undamaged portion of a building to which Coverage **A** applies, the loss payment for that building, including damaged and undamaged portions, will be determined as follows:

(i) If Replacement Cost coverage applies and the property is being repaired or replaced, on the same or another premises, we will not pay more than the lesser of:

(aa) The amount you would actually spend to repair, rebuild or reconstruct the building, but not for more than the amount it would cost to restore the building on the same premises and to the same height, floor area, style and comparable quality of the original property insured; or

(bb) The Limit of Insurance shown in the Declarations as applicable to the covered building.

(ii) If Replacement Cost coverage applies and the property is not repaired or replaced, or if Replacement Cost coverage does not apply, we will not pay more than the lesser of:

(aa) The "actual cash value" of the building at the time of loss; or

(bb) The Limit of Insurance shown in the Declarations as applicable to the covered building.

(c) The most we will pay for the total of all covered losses for Coverage **B — Demolition Cost** and Coverage **C — Increased Cost of Construction** combined is $200,000, unless a higher limit for Ordinance Or Law — Coverages **B** and **C** is shown in the Declarations. Payments under Coverage **B** and/or **C** are separate from the Limits(s) of Insurance shown in the Declarations for any other coverage.

Subject to this combined Limit of Insurance, the following loss payment provisions apply:

(i) For Demolition Cost, we will not pay more than the amount you actually spend to demolish and clear the site of the described premises.

(ii) With respect to the Increased Cost of Construction:

(aa) We will not pay for the increased cost of construction:

(1) Until the property is actually repaired or replaced, at the same or another premises; and

(2) Unless the repairs or replacement are made as soon as reasonably possible after the loss or damage, not to exceed two years. We may extend this period in writing during the two years.

(bb) If the building is repaired or replaced at the same premises, or if you elect to rebuild at another premises, the most we will pay for the increased cost of construction is the increased cost of construction at the same premises.

(cc) If the ordinance or law requires relocation to another premises, the most we will pay for the increased cost of construction is the increased cost of construction at the new premises.

(5) The terms of this Additional Coverage apply separately to each building.

(6) Under this Additional Coverage we will not pay for loss due to any ordinance or law that:

(a) You were required to comply with before the loss, even if the building was undamaged; and

(b) You failed to comply with.

(7) Example of Proportionate Loss Payment for Ordinance Or Law coverage losses (procedure as set forth in Section **(1)(c)** of this Additional Coverage.)

Assume:

- Wind is a Covered Cause of Loss; Flood is an excluded Cause of Loss
- The building has a value of $200,000
- Total direct physical damage to building: $100,000
- The ordinance or law in this jurisdiction is enforced when building damage equals or exceeds 50% of the building's value
- Portion of direct physical damage that is covered (caused by wind): $30,000
- Portion of direct physical damage that is not covered (caused by flood): $70,000
- Loss under Ordinance Or Law Coverage **C** of this endorsement: $60,000

Step 1:

Determine the proportion that the covered direct physical damage bears to the total direct physical damage.

$30,000 ÷ $100,000 = .30

Step 2:

Apply that proportion to the Ordinance or Law loss.

$60,000 x .30 = $18,000

In this example, the most we will pay under this Additional Coverage for the Coverage **C** loss is $18,000, subject to all the provisions of this Additional Coverage.

Note: The same procedure applies to losses under Coverages **A** and **B** of this Additional Coverage.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

SAFECO OPTIMUM PROPERTY ™ VALUE REPORTING FORM CHANGES

This endorsement modifies insurance provided under the following:

VALUE REPORTING FORM

1. Paragraph **A. ADDITIONAL COVERED PROPERTY** is amended to read:

   COVERED PROPERTY is extended to include personal property at the following types of locations for which a Limit of Insurance is shown in the Declarations, or on the Reported — Acquired — Incidental Locations Schedule, or in forms or other endorsements attached to this Coverage Part:

   a. "Reported locations";

   b. "Acquired locations" or Newly Acquired or Constructed Property;

   c. "Incidental locations".

2. Section **B.2. Full Reporting** is amended as follows:

   References to Coinsurance are deleted. This section concerns the UNDERREPORTING PENALTY which will result in a reduction of your loss payment in the event you fail to make full, timely reports.

   Paragraphs **B.2.b.(1)** and **B.2.b.(2)** are amended as follows:

   (1) The values you reported for all locations (those described on the Declarations), divided by

   (2) The value of the Covered Property at all locations (those described on the Declarations), on the report dates.

3. Under Section **B. REPORTING PROVISIONS,** Paragraph **6. Newly Acquired or Constructed Property** is added.

   6. Newly Acquired or Constructed Property

   When the Coverage Extension **Newly Acquired or Constructed Property** in the BUILDING AND PERSONAL PROPERTY COVERAGE FORM applies to Your Business Personal Property subject to this reporting form, you must include these values in the first report due after acquisition.

   During the 90 day Coverage Extension period, Newly Acquired personal property is not subject to underreporting or Failure to Submit Reports provisions of this endorsement.

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POLICY NUMBER: ==-==-======-=

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

SAFECO OPTIMUM PROPERTY ™
PEAK SEASON LIMIT OF INSURANCE

This endorsement modifies insurance provided under the following:

BUILDING AND PERSONAL PROPERTY COVERAGE FORM

SCHEDULE*

Prem. No.	Bldg. No.	Peak Season Covered Property	Peak Season Additional Limit of Insurance	Peak Season Period From	Peak Season Period To
@@@	##	++++++++++++++++++++	$!!!!!!!!!	""""""""	========
???	@@	###################	$ +++++++++	!!!!!!!!	""""""""
zzz	??	@@@@@@@@@@@@@@@@@@@@	$ #########	++++++++	!!!!!!!!

The Limit of Insurance on covered personal property is increased to include the amount shown in the Schedule:

A. At the described location(s); and

B. Only from 12:01 A.M. Standard Time of the first day to 12:01 A.M. Standard Time of the last day of the applicable period(s) shown in the Schedule.

C. The MAXIMUM LIMIT OF INSURANCE shown in the Declarations is increased by the Additional Limit of Insurance shown above, for the Period shown above.

*Information required to complete this Schedule, if not shown on this endorsement, will be shown in the Declarations.

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THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

SAFECO OPTIMUM PROPERTY ™ FLOOD COVERAGE ENDORSEMENT

This endorsement modifies insurance provided under the following:

COMMERCIAL PROPERTY COVERAGE PART

A. This endorsement applies to the Covered Property and Coverages for which a Flood Limit of Insurance is shown in the Declarations.

B. Additional Covered Cause Of Loss

The following is added to the Covered Causes Of Loss:

Flood, meaning a general and temporary condition of partial or complete inundation of normally dry land areas due to:

1. The overflow of inland or tidal waters;

2. The unusual or rapid accumulation or runoff of surface waters from any source; or

3. Mudslides or mudflows which are caused by flooding as defined in **B.2.** above. For the purpose of this Covered Cause Of Loss, a mudslide or mudflow involves a river of liquid and flowing mud on the surface of normally dry land areas as when earth is carried by a current of water and deposited along the path of the current.

All flooding in a continuous or protracted event will constitute a single flood.

C. Exclusions, Limitations And Related Provisions

1. The Exclusions and Limitation(s) sections of the Cause Of Loss — Special Form (and the Exclusions section of the Mortgageholders Errors And Omissions Coverage Form) apply to coverage provided under this endorsement except as provided in **C.2.** and **C.3.** below.

2. To the extent that a part of the Water Exclusion might conflict with coverage provided under this endorsement, that part of the Water Exclusion does not apply.

3. To the extent that a tsunami causes the overflow of tidal waters, the exclusion of earthquake, in the Earth Movement Exclusion, does not apply.

4. The Ordinance Or Law Exclusion in this Coverage Part continues to apply with respect to any loss under this Coverage Part including any loss under this endorsement, except as is provided by the Ordinance Or Law Coverage Additional Coverage.

5. The following exclusions and limitations are added and apply to coverage under this endorsement:

a. We will not pay for any loss or damage caused by or resulting from any Flood that begins before or within 72 hours after the inception date of this endorsement. If you request and we provide an increase in the stated Limit of Insurance for Flood, the increase will not apply to loss or damage from any Flood that begins before or within 72 hours after your request was made.

If the Flood is due to the overflow of inland or tidal waters, then the Flood is considered to begin when the water first overflows its banks.

b. We will not pay for loss or damage caused by or resulting from destabilization of land arising from the accumulation of water in subsurface land areas.

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c. Under this Coverage Part, as set forth under Property Not Covered in the Coverage Form to which this endorsement is attached, land is not covered property, nor is the cost of excavations, grading, backfilling or filling. Therefore, coverage under this endorsement does not include the cost of restoring or remediating land due to the collapse or sinking of land caused by or resulting from Flood. However, coverage under this endorsement includes damage to the covered portions of the building and to covered personal property, caused by collapse or sinking of land along the shore of a body of water as the result of erosion or undermining caused by waves or currents of water which exceed the cyclical levels and cause Flood.

d. We do not cover loss or damage by Flood to personal property in the open except to the extent that such coverage, if any, is specified in the Declarations.

e. Property Not Covered, in the Coverage Form to which this endorsement is attached, is amended and supplemented as follows with respect to Flood Coverage:

(1) Property Not Covered includes any building or other property that is not eligible for flood insurance pursuant to the provisions of the Coastal Barrier Resources Act, 16 U.S.C. 3501 et seq. and the Coastal Barrier Improvement Act of 1990, Pub. L. 101-591, 16 U.S.C. 3501 et seq.

(2) Property Not Covered includes boat houses and open structures, and any property in or on the foregoing, if the structure is located on or over a body of water.

(3) If bulkheads, pilings, piers, wharves, docks, or retaining walls that are not part of a building, have been removed from Property Not Covered and added as Covered Property by separate endorsement, this Flood Coverage Endorsement does not apply to such property.

f. We will not pay for loss or damage caused by sewer back-up or overflow unless such back-up or overflow results from Flood and occurs within 72 hours after the flood recedes.

D. Additional Coverages And Coverage Extensions

1. With respect to Flood Coverage, the Debris Removal Additional Coverage (and any additional limit for Debris Removal under a Limit Of Insurance clause or an endorsement) is not applicable and is replaced by the following:

DEBRIS REMOVAL

a. We will pay your expense to remove debris of Covered Property and other debris that is on the described premises, when such debris is caused by or results from Flood. However, we will not pay to remove deposits of mud or earth from the grounds of the described premises.

b. We will also pay the expense to remove debris of Covered Property that has floated or been hurled off the described premises by Flood.

c. This coverage for Debris Removal, as set forth in **D.1.a.** and **D.1.b.** above, does not increase the applicable Limit of Insurance for Flood. Therefore, the most we will pay for the total of debris removal and loss or damage to Covered Property is the Limit of Insurance for Flood that applies to the Covered Property at the affected described premises covered under this endorsement.

2. With respect to Flood Coverage, the Coverage Extension for Newly Acquired or Constructed Property is amended by adding the following:

a. With respect to Flood Coverage, this Coverage Extension does not apply to any building or structure that is not fully enclosed by walls and roof.

b. With respect to a building or structure covered under this Coverage Extension, the amounts of coverage stated in the Coverage Extension do not apply to Flood Coverage. Instead, the most we will pay for all loss or damage to property covered under this Coverage Extension is 10% of the total of all Limits of Insurance for Flood Coverage as provided under this endorsement. Such coverage does not increase the Limit of Insurance for Flood.

3. With respect to any applicable Additional Coverages and Coverage Extensions in the Coverage Form to which this endorsement is attached, other than those addressed in **D.1.** and **D.2.** above, amounts payable under such other provisions, as set forth therein, do not increase the Limit of Insurance for Flood.

E. Limit Of Insurance

1. General Information

Flood Coverage may be written at a Limit of Insurance that is equal to or less than the Limit of Insurance which applies to other Covered Causes of Loss (e.g., Fire) under this Commercial Property Coverage Part.

The Limit of Insurance for Flood is shown in the Declarations. If such Limit is not shown, then the Limit applicable to Fire also applies to Flood.

2. Application Of Limit And Aggregate

The Limit of Insurance for Flood is the most we will pay in a single occurrence of Flood for loss or damage caused by the Flood. If there is more than one Flood in a 12-month period (starting with the beginning of the present annual policy period), the most we will pay for the total of all loss or damage sustained during that period of time and caused by Flood is the amount that is identified as the Annual Aggregate for Flood as shown in the Declarations.

If the Limit of Insurance and the Annual Aggregate amount are the same, or if there is no amount stated as an Annual Aggregate, then the Limit of Insurance is the most we will pay for the total of all loss or damage that is caused by Flood in a 12-month period (starting with the beginning of the present annual policy period), even if there is more than one occurrence of Flood during that period of time. Thus, if the first Flood does not exhaust the applicable Limit of Insurance, then the balance of that Limit is available for a subsequent Flood(s).

If a single occurrence of Flood begins during one annual policy period and ends during the following annual policy period, any Limit of Insurance or Annual Aggregate applicable to the following annual policy period will **not** apply to that Flood.

3. Ensuing Loss

In the event of covered ensuing loss, for example, loss caused by Fire, Explosion and/or Sprinkler Leakage which results from the Flood, the most we will pay, for the total of all loss or damage caused by flood, fire, explosion and sprinkler leakage, is the Limit of Insurance applicable to Fire. We will **not** pay the sum of the Fire and Flood Limits.

EXAMPLES — ENSUING LOSS

Two examples follow, using these facts: The Commercial Property Coverage Part, in these examples, includes the Causes of Loss — Special Form (which covers fire) and this Flood Coverage Endorsement. A building is damaged by Flood and by Fire which is caused by the Flood. The value of the damaged building is $1,000,000. The Limit of Insurance applicable to the building, for the Special Causes of Loss, is $800,000. The Limit of Insurance for Flood is $400,000. The Flood Deductible amount is $5,000.

EXAMPLE #1

The damage due to Flood is $500,000. The damage due to Fire is $500,000.

Payment for Flood damage is $400,000 ($500,000 damage minus $5,000 Flood deductible = $495,000; Limit is $400,000)

Payment for Fire damage is $400,000 ($500,000 damage capped at the difference between the Special Limit and the Flood Limit)

Total Loss Payment is $800,000.

EXAMPLE #2

The damage due to Flood is $800,000. The damage due to Fire is $100,000.

Payment for Flood damage is $400,000 ($800,000 damage minus $5,000 Flood deductible = $795,000; Limit is $400,000)

Payment for Fire damage is $100,000 (amount of damage)

Total Loss Payment is $500,000.

Note: These Examples are given only to illustrate the situation of flood and ensuing loss. Therefore, the loss payment stated for flood damage does not address the situation where another policy also covers the flood damage.

F. Deductible

1. The Deductible for coverage provided under this endorsement is the Deductible applicable to Flood as shown in the Declarations.
2. We will not pay that part of the loss that is attributable to any Deductible(s) in the National Flood Insurance Program policy.
3. If Flood results in another Covered Cause of Loss and if both Covered Causes of Loss cause loss or damage, then only the higher deductible applies (e.g., the Flood deductible or the Fire deductible).

G. Other Insurance

The Other Insurance Commercial Property Condition is replaced by the following with respect to the coverage provided under this endorsement:

1. If the loss is also covered under a National Flood Insurance Program (NFIP) policy, or if the property is eligible to be written under an NFIP policy but there is no such policy in effect, then we will pay only for the amount of loss in excess of the maximum limit that can be insured under that policy. This provision applies whether or not the maximum NFIP limit was obtained or maintained, and whether or not you can collect on the NFIP policy. We will not, under any circumstances, pay more than the applicable Limit of Insurance for Flood as stated in the Declarations of this Coverage Part.

   However, this Provision **G.1.** does not apply under the following circumstances:

   a. At the time of loss, the property is eligible to be written under an NFIP policy but such policy is not in effect due solely to ineligibility of the property at the time this Flood Coverage Endorsement was written; or

   b. An NFIP policy is not in effect because we have agreed to write this Flood Coverage Endorsement without underlying NFIP coverage. There is such an agreement only if the Declarations indicate that the Underlying Insurance Waiver applies.

2. If there is other insurance covering the loss, other than that described in **G.1.** above, we will pay our share of the loss. Our share is the proportion that the applicable Limit of Insurance under this endorsement bears to the total of the applicable Limits of Insurance under all other such insurance. But we will not pay more than the applicable Limit of Insurance stated in the Declarations of this Coverage Part.

Safeco Optimum Property ™ for Golf and Country Clubs
BUILDING AND PERSONAL PROPERTY COVERAGE FORM

Various provisions in this policy restrict coverage. Read the entire policy carefully to determine rights, duties and what is and is not covered.

Throughout this policy the words "you" and "your" refer to the Named Insured shown in the Declarations. The words "we", "us" and "our" refer to the Company providing this insurance.

Other words and phrases that appear in quotation marks have special meaning. Refer to Section **H.** Definitions.

A. Coverage

We will pay for direct physical loss of or damage to Covered Property at the premises described in the Declarations caused by or resulting from any Covered Cause of Loss.

1. Covered Property

Covered Property, as used in this Coverage Part, means the type of property described in this section, **A.1.,** and limited in **A.2.,** Property Not Covered, if a Limit of Insurance is shown in the Declarations for that type of property.

a. Building, meaning the building or structure described in the Declarations, including:

(1) Foundations of buildings, structures, machinery or boilers;

(2) Underground pipes, flues or drains;

(3) Completed additions;

(4) Fixtures, including outdoor fixtures such as light poles;

(5) Permanently installed:

(a) Machinery and

(b) Equipment;

(6) Fences and signs, whether attached to the building or not;

(7) Antennas (including satellite dishes) and their lead-in wiring, masts or towers;

(8) Personal property owned by you that is used to maintain or service the building or structure or its premises, including:

(a) Fire-extinguishing equipment;

(b) Outdoor furniture;

(c) Floor coverings; and

(d) Appliances used for refrigerating, ventilating, cooking, dishwashing or laundering;

(9) If not covered by other insurance:

(a) Additions under construction, alterations and repairs to the building or structure;

(b) Materials, equipment, supplies and temporary structures, on or within 1,000 feet of the described premises, used for making additions, alterations or repairs to the building or structure.

b. Business Personal Property located in or on the building described in the Declarations or in the open (or in a vehicle) within 1,000 feet of the described premises.

Business Personal Property means:

(1) Your Business Personal Property owned by your business; and includes:

(a) Furniture and fixtures;

(b) Machinery and equipment;

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(c) "Stock";

(d) Patterns, dies, molds and forms;

(e) All other personal property owned by you and used in your business;

(f) Labor, materials or services furnished or arranged by you on personal property of others;

(g) Your use interest as tenant in improvements and betterments. Improvements and betterments are fixtures, alterations, installations or additions:

(i) Made a part of the building or structure you occupy but do not own; and

(ii) You acquired or made at your expense but cannot legally remove.

(2) Tools and equipment owned by your employees that are used in your business operations.

(3) Personal property owned by others that is in your care, custody or control (including leased property as provided in written lease agreements); and includes:

(a) Leased personal property which you have a contractual responsibility to insure;

(b) Building plate glass that you have a contractual responsibility to insure as a building tenant;

(c) All other personal property of others.

However, our payment for loss of or damage to personal property of others will only be for the account of the owner of the property.

2. Property Not Covered

Covered Property does not include:

a. Accounts, bills, currency, food stamps or other evidences of debt, "money", notes or "securities", except as provided under the Additional Coverage for Money and Securities. Lottery tickets held for sale are not "securities";

b. Animals, unless owned by others and boarded by you, or if owned by you, only as "stock" while inside of buildings;

c. Automobiles held for sale;

d. Bridges, roadways, walks, patios or other paved surfaces;

e. Contraband, or property in the course of illegal transportation or trade;

f. The cost of excavations, grading, backfilling or filling;

g. Land (including land on which the property is located), water, growing crops or lawns;

h. Personal effects owned by you, your officers, your partners or members, your managers or your employees, except as provided by the Coverage Extension for Personal Effects;

i. Personal property while airborne or waterborne, except as provided under the Coverage Extension for Property In Transit;

j. Bulkheads, pilings, piers, wharves or docks;

k. Property that is covered under another coverage form of this or any other policy in which it is more specifically described, except for the excess of the amount due (whether you can collect on it or not) from that other insurance;

l. Retaining walls that are not part of a building;

m. "Electronic data", except as provided by the Coverage Extension for Electronic Data Processing. This Paragraph, **m.** does not apply to your "stock" of prepackaged software;

n. The cost to replace or restore the information on "valuable papers and records", including those which exist as "electronic data", except as provided by the Coverage Extension for Valuable Papers And Records;

o. Vehicles or self-propelled machines (including aircraft or watercraft) that:

(1) Are licensed for use on public roads; or

(2) Are operated principally away from the described premises.

This paragraph does not apply to:

(a) Vehicles or self-propelled machines or autos you manufacture, process or warehouse;

(b) Vehicles or self-propelled machines, other than autos, you hold for sale;

(c) Rowboats or canoes out of water at the described premises; or

(d) Trailers, but only to the extent provided for in the Coverage Extension for Non-owned Detached Trailers;

p. The following property while outside of buildings:

(1) Grain, hay, straw or other crops;

(2) Trees, shrubs, plants, sod or lawns (other than "stock" of trees, shrubs, plants or sod), except as provided in the Coverage Extension for Outdoor Trees, Shrubs, Plants, Sod and Lawns.

3. Covered Causes Of Loss

See applicable Causes Of Loss Form(s) as shown in the Declarations.

4. Additional Coverages

a. Arson, Vandalism or Theft Reward

We will pay a reward for information which leads to an arson, vandalism or "theft" conviction involving a covered loss at a premises described in the Declarations.

The most we will pay for this Additional Coverage is $50,000 or 25% of the amount that we pay for direct physical loss or damage to the Covered Property that has sustained loss or damage by arson, vandalism or "theft", whichever is less. This limit applies per occurrence regardless of the number of persons providing this information. No deductible applies to this Additional Coverage.

Payments under this Additional Coverage are separate from the Limit(s) of Insurance shown in the Declarations for any other coverage.

b. Business Income And Extra Expense

(1) We will pay the actual loss of Business Income you sustain due to the necessary suspension of your "operations" during the "period of restoration". The suspension must be caused by direct physical loss of or damage to property at the premises described in the Declarations, including personal property in the open (or in a vehicle) within 1,000 feet, caused by or resulting from any Covered Cause of Loss.

(2) Business Income means the:

(a) Net Income (Net Profit or Loss before income taxes) that would have been earned or incurred; and

(b) Continuing normal operating expenses incurred, including payroll.

(3) We will pay the actual and necessary Extra Expense you sustain due to direct physical loss or damage to property at the premises described in the Declarations, including personal property in the open (or in a vehicle) within 1,000 feet, caused by or resulting from any Covered Cause of Loss.

(4) Extra Expense means necessary Extra Expense you incur during the "period of restoration" that you would not have incurred if there had been no direct physical loss or damage to property:

(a) To avoid or minimize the suspension of business and to continue "operations":

(i) At the described premises; or

(ii) At replacement premises or temporary locations, including:

(aa) Relocation expenses; and

(bb) Costs to equip and operate the replacement or temporary locations;

(b) To minimize the suspension of business if you cannot continue "operations", or

(c) **(i)** To repair or replace any property; or

(ii) To research, replace or restore the location information on damaged "valuable papers and records", to the extent it reduces the amount of loss that otherwise would have been payable under this Additional Coverage.

(5) If you are a tenant, your premises is the portion of the building which you rent, lease or occupy, including:

(a) All routes within the building to gain access to the described premises; and

(b) Your personal property in the open (or in a vehicle) within 1,000 feet.

(6) The most we will pay for loss or damage under this Additional Coverage is $25,000. No deductible applies to this Additional Coverage.

Payments under this Additional Coverage are separate from the Limit(s) of Insurance shown in the Declarations for any other coverage.

(7) If two or more of this policy's coverages apply to the same loss, we will not pay more than the actual amount of loss.

(8) The provisions of this Additional Coverage that pertain to business income coverage are superseded if Business Income coverage is provided by another form attached to and made a part of this policy.

The provisions of this Additional Coverage that pertain to extra expense coverage are superseded if Extra Expense coverage is provided by another form attached to and made a part of this policy.

c. Computer Fraud

(1) We will pay for loss or damage to "money", "securities" and "other property" resulting directly from the use of any computer to fraudulently cause a transfer of that property from inside the "premises" or "banking premises":

(a) To a person (other than a "messenger") outside those "premises"; or

(b) To a place outside those "premises".

(2) This Additional Coverage does not cover:

(a) Loss resulting from any dishonest or criminal act committed by you, your partners, your "members", your "employees", "managers", directors, trustees or authorized representatives:

(i) Whether acting alone or in collusion with other persons; or

(ii) While performing services for you or otherwise.

(b) Loss, or that part of any loss, the proof of which as to its existence or amount is dependent upon an inventory computation or a profit and loss computation.

(c) Loss resulting from:

(i) The unauthorized disclosure of your confidential information including, but not limited to, patents, trade secrets, processing methods or customer lists; or

(ii) The unauthorized use or disclosure of confidential information of another person or entity which is held by you including, but not limited to, financial information, personal information, credit card information or similar non-public information.

(3) If you have reason to believe that any loss involves a violation of law, you must notify the local law enforcement authorities.

(4) Under this Additional Coverage, "occurrence" means:

(a) An individual act or event;

(b) The combined total of all separate acts or events whether or not related; or

(c) A series of acts or events whether or not related;

committed by a person acting alone or in collusion with other persons,

or not committed by any person, during the policy period shown in the Declarations.

(5) Unless a higher limit is shown in the Declarations, the most we will pay for all loss under this Additional Coverage is $50,000 in any one "occurrence", regardless of the number of persons involved in committing the fraud.

Unless a higher limit is shown in the Declarations, the most we will pay in any one policy period regardless of the number of "occurrences" or persons involved in committing the fraud is $100,000. With respect to an occurrence which begins in one policy year and continues or results in additional loss or damage in a subsequent policy year(s), all loss or damage is deemed to be sustained in the policy year in which the occurrence began.

No deductible applies to this Additional Coverage.

Payments under this Additional Coverage are separate from the Limit(s) of Insurance shown in the Declarations for any other coverage.

(6) If Computer Fraud coverage is provided under the Crime Coverage Part of this policy, that coverage replaces the Computer Fraud coverage provided by this Additional Coverage. The provisions of this Additional Coverage would no longer apply.

d. Contract Penalty

(1) We will pay for penalties contained within a written contract purchase or sales agreement with a customer or vendor that you are required to pay because you are unable to complete a project, fill an order, or complete a purchase in accordance with contract terms or conditions. Your inability to complete a project, fill an order, or complete a purchase on time must be a direct result of physical loss of or damage to covered property caused by a Covered Cause of Loss at a covered premises in the policy period.

(2) The most we will pay for this Additional Coverage is $50,000 in any one policy period regardless of the number of contracts or penalties.

Payments under this Additional Coverage are separate from the Limit(s) of Insurance shown in the Declarations for any other coverage.

e. Debris Removal

(1) Subject to Paragraphs **(3)** and **(4),** we will pay your expense to remove debris of Covered Property caused by or resulting from a Covered Cause of Loss that occurs during the policy period. The expenses will be paid only if they are reported to us in writing within 180 days of the date of direct physical loss or damage.

(2) Debris Removal does not apply to costs to:

(a) Extract "pollutants" from land or water;

(b) Remove, restore or replace polluted land or water; or

(c) Remove debris of outdoor trees, shrubs and plants except to remove such debris from covered buildings or personal property, or as is provided under the Coverage Extensions for:

(i) Golf Course Property;

(ii) Greens, Tees, Cut Fairways And Lawns; or

(iii) Outdoor Trees, Shrubs And Plants.

(3) Subject to the exceptions in Paragraph **(4),** the following provisions apply:

(a) The most we will pay for the total of direct physical loss or damage plus debris removal expense is the Limit of Insurance applicable to the Covered Property that has sustained loss or damage.

(b) Subject to **(a)** above, the amount we will pay for debris removal expense is limited to 25% of the sum of the deductible plus the amount that we pay for direct physical loss or damage to the Covered Property that has sustained loss or damage.

(4) We will pay up to an additional $50,000 for debris removal expense, for each premises described in the Declarations, in any one occurrence of physical loss or damage to Covered Property, if one or both of the following circumstances apply:

(a) The total of the actual debris removal expense plus the amount we pay for direct physical loss or damage exceeds the Limit of Insurance on the Covered Property that has sustained loss or damage.

(b) The actual debris removal expense exceeds 25% of the sum of the deductible plus the amount that we pay for direct physical loss or damage to the Covered Property that has sustained loss or damage.

Therefore, if **(4)(a)** and/or **(4)(b)** apply, our total payment for direct physical loss or damage and debris removal expense may reach but will never exceed the Limit of Insurance on the Covered Property that has sustained loss or damage, plus $50,000.

(5) Examples

EXAMPLE #1

Limit of Insurance	$ 90,000
Amount of Deductible	$ 1,000
Amount of Loss	$ 50,000
Amount of Loss Payable	$ 49,000
($50,000	- $1,000)
Debris Removal Expense	$ 10,000
Debris Removal Expense Payable	$ 10,000

($10,000 is 20% of $50,000)

The debris removal expense is less than 25% of the sum of the loss payable plus the deductible. The sum of the loss payable and the debris removal expense ($49,000 + $10,000 = $59,000) is less than the Limit of Insurance. Therefore the full amount of debris removal expense is payable in accordance with the terms of Paragraph **(3).**

EXAMPLE #2

Limit of Insurance	$ 90,000
Amount of Deductible	$ 1,000
Amount of Loss	$ 80,000
Amount of Loss Payable	$ 79,000
($80,000	- $1,000)
Debris Removal Expense	$ 64,000
Debris Removal Expense Payable	
Basic Amount	$ 11,000
Additional Amount	$ 50,000

The basic amount payable for debris removal expense under the terms of Paragraph **(3)** is calculated as follows: $80,000 ($79,000 + $1,000) x .25 = $20,000; capped at $11,000. The cap applies because the sum of the loss payable ($79,000) and the basic amount payable for debris removal expense ($11,000) cannot exceed the Limit of Insurance ($90,000).

The additional amount payable for debris removal expense is provided in accordance with the terms of Paragraph **(4),** because the debris removal expense ($64,000) exceeds 25% of the loss payable plus the deductible ($64,000 is 80% of $80,000), and because the sum of the loss payable and debris removal expense ($79,000 + $64,000 = $143,000) would exceed the Limit of Insurance ($90,000). The additional amount of covered debris removal expense is $50,000, the maximum payable under Paragraph **(4).** Thus the total payable for debris removal expense in this example is $61,000; $3,000 of the debris removal expense is not covered.

f. Employee Theft

(1) We will pay for direct loss of or damage to "money", "securities" and "other property" resulting directly from "theft" committed by an "employee", whether identified or not, acting alone or in collusion with other persons.

For the purposes of this Additional Coverage, "theft" shall also include "forgery".

(2) We will not pay for loss or damage:

(a) Resulting from "theft" or any other dishonest act that you or any of your partners or

"members" commit whether acting alone or in collusion with other persons.

(b) Resulting from:

(i) The unauthorized disclosure of your confidential information including, but not limited to, patents, trade secrets, processing methods or customer lists; or

(ii) The unauthorized use or disclosure of confidential information of another person or entity which is held by you including, but not limited to, financial information, personal information, credit card information or similar non-public information.

(c) The only proof of which as to its existence or amount is:

(i) An inventory computation; or

(ii) A profit and loss computation.

(3) Under this Additional Coverage, "occurrence" means:

(a) An individual act;

(b) The combined total of all separate acts whether or not related; or

(c) A series of acts whether or not related;

committed by an "employee" acting alone or in collusion with other persons, during the Policy Period shown in the Declarations.

(4) All loss or damage:

(a) Caused by one or more persons; or

(b) Involving a single act or series of acts;

is considered one occurrence.

(5) The property covered under this Additional Coverage is limited to property:

(a) That you own or lease; or

(b) That you hold for others whether or not you are legally liable for the loss of such property.

However, this Additional Coverage is for your benefit only. It provides no rights or benefits to any other person or organization. Any claim for loss that is covered under this policy must be presented by you.

(6) If any loss is covered:

(a) Partly by this insurance; and

(b) Partly by any prior canceled or terminated insurance that we or any affiliate had issued to you or any predecessor in interest;

the most we will pay is the larger of the amount recoverable under this insurance or the prior insurance.

We will pay only for loss or damage you sustain through acts committed or events occurring during the policy period. Regardless of the number of years this policy remains in force or the number of premiums paid, no Limit of Insurance cumulates from year to year or period to period.

(7) This Additional Coverage is canceled as to any "employee" immediately upon discovery by:

(a) You; or

(b) Any of your partners, "members", "managers", officers or directors not in collusion with the "employee";

of any dishonest act committed by that "employee" before or after being hired by you.

(8) We will pay only for covered loss or damage sustained during the policy period and discovered no later than one year from the end of the policy period.

(9) If you (or any predecessor in interest) sustained loss or damage during the policy period of any prior insurance that you could have recovered under that insurance except that the time within which to discover loss or damage had expired, we will pay for it under this Additional Coverage, provided:

(a) This Additional Coverage became effective at the time of

cancellation or termination of the prior insurance; and

(b) The loss or damage would have been covered by this Additional Coverage had it been in effect when the acts or events causing the loss or damage were committed or occurred.

(10) The insurance under Paragraph **(9)** above is part of, not in addition to, the Limit of Insurance applying to this Additional Coverage and is limited to the lesser of the amount recoverable under:

(a) This Additional Coverage as of its effective date; or

(b) The prior insurance had it remained in effect.

(11) Employee Benefit Plans

(a) "Employee benefit plans" (hereafter referred to as Plan) owned, controlled or operated by you and which you provide solely for the benefit of your "employees" are included as Insureds under this Additional Coverage.

(b) If any Plan is insured jointly with any other entity under this insurance, you or the Plan Administrator must select a Limit of Insurance for Employee Theft that is sufficient to provide a Limit of Insurance for each Plan that is at least equal to that required if each plan were separately insured.

(c) With respect to loss sustained by any such Plan, this Additional Coverage is replaced by the following:

We will pay for loss of or damage to "funds", and "other property" resulting directly from fraudulent or dishonest acts committed by an "employee", whether identified or not, acting alone or in collusion with other persons.

(d) If the first Named Insured is an entity other than a Plan, any payment we make for loss sustained by any Plan will be made to the Plan sustaining the loss.

(e) If two or more Plans are insured under this insurance, any payment we make for loss:

(i) Sustained by two or more Plans; or

(ii) Of commingled "funds" or "other property" of two or more Plans;

resulting directly from an occurrence will be made to each Plan sustaining loss in the proportion that the Limit of Insurance required for each Plan bears to the total Limit of Insurance of all Plans sustaining loss.

(f) The insurance under this Paragraph **(11)** is part of, not in addition to, the Limit of Insurance applying to this Employee Theft Additional Coverage.

(12) The most we will pay for loss or damage in any one "occurrence" is $50,000, unless a higher limit is shown in the Declarations. No deductible applies to this Additional Coverage.

Payments under this Additional Coverage are separate from the Limit(s) of Insurance shown in the Declarations for any other coverage.

(13) If Employee Dishonesty or Employee Theft coverage is provided under the Crime Coverage Part of this policy, that coverage replaces the Employee Theft coverage provided by this Additional Coverage. The provisions of this Additional Coverage would no longer apply.

g. Fire Department Service Charge

When the fire department is called to save or protect Covered Property from a Covered Cause of Loss, we will pay up to $50,000, unless a higher limit is shown in the Declarations, for your liability for fire department service charges:

(1) Assumed by contract or agreement prior to loss; or

(2) Required by local ordinance.

No deductible applies to this Additional Coverage.

Payments under this Additional Coverage are separate from the Limit(s) of

Insurance shown in the Declarations for any other coverage.

h. Fire Extinguisher Systems Recharge

(1) We will pay the actual cost of recharging or replacing, whichever is less, your:

(a) Portable fire extinguishers; or

(b) Automatic fire suppression or extinguishing systems

if they are discharged to fight a fire at the premises described in the Declarations or at immediately adjacent premises which expose your property to loss.

(2) We will not pay for:

(a) Halon, or any other fire extinguishing agent that is no longer in production; or

(b) any costs resulting from the enforcement of any ordinance or law that regulates the recharging, repair or replacement of fire suppression or extinguishing systems or the extinguishing agent.

(3) The most we will pay under this Additional Coverage in any one occurrence is $50,000. No deductible applies to this Additional Coverage.

Payments under this Additional Coverage are separate from the Limit(s) of Insurance shown in the Declarations for any other coverage.

i. Food Contamination Shutdown

(1) If the Board of Health or other governmental body orders a premises described in the Declarations closed because of the discovery of, or suspicion of, "food contamination", we will pay for the actual loss of "business income" you sustain due to the necessary suspension of your "operations". The suspension must be caused directly by an actual or alleged incidence of "food contamination" at a premises described in the Declarations and result from a closure declaration by the Board of Health or other governmental body.

(2) Under this Additional Coverage:

(a) "Business income" means the:

(i) Net Income (Net Profit or Loss before income taxes) that would have been earned or incurred; and

(ii) Continuing normal operating expenses incurred, including payroll.

(b) "Communicable disease" means a bacterial micro-organism transmitted through human contact to food.

(c) "Food contamination" means the occurrence of food poisoning or suspected food poisoning of one or more of your patrons. The food contamination must be the result of tainted food purchased by you or a "communicable disease" transmitted by one or more of your employees.

(3) If there is other coverage under this policy which covers a loss under this Additional Coverage, the provisions of this coverage are superseded by such other insurance.

(4) Exclusions **B.1.c.** Government Action; **B.1.d.** Nuclear Hazard; **B.1.f.** War And Military Action; and **B.2.h.** Dishonesty apply to this Additional Coverage.

(5) The following additional Exclusions apply to this Food Contamination Shutdown Additional Coverage:

We will not pay for loss caused directly or indirectly by any of the following. Such loss is excluded regardless of any other cause or event that contributes concurrently or in any sequence to the loss:

(a) Fines or penalties of any kind;

(b) Seizure or destruction of property by order of governmental authority; and

(c) Any increase of loss caused by or resulting from delay in resuming "operations" due to interference by strikers or other persons.

(6) This Food Contamination Shutdown coverage begins 24 hours after the closure of the business, or immediately after the closure for coverage for the extra costs described in **(8)** below.

(7) The most we will pay under this Additional Coverage is $50,000 per occurrence, regardless of the number of patrons involved. No deductible applies to this Additional Coverage.

Payments under this Additional Coverage are separate from the Limit(s) of Insurance shown in the Declarations for any other coverage.

(8) We will also pay the following extra costs:

(a) Your cost to clean your equipment per local Board of Health or other governmental body requirements;

(b) Your cost to replace consumable goods declared contaminated by the local Board of Health or other governmental body;

(c) Necessary medical tests and vaccines for affected employees as required by the Board of Health or other governmental body. This coverage is excess to any other insurance;

(d) If not covered by other insurance, reimbursement you paid to infected patrons for doctors' care, hospitalization and necessary blood work; and

(e) Extra advertising cost to restore reputation.

The most we will pay for these extra costs per occurrence is $5,000. No deductible applies to this Additional Coverage.

Payments for these extra costs are in addition to the Limit of Insurance for the Food Contamination Shutdown Additional Coverage.

(9) The following Additional Conditions apply:

(a) Notify the Board of Health or other governmental agency that may have jurisdiction over the incident.

(b) Give us prompt notice of the closure declarations and the premises that may be involved in the loss.

(c) As soon as possible, give us a description of how, when and where the "food contamination" was first discovered.

j. Forgery Or Alteration

(1) We will pay for loss resulting directly from "forgery" or alteration of checks, drafts, promissory notes, or similar written promises, orders or directions to pay a sum certain in "money" that are:

(a) Made or drawn by or drawn upon you; or

(b) Made or drawn by one acting as your agent;

or that are purported to have been so made or drawn.

(2) If you are sued for refusing to pay any instrument covered in Paragraph **i.(1)** on the basis that it has been forged or altered, and you have our written consent to defend against the suit, we will pay for any reasonable legal expenses that you incur and pay in that defense.

(3) For the purposes of this Additional Coverage, a substitute check as defined in the Check Clearing for the 21st Century Act shall be treated the same as the original it replaced.

(4) We will not pay for loss caused by or resulting from dishonest or criminal acts committed by any of your "employees", directors or trustees:

(a) Whether acting alone or in collusion with other persons; or

(b) While performing services for you or otherwise.

(5) Under this Additional Coverage, "occurrence" means:

(a) An individual act;

(b) The combined total of all separate acts whether or not related; or

(c) A series of acts whether or not related;

committed by a person acting alone or in collusion with other persons, or not committed by any person, during the Policy Period shown in the Declarations.

(6) The most we will pay for loss in any one "occurrence" is $25,000,

unless a higher imit is shown in the Declarations. This Additional Coverage is subject to a separate deductible of $1,000 in any one "occurrence". No other deductible applies.

Payments under this Additional Coverage are separate from the Limit(s) of Insurance shown in the Declarations for any other coverage.

(7) If Forgery Or Alteration coverage is provided under the Crime Coverage Part of this policy, that coverage replaces the Forgery Or Alteration coverage provided by this Additional Coverage. The provisions of this Additional Coverage would no longer apply.

k. Hole-In-One

(1) We will reimburse you for prizes paid for established Hole-In-One prize programs.

(2) We will not pay for prizes awarded to you or your employees.

(3) The most we will pay for any one "Hole-in-One" prize is 50% of the prize, up to a maximum of $1,000. No deductible applies to this Additional Coverage.

(4) Payments under this Additional Coverage are separate from the Limit(s) of Insurance shown in the Declarations for any other coverage.

l. Lock And Key Replacement

We will pay the cost for rekeying, repair or replacement, whichever is less, of exterior and interior door locks located at premises described in the Declarations if your door keys are stolen in a covered "theft" loss. For the purposes of this Additional Coverage, "theft" losses also include those acts of "theft" committed by "employees".

The most we will pay for loss in any one occurrence is $2,500. No deductible applies to this Additional Coverage.

Payments under this Additional Coverage are separate from the Limit(s) of Insurance shown in the Declarations for any other coverage.

m. Money And Securities

(1) We will pay for loss of your "money" and "securities" resulting directly from "theft", disappearance, or destruction:

(a) Inside the "premises" or "banking premises".

(b) Outside the "premises", which means outside the building you occupy in conducting your business:

(i) while in the care and custody of you, any of your partners or any "employees"; or

(ii) while in the care and custody of an armored motor vehicle company.

But we will pay only for the amount of loss that you cannot recover:

(aa) Under your contract with the armored vehicle company; and

(bb) From any insurance or indemnity carried by, or for the benefit of customers of, the armored motor vehicle company.

(2) Exclusions **B.1.c.,** Government Action; **B.1.d.,** Nuclear Hazard; **B.1.f.,** War And Military Action, and **B.2.k.** Pollution of the Causes Of Loss — Special Form apply to this Money And Securities coverage.

(3) The following additional Exclusions apply to this Money And Securities coverage:

(a) We will not pay for loss caused by or resulting from any of the following:

(i) Any dishonest or criminal act committed by any of your "employees", directors or trustees or authorized representatives:

(aa) Acting alone or in collusion with other persons; or

(bb) While performing services for you or otherwise.

(ii) Loss that is an indirect result of any act or occurrence covered by this insurance, including, but

not limited to, loss resulting from:

(aa) Your inability to realize income that you would have realized had there been no loss of, or loss from damage to, "money" or "securities";

(bb) Payment of damages of any type for which you are legally liable; or

(cc) Payment of costs, fees or other expenses you incur in establishing the existence or the amount of loss under this Additional Coverage;

(iii) Expenses related to any legal action;

(iv) Accounting or arithmetical errors or omissions;

(v) Giving or surrendering of property in any exchange or purchase;

(vi) Voluntary parting of title to or possession of property resulting from your, or anyone acting on your express or implied authority, being induced by any dishonest act to voluntarily part with title to or possession of any property; or

(vii) Loss of property contained in any money operated device unless the amount of "money" deposited in it is recorded by a continuous recording instrument in the device.

(4) The following Additional Conditions apply:

(a) If you have reason to believe that any loss involves a violation of law, you must notify the local law enforcement authorities.

(b) You must keep records of all "money" and "securities" so we can verify the amount of any loss or damage.

(5) Under this Additional Coverage, "occurrence" means:

(a) An individual act or event;

(b) The combined total of all separate acts or events whether or not related; or

(c) A series of acts or events whether or not related;

committed by a person acting alone or in collusion with other persons, or not committed by any person, during the Policy Period shown in the Declarations.

(6) **(a)** The most we will pay for loss in any one "occurrence" inside the "premises" or "banking premises" is $25,000, unless a higher limit is shown in the Declarations.

(b) The most we will pay for loss in any one "occurrence" outside the "premises" is $25,000, unless a higher limit is shown in the Declarations.

No deductible applies to this Additional Coverage.

Payments under this Additional Coverage are separate from the Limit(s) of Insurance shown in the Declarations for any other coverage.

(7) If Theft, Disappearance And Destruction coverage is provided under the Crime Coverage Part of this policy, that coverage replaces the Money And Securities coverage provided by this Additional Coverage. The provisions of this Additional Coverage would no longer apply.

n. Money Orders And Counterfeit Money

(1) We will pay for loss resulting directly from your having accepted in good faith, in exchange for merchandise, "money" or services:

(a) Money orders issued by any post office, express company or bank that are not paid upon presentation; or

(b) "Counterfeit money" that is acquired during the regular course of business.

(2) If you have reason to believe that any loss involves a violation of law, you must notify the local law enforcement authorities.

(3) Under this Additional Coverage

(a) "Counterfeit Money" means an imitation of "money" that is intended to deceive and to be taken as genuine.

(b) "Occurrence" means:

(i) An individual act or event;

(ii) The combined total of all separate acts or events whether or not related; or

(iii) A series of acts or events whether or not related;

committed by a person acting alone or in collusion with other persons, or not committed by any person, during the Policy Period shown in the Declarations.

(4) The most we will pay for all loss resulting directly from an "occurrence" is $5,000, unless a higher limit is shown in the Declarations. This Additional Coverage is subject to a separate deductible of $250 in any one "occurrence". No other deductible applies.

Payments under this Additional Coverage are separate from the Limit(s) of Insurance shown in the Declarations for any other coverage.

(5) If either Money Orders And Counterfeit Paper Currency or Money Orders And Counterfeit Money coverage is provided under the Crime Coverage Part of this policy, that coverage replaces the Money Orders And Counterfeit Money coverage provided by this Additional Coverage. The provisions of this Additional Coverage would no longer apply.

o. Ordinance Or Law

(1) Application of Coverage(s)

The Coverage(s) provided by this Additional Coverage apply only if both **(1)(a)** and **(1)(b)** are satisfied and are then subject to the qualifications set forth in **(1)(c).**

(a) The ordinance or law:

(i) Regulates the demolition, construction or repair of buildings, or establishes zoning or land use requirements at the described premises; and

(ii) Is in force at the time of loss.

But coverage under this Additional Coverage applies only in response to the minimum requirements of the ordinance or law. Losses and costs incurred in complying with recommended actions or standards that exceed actual requirements are not covered under this Additional Coverage.

(b) **(i)** The building sustains direct physical damage that is covered under this policy and such damage results in enforcement of the ordinance or law; or

(ii) The building sustains both direct physical damage that is covered under this policy and direct physical damage that is not covered under this policy, and the building damage in its entirety results in enforcement of the ordinance or law.

(iii) But if the building sustains direct physical damage that is not covered under this policy, and such damage is the subject of the ordinance or law, then there is no coverage under this Additional Coverage even if the building has also sustained covered direct physical damage.

(c) In the situation described in **(1)(b)(ii)** above, we will not pay the full amount of loss otherwise payable under the terms of Coverages **A, B,** and/or **C** of this Additional Coverage. Instead, we will pay a proportion of such loss; meaning the proportion that the covered direct physical damage bears to the total direct physical damage. (Section **(7)** of this Additional Coverage provides an example of this procedure.)

However, if the covered direct physical damage, alone, would have resulted in enforcement of the ordinance or law, then we

will pay the full amount of loss otherwise payable under the terms of Coverages **A, B** and/or **C** of this Additional Coverage.

(2) We will not pay under Coverage **A, B** or **C** of this Additional Coverage for:

(a) Enforcement of any ordinance or law which requires the demolition, repair, replacement, reconstruction, remodeling or remediation of property due to contamination by "pollutants" or due to the presence, growth, proliferation, spread or any activity of "fungus", wet or dry rot or bacteria; or

(b) The costs associated with the enforcement of any ordinance or law which requires any insured or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of "pollutants", "fungus", wet or dry rot, or bacteria.

(3) Coverage

(a) Coverage A — Coverage For Loss To The Undamaged Portion Of The Building

With respect to the building that has sustained covered direct physical damage, we will pay under Coverage **A** for the loss in value of the undamaged portion of the building as a consequence of enforcement of an ordinance or law that requires demolition of undamaged parts of the same building.

Coverage **A** is included within the Limit of Insurance shown in the Declarations as applicable to the covered building. Coverage **A** does not increase the Limit of Insurance.

(b) Coverage B — Demolition Cost Coverage

With respect to the building that has sustained covered direct physical damage, we will pay the cost to demolish and clear the site of undamaged parts of the same building, as a consequence of enforcement of an ordinance or law that requires demolition of such undamaged property.

(c) Coverage C — Increased Cost Of Construction Coverage

(i) With respect to the building that has sustained covered direct physical damage, we will pay the increased cost to:

(aa) Repair or reconstruct damaged portions of that building; and/or

(bb) Reconstruct or remodel undamaged portions of that building, whether or not demolition is required;

when the increased cost is a consequence of enforcement of the minimum requirements of the ordinance or law.

(ii) However:

(aa) This coverage applies only if the restored or remodeled property is intended for similar occupancy as the current property, unless such occupancy is not permitted by zoning or land use ordinance or law.

(bb) We will not pay for the increased cost of construction if the building is not repaired, reconstructed or remodeled.

(iii) When a building is damaged or destroyed and Coverage **C** applies to that building in accordance with **(c)(i)** above, coverage for the increased cost of construction also applies to repair or reconstruction of the following, subject to the same conditions stated in **(c)(i):**

(aa) The cost of excavations, grading, backfilling and filling; and

(bb) Pilings.

The items listed in **(iii)(aa)** and **(iii)(bb)** above are deleted from Property Not Covered, but only with respect to the coverage described in this Provision, **(c)(iii).**

(4) Loss Payment

(a) Both of the following loss payment Provisions, **(4)(b)** and **(4)(c),** are subject to the apportionment procedures set forth in Section **(1)(c)** of this Additional Coverage.

(b) When there is a loss in value of an undamaged portion of a building to which Coverage **A** applies, the loss payment for that building, including damaged and undamaged portions, will be determined as follows:

(i) If Replacement Cost coverage applies and the property is being repaired or replaced, on the same or another premises, we will not pay more than the lesser of:

(aa) The amount you would actually spend to repair, rebuild or reconstruct the building, but not for more than the amount it would cost to restore the building on the same premises and to the same height, floor area, style and comparable quality of the original property insured; or

(bb) The Limit of Insurance shown in the Declarations as applicable to the covered building.

(ii) If Replacement Cost coverage applies and the property is not repaired or replaced, or if Replacement Cost coverage does not apply, we will not pay more than the lesser of:

(aa) The "actual cash value" of the building at the time of loss; or

(bb) The Limit of Insurance shown in the Declarations as applicable to the covered building.

(c) The most we will pay for the total of all covered losses for Coverage **B** — Demolition Cost and Coverage **C** — Increased Cost Of Construction combined is $200,000, unless a higher limit for Ordinance Or Law — Coverages **B** and **C** is shown in the Declarations.

Payments under Coverage **B** and/or **C** are separate from the Limit(s) of Insurance shown in the Declarations for any other coverage.

Subject to this combined Limit of Insurance, the following loss payment provisions apply:

(i) For Demolition Cost, we will not pay more than the amount you actually spend to demolish and clear the site of the described premises.

(ii) With respect to the Increased Cost Of Construction:

(aa) We will not pay for the increased cost of construction:

(1) Until the property is actually repaired or replaced, at the same or another premises; and

(2) Unless the repairs or replacement are made as soon as reasonably possible after the loss or damage, not to exceed two years. We may extend this period in writing during the two years.

(bb) If the building is repaired or replaced at the same premises, or if you elect to rebuild at another premises, the most we will pay for the increased cost of

construction is the increased cost of construction at the same premises.

(cc) If the ordinance or law requires relocation to another premises, the most we will pay for the increased cost of construction is the increased cost of construction at the new premises.

(5) The terms of this Additional Coverage apply separately to each building.

(6) Under this Additional Coverage we will not pay for loss due to any ordinance or law that:

(a) You were required to comply with before the loss, even if the building was undamaged; and

(b) You failed to comply with.

(7) Example of Proportionate Loss Payment for Ordinance Or Law coverage losses (procedure as set forth in Section **(1)(c)** of this Additional Coverage.)

Assume:

- Wind is a Covered Cause of Loss; Flood is an excluded Cause of Loss
- The building has a value of $200,000
- Total direct physical damage to building: $100,000
- The ordinance or law in this jurisdiction is enforced when building damage equals or exceeds 50% of the building's value
- Portion of direct physical damage that is covered (caused by wind): $30,000
- Portion of direct physical damage that is not covered (caused by flood): $70,000
- Loss under Ordinance Or Law Coverage **C** of this endorsement: $60,000

Step 1:

Determine the proportion that the covered direct physical damage bears to the total direct physical damage.

$30,000 ÷ $100,000 = .30

Step 2:

Apply that proportion to the Ordinance or Law loss.

$60,000 x .30 = $18,000

In this example, the most we will pay under this Additional Coverage for the Coverage **C** loss is $18,000, subject to all the provisions of this Additional Coverage.

Note: The same procedure applies to losses under Coverages **A** and **B** of this Additional Coverage.

p. Pollutant Clean-up and Removal

We will pay your expense to extract "pollutants" from land or water at the described premises if the discharge, dispersal, seepage, migration, release or escape of the "pollutants" is caused by or results from a Covered Cause of Loss that occurs during the policy period. The expenses will be paid only if they are reported to us in writing within 180 days of the date on which the Covered Cause of Loss occurs.

This Additional Coverage does not apply to costs to test for, monitor or assess the existence, concentration or effects of "pollutants". But we will pay for testing which is performed in the course of extracting the "pollutants" from the land or water.

The most we will pay under this Additional Coverage for each described premises is $50,000 for the sum of all covered expenses arising out of Covered Causes of Loss occurring during each separate 12-month period of this policy.

Payments under this Additional Coverage are separate from the Limit(s) of Insurance shown in the Declarations for any other coverage.

q. Preservation Of Property

If it is necessary to move Covered Property from the described premises to preserve it from loss or damage by a Covered Cause of Loss, we will pay for any direct physical loss or damage to that property:

(1) While it is being moved or while temporarily stored at another location; and

(2) Only if the loss or damage occurs within 90 days after the property is first moved.

Payments under this Additional Coverage will not increase the applicable Limit of Insurance.

If a loss is covered by both a specific coverage form on this policy and an Additional Coverage, the coverage provisions of the specific coverage form apply to the loss.

5. Coverage Extensions

Except as otherwise provided, the following Extensions apply to property located in or on the building described in the Declarations or in the open (or in a vehicle) within 1,000 feet of the described premises.

a. Accounts Receivable

(1) On Your Premises

(a) You may extend the insurance that applies to Business Personal Property to apply to Accounts Receivable, including those records that exist as electronic records.

(b) We will pay:

(i) All amounts due from your customers that you are unable to collect;

(ii) Interest charges on any loan required to offset amounts you are unable to collect pending our payment of these amounts;

(iii) Collection expenses in excess of your normal collection expenses that are made necessary by the loss or damage; and

(iv) Other reasonable expenses that you incur to reestablish your records of accounts receivable;

that result from Covered Causes of Loss to your records of accounts receivable.

(c) The following Exclusions in the Causes Of Loss — Special Form do not apply to this Accounts Receivable coverage:

(i) **B.1.b.** Earth Movement; **B.1.e.** Utility Services; **B.1.g.** Water; and

(ii) All **B.2.** Exclusions except **B.2.b.** Consequential Loss; **B.2.d.(1)** Wear And Tear; **B.2.e.** Steam Apparatus; **B.2.g.** Dishonesty; **B.2.h.** False Pretense; **B.2.j.** Collapse; and **B.2.k.** Pollution.

(d) The following additional Exclusions apply to this Accounts Receivable coverage:

(i) We will not pay for loss or damage caused by or resulting from any of the following:

(aa) Alteration, falsification, concealment, or destruction of records of accounts receivable done to conceal the wrongful giving, taking or withholding of money, securities or other property. This exclusion applies only to the extent of the wrongful giving, taking or withholding;

(bb) Bookkeeping, accounting or billing errors or omissions; or

(cc) Electrical or magnetic injury, disturbance or erasure of electronic recordings.

But we will pay for direct loss or damage caused by lightning.

(dd) Unauthorized instructions to transfer property to any person or to any place.

(ii) We will not pay for loss or damage that requires any audit of records or any inventory computation to prove its factual existence.

(e) **(i)** If you cannot accurately establish the amount of accounts receivable outstanding as of the time of loss or damage, the following method will be used:

(aa) Determine the total of the average monthly amounts of accounts

receivable for the 12 months immediately preceding the month in which the loss or damage occurs; and

(bb) Adjust that total for any normal fluctuations in the amount of accounts receivable for the month in which the loss or damage occurred or for any demonstrated variance from the average for that month.

(ii) The following will be deducted from the total amount of accounts receivable, however that amount is established:

(aa) The amount of the accounts for which there is no loss or damage;

(bb) The amount of the accounts that you are able to re-establish or collect;

(cc) An amount to allow for probable bad debts that you are normally unable to collect; and

(dd) All unearned interest and service charges.

(f) You will pay us the amount of all recoveries you receive for loss or damage paid by us. But any recoveries in excess of the amount we have paid belong to you.

(g) The most we will pay for under this Coverage Extension is $250,000 per premises, unless a higher limit is shown in the Declarations.

No deductible applies to this Coverage Extension.

(2) Away From Your Premises

(a) Subject to Paragraphs **(1)(b)** through **(1)(f),** you may extend the insurance that applies to Business Personal Property to apply to Accounts Receivable, including those records that exist as electronic records, while away from premises described in the Declarations.

(b) The most we will pay for this Away From Your Premises coverage is $25,000 per occurrence.

No deductible applies to this Coverage Extension.

(c) This coverage while away from described premises is not increased by the Flex Additional Coverage — Blanket Limit Of Insurance.

Payments under this Coverage Extension are separate from the Limit(s) of Insurance shown in the Declarations for any other coverage.

If Accounts Receivable coverage is provided for any premises under the Inland Marine Coverage Part of this policy, that coverage replaces the Accounts Receivable coverage provided by this Coverage Extension as respects that premises. The provisions of this Coverage Extension would apply to all other premises, including Away From Your Premises coverage, except for the location that is covered for Accounts Receivable under the Inland Marine Coverage Part.

b. Brands And Labels

(1) If Covered Business Personal Property is damaged by a Covered Cause of Loss, we may take all or any part of the property at an agreed or appraised value. When you do not want your damaged "stock" sold under your brand or label, you may:

(a) Remove the brand or label from "stock" or its containers, and relabel the "stock" to comply with the law; or

(b) Label the damaged "stock" as salvage, but in doing so, you must cause no further damage to it.

(2) In either case, we will pay the difference between the salvage value of the damaged "stock" with the brand or label attached, and its salvage value with the brand or label removed. In addition, we will pay reasonable costs for removing the brands or labels and relabeling the damaged "stock".

(3) The most we will pay under this Coverage Extension is $50,000,

unless a higher limit is shown in the Declarations.

Payments under this Coverage Extension will not increase the applicable Limit of Insurance.

c. Consequential Damage To Pairs Or Sets

If a part or parts of pairs or sets of "stock" are damaged by a Covered Cause of Loss, causing the part or parts that are not damaged to be unmarketable as a complete product, you may extend the insurance that applies to Business Personal Property to cover the consequential damage to your undamaged parts of such pairs or sets.

Payments under this Coverage Extension will not increase the applicable Limit of Insurance.

d. Deferred Payments

(1) You may extend the insurance that applies to Business Personal Property to cover direct physical loss by a Covered Cause of Loss to the following:

(a) Business Personal Property which you have sold under an installment or deferred payment plan and which is in possession of the buyer. We will pay only for your remaining interest in the property.

(b) Business Personal Property which is rented or leased to others.

(2) The most we will pay for loss or damage under this Extension is $50,000, unless a higher limit is shown in the Declarations.

Payments under this Coverage Extension will not increase the applicable Limit of Insurance.

e. Electronic Data Processing

(1) On Your Premises

(a) Equipment, Media And Data

(i) You may extend the insurance that applies to Business Personal Property at the premises described in the Declarations to cover direct physical loss or damage by a Covered Cause of Loss to:

(aa) "Hardware"; and

(bb) "Software".

while at a premises described in the Declarations.

(ii) Covered Property under this Extension does not include:

(aa) "Stock"; or

(bb) Computerized production equipment or apparatus.

(iii) Except as is noted in Paragraph **(3)(d),** the most we will pay for loss or damage under Paragraph **(a)** of this Extension is $200,000 per occurrence, unless a higher limit is shown in the Declarations.

(b) Business Income

(i) We will pay for the actual loss of Business Income you sustain due to the necessary suspension of your "operations" during the "period of restoration". The suspension must be caused by direct physical loss of or damage to "hardware" or "software" while at a premises described in the Declarations, caused by or resulting from any Covered Cause of Loss.

(ii) Business Income means the:

(aa) Net Income (Net Profit or Loss before income taxes) that would have been earned or incurred; and

(bb) Continuing normal operating expenses incurred, including payroll.

(iii) Except as is noted in Paragraph **(3)(d),** the most we will pay for loss or damage under Paragraph **(b)** is $25,000 per occurrence, unless a higher limit is shown in the Declarations. No deductible applies to this coverage.

(c) Extra Expense

(i) We will pay the actual and necessary Extra Expense you sustain due to direct physical loss or damage to "hardware" or "software" while at a premises described in the Declarations, caused by or resulting from any Covered Cause of Loss.

(ii) Extra Expense means necessary expenses you incur during the "period of restoration" that you would not have incurred if there had been no direct physical loss or damage to property:

(aa) To avoid or minimize the suspension of business and to continue "operations":

(1) At the described premises; or

(2) At replacement premises or temporary locations, including relocation expenses and costs to equip and operate the replacement or temporary location;

(bb) To minimize the suspension of business if you cannot continue "operations", or

(cc) To repair or replace any property.

(iii) Except as is noted in Paragraph **(3)(d),** the most we will pay for loss or damage under Paragraph **(c)** is $25,000 per occurrence, unless a higher limit is shown in the Declarations. No deductible applies to this coverage.

(d) The following Exclusions in the Causes Of Loss — Special Form do not apply to this Electronic Data Processing coverage:

(i) **B.1.b.** Earth Movement; **B.1.e.** Utility Services; **B.1.g.** Water; and

(ii) All **B.2.** Exclusions except **B.2.b.** Consequential Loss; **B.2.d.(1)** Wear And Tear; **B.2.e.** Steam Apparatus; **B.2.g.** Dishonesty; **B.2.h.** False Pretense; **B.2.j.** Collapse; and **B.2.k.** Pollution.

(e) The following additional Exclusions apply to this Electronic Data Processing coverage:

We will not pay for loss or damage caused by or resulting from any of the following:

(i) "Computer Virus" or "Computer Hacking". Except as provided under the Virus And Hacking Coverage in Paragraph **(3),** we will not pay for:

(aa) any direct or indirect loss or damage; or

(bb) loss of access, loss of use, or loss of functionality

caused by a "computer virus" or by "computer hacking".

(ii) Deterioration, depreciation or obsolescence.

(f) Under this Electronic Data Processing coverage:

(i) "Computer hacking" means an unauthorized intrusion by an individual or group of individuals, whether employed by you or not, into "hardware", "software", or a computer network that results in:

(aa) deletion, destruction, generation, or modification of "software";

(bb) alteration, contamination, corruption, degradation, or destruction of the integrity, quality, or performance of "software";

(cc) observation, scanning, or copying of "electronic data", "programs and applications", and "proprietary programs";

(dd) damage, destruction, inadequacy, malfunction, degradation, or corruption of any "hardware" or "media" used with "hardware"; or

(ee) denial of access to or denial of services from your "hardware" or your computer network.

(ii) "Computer virus" means the introduction of any malicious, self-replicating electronic data processing code or other code into "hardware" or "software" that is intended to result in:

(aa) deletion, destruction, generation, or modification of "software";

(bb) alteration, contamination, corruption, degradation, or destruction of the integrity, quality, or performance of "software";

(cc) damage, destruction, inadequacy, malfunction, degradation, or corruption of any "hardware" or "media" used with "hardware"; or

(dd) denial of access to or denial of services from your "hardware" or your computer network.

(iii) "Pollutants" means:

(aa) any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste. Waste includes materials to be recycled, reconditioned or reclaimed.

(bb) electrical or magnetic emissions, whether visible or invisible, and sound emissions.

But we will pay for direct loss or damage caused by lightning.

(2) Away From Your Premises

(a) Subject to Paragraphs **(1)(d)** through **(1)(f),** you may extend the insurance that applies to Business Personal Property to cover direct physical loss or damage to "hardware" or "software" caused by a Covered Cause of Loss while it is in the custody of you, your officers, your partners, or your employees:

(i) at your residence or the residence of your officers, partners, or employees;

(ii) temporarily at a premises that is not described in the Declarations; or

(iii) in transit.

(b) Covered Property under this Extension does not include "stock" or computerized production equipment or apparatus.

(c) We will not pay for loss or damage to property that is voluntarily released to the care, custody or control of anyone else including property while in transit as checked baggage.

(d) The most we will pay for loss or damage under Paragraph **(2)** is $100,000 per occurrence, unless a higher limit is shown in the Declarations. This Away From Your Premises coverage is subject to a separate deductible of $1,000 in any one occurrence. No other deductible applies.

(3) Virus And Hacking Coverage

(a) We cover direct physical loss of or damage to covered "hardware" and "software" while at a premises described in the Declarations caused by a "computer virus" or by "computer hacking".

(b) We cover loss of Business Income and/or Extra Expense caused by a "computer virus" or by "computer hacking". Coverage begins 12 hours after the time of direct physical loss for Business Income coverage.

(c) We do not cover:

(i) loss of exclusive use of, or loss of or reduction in economic or market value of, any "electronic data" or "proprietary programs" that have been copied, scanned, or altered;

(ii) "theft" from your "electronic data" or "proprietary programs" of confidential information through the observation of the "electronic data" or "proprietary programs" by accessing covered "hardware" or your computer network without any alteration or other physical loss or damage to the records or programs. Confidential information includes, but is not limited to, customer information, processing methods, or trade secrets; and

(iii) denial of access to or services from your "hardware" or your computer network.

(d) The most we will pay during one policy year for all covered losses described in Paragraphs **(1)(a), (1)(b)** and **(1)(c)** under the Virus And Hacking Coverage **(3)(a)** and **(3)(b)** combined is $100,000, unless a higher limit is shown in the Declarations. With respect to an occurrence which begins in one policy year and continues or results in additional loss or damage in a subsequent policy year(s), all loss or damage is deemed to be sustained in the policy year in which the occurrence began.

Payments under this Coverage Extension are separate from the Limit(s) of Insurance shown in the Declarations for any other coverage.

If Electronic Data Processing coverage is provided for any premises under the Inland Marine Coverage Part of this policy, that coverage replaces the Electronic Data Processing coverage provided by this Coverage Extension as respects that premises. The provisions of this Coverage Extension would apply to all other premises, including Away From Your Premises coverage, except for the location that is covered for Electronic Data Processing under the Inland Marine Coverage Part.

f. Exhibitions

(1) You may extend the insurance that applies to Business Personal Property while en route to or from, or temporarily on display, at exhibitions, fairs or trade shows.

(2) Exclusions **B.1.b.,** Earth Movement, and **B.1.g.,** Water, of the Causes Of Loss — Special Form do not apply to this Exhibitions coverage.

(3) Under this Coverage Extension, we will not pay for "theft" from an unattended vehicle except when it is securely locked, its windows are fully closed, and there is visible evidence that entry into the vehicle was forced. This exclusion does not apply to Covered Property in the custody of a carrier for hire.

(4) The most we will pay for loss or damage under this Extension is $50,000, unless a higher limit is shown in the Declarations.

Payments under this Coverage Extension are separate from the Limit(s) of Insurance shown in the Declarations for any other coverage.

This Coverage Extension is subject to a separate deductible of $1,000 in any one occurrence. No other deductible applies.

(5) If Exhibition coverage is provided under the Inland Marine Coverage Part of this policy, that coverage replaces the Exhibition coverage provided by this Coverage Extension. The provisions of this Coverage Extension would no longer apply.

g. Fine Arts

(1) On Your Premises

(a) You may extend the insurance that applies to Business Personal Property to cover "fine arts" at the premises described in the Declarations.

(b) Exclusions **B.1.b.,** Earth Movement, and **B.1.g.,** Water, of the Causes Of Loss — Special

Form do not apply to this Fine Arts coverage.

(c) In the event of total loss of an article or articles which are part of a pair or set, you may choose to have us pay the market value of the whole set and surrender the remaining pieces to us.

(d) This Extension does not cover:

(i) numismatic or philatelic objects or collections;

(ii) furs or fur-trimmed garments; or

(iii) jewelry, precious or semi-precious stones, gold, silver, platinum, or other precious metals or alloys.

(e) We will not pay for loss caused directly or indirectly by breakage of art glass windows, statuary, marbles, glassware, bric-a-brac, porcelains and similar fragile articles, unless caused by fire, lightning, aircraft, theft or attempted theft, weather conditions, earthquake, flood, explosion malicious damage, or collision, derailment or overturn of the transporting conveyance.

(f) The most we will pay for loss or damage under this Coverage Extension is $50,000 per premises, unless a higher limit is shown in the Declarations.

(2) Property On Exhibit

Subject to Paragraphs **(1)(b)** through **(1)(e),** you may extend the insurance that applies to Business Personal Property to cover "fine arts" while temporarily on exhibit in a premises not owned or occupied by you. The most we will pay for loss or damage to property on exhibition is $10,000 per occurrence.

(3) Property Off Premises For Framing, Renovating, Packing, Or Appraising

Subject to Paragraphs **(1)(b)** through **(1)(e),** you may extend the insurance that applies to Business Personal Property to cover "fine arts" while temporarily in a premises not owned, occupied, or operated by you for framing, renovating, packing, or appraising. The most we will pay for loss or damage to property off premises for framing, renovating, packing, or appraising is $10,000 per occurrence.

(4) Transit

Subject to Paragraphs **(1)(b)** through **(1)(e),** you may extend the insurance that applies to Business Personal Property to cover "fine arts" while in transit. The most we will pay for loss or damage to property in transit is $10,000 per occurrence.

Payments under this Coverage Extension are separate from the Limit(s) of Insurance shown in the Declarations for any other coverage.

If Commercial Fine Arts coverage is provided under the Inland Marine Coverage Part of this policy, that coverage replaces the Fine Arts coverage provided by this Coverage Extension. The provisions of this Coverage Extension would no longer apply.

h. Golf Carts And Grounds Maintenance Equipment

(1) You may extend the insurance that applies to Business Personal Property to apply to your golf carts and grounds maintenance equipment.

(2) The most we will pay for loss or damage under this Extension is $10,000 at each described premises, unless a higher limit is shown in the Declarations. This Coverage Extension is subject to a separate deductible of $250 in any one occurrence, unless a higher deductible is shown in the Declarations. No other deductible applies.

(3) If any loss is covered under this Coverage Extension and any other coverage under this policy, the most we will pay for such loss shall not exceed the largest Limit of Insurance available under any one of those coverages. In such an event, the largest applicable deductible for that Covered Cause of Loss will apply.

Payments under this Coverage Extension are separate from the Limit(s) of Insurance shown in the Declarations for any other coverage.

i. Golf Course Property

(1) You may extend the insurance that applies to Business Personal Property to apply to outdoor property located on your golf course, including: bridges, roadways, walks, patios or other paved surfaces, dams, pilings, towers, retaining walls, outdoor pools and tennis courts, underground sprinkler systems including wiring, hole markers, tee markers, exterior light fixtures, band poles, all washers, pipes, piers, docks, benches, water coolers, flags and hole cups.

(2) This Extension does not cover trees, shrubs, plants, sod or lawns.

(3) The most we will pay for loss or damage under this Coverage Extension is $250,000, unless a higher limit is shown in the Declarations. This Coverage Extension is subject to a separate deductible of $500 in any one occurrence, unless a higher deductible is shown in the Declarations. No other deductible applies.

Payments under this Coverage Extension are separate from the Limit(s) of Insurance shown in the Declarations for any other coverage.

(4) The Limit of Insurance applicable to this Coverage Extension includes the expense to remove the debris of trees, shrubs or plants from the property described in Paragraph **(1).** Such debris removal expense is not included in the Additional Coverage **A.4.e.** for Debris Removal.

j Greens, Tees, Cut Fairways And Lawns

(1) You may extend the insurance that applies to Building to apply to your greens, tees and cut fairways.

(2) You may extend the insurance that applies to Building to apply to your lawns that are not part of greens, tees or cut fairways.

(3) The references to Property Not Covered in **A.2.g.** and **A.2.p.(2)** that pertain to sod or lawns do not apply to this Coverage Extension.

(4) The reference to Property Not Covered in **A.2.p.(2)** that pertains to trees, shrubs, or plants does apply. This Extension does not cover trees, shrubs or plants, except for sod or lawns.

(5) This Coverage Extension does not cover loss or damage caused by:

(a) the improper application of herbicides or pesticides;

(b) freezing; or

(c) drought.

(6) The most we will pay for loss or damage under Paragraph **(1)** of this Coverage Extension is $100,000 at each described premises, unless a higher limit is shown in the Declarations. The most we will pay for loss or damage under Paragraph **(2)** of this Coverage Extension is $5,000 at each described premises.

Payments under this Coverage Extension are separate from the Limit(s) of Insurance shown in the Declarations for any other coverage.

(7) The Limits of Insurance applicable to this Coverage Extension include the expense to remove debris of trees, shrubs or plants from the property described in Paragraphs **(1)** or **(2).** Payments for this debris removal expense will not increase the Limit of Insurance under Paragraphs **(1)** or **(2).**

Such debris removal expense is not included in the Additional Coverage **A.4.e.** for Debris Removal.

If a higher limit is shown in the Declarations for greens, tees and cut fairways, the most we will pay for the expense to remove debris of trees, shrubs or plants from greens, tees and cut fairways is $100,000 per premises, but not to exceed the actual cost to remove the debris.

k. Inflation Guard

If Building or Business Personal Property coverage is shown in the Declarations and Replacement Cost coverage applies, then this Coverage Extension applies to that property as follows:

(1) The Limit of Insurance for property to which this Coverage Extension applies will automatically increase by up to 6%.

(2) The amount of increase will be:

(a) the Limit of Insurance that applied on the most recent of the policy inception date, the policy anniversary date, or any other policy change amending the Limit of Insurance, times

(b) the 6%, expressed as a decimal (example: 6% is .06), times

(c) the number of days since the beginning of the current policy year or the effective date of the most recent policy change amending the Limit of Insurance, divided by 365.

(3) The insured may purchase a higher percentage under this Coverage Extension. If the insured chooses a higher percentage, it will be reflected in the Declarations.

EXAMPLE:

If:	The applicable Limit of Insurance is	$ 100,000
	The annual percentage increase is	6%
	The number of days since the beginning of the policy year (or last policy change) is	146
	The amount of increase is $100,000 x .06 x 146 ÷ 365 =	$ 2,400

l. Inventory, Appraisals And Other Claims Expenses

(1) You may extend the insurance that applies to Business Personal Property to pay the necessary and reasonable costs for taking inventories, making appraisals, and preparing other documents that we require when loss or damage occurs to Covered Property. This coverage does not apply to your expenses for appraisals to resolve disputes involving value or loss as described in Loss Condition **E.2. Appraisal.**

(2) The most we will pay under this Coverage Extension is $50,000, unless a higher limit is shown in the Declarations.

Payments under this Coverage Extension will not increase the applicable Limit of Insurance.

m. Newly Acquired Or Constructed Property

(1) Buildings

If this policy covers Building, you may extend that insurance to apply to:

(a) Your new buildings while being built on the described premises; and

(b) Buildings you acquire at locations, other than the described premises, intended for:

(i) Similar use as the building described in the Declarations; or

(ii) Use as a warehouse.

The most we will pay for loss or damage under this Extension is $1,000,000 at each building.

(2) Business Personal Property

If this policy covers Business Personal Property, you may extend that insurance to apply to:

(a) Business personal property, including such property that you newly acquire, at any location you acquire other than at fairs, trade shows or exhibitions;

(b) Business personal property, including such property that you newly acquire, located at your newly constructed or acquired buildings at the location described in the Declarations; or

(c) Business personal property that you newly acquire, located at the described premises.

The most we will pay for loss or damage under this Extension is $500,000 at each building.

This Extension does not apply to:

(a) Personal property of others that is temporarily in your possession in the course of installing or performing work on such property; or

(b) Personal property of others that is temporarily in your possession in the course of your manufacturing or wholesaling activities.

(3) Period of Coverage

With respect to insurance on or at each newly acquired or constructed property, coverage will end when any of the following first occurs:

(a) This policy expires;

(b) 180 days expire after you acquire the property or begin construction of that part of the building that would qualify as covered property; or

(c) You report values to us.

We will charge you additional premium for values reported from the date you acquire the property or begin construction of that part of the building that would qualify as covered property.

n. Non-owned Detached Trailers

(1) You may extend the insurance that applies to Business Personal Property to apply to loss or damage to trailers that you do not own, provided that:

(a) The trailer is used in your business;

(b) The trailer is in your care, custody or control at the premises described in the Declarations; and

(c) You have a contractual responsibility to pay for loss or damage to the trailer.

(2) We will not pay for any loss or damage that occurs:

(a) While the trailer is attached to any motor vehicle or motorized conveyance, whether or not the motor vehicle or motorized conveyance is in motion;

(b) During hitching or unhitching operations, or when a trailer becomes accidentally unhitched from a motor vehicle or motorized conveyance.

(3) The most we will pay for loss or damage under this Extension is $10,000, unless a higher limit is shown in the Declarations.

Payments under this Coverage Extension are separate from the Limit(s) of Insurance shown in the Declarations for any other coverage.

(4) This insurance is excess over the amount due (whether you can collect on it or not) from any other insurance covering such property.

o. Outdoor Trees, Shrubs And Plants

(1) You may extend the insurance provided by this Coverage Form to apply to your outdoor trees, shrubs and plants (other than "stock" of trees, shrubs and plants), including debris removal expense. Loss or damage must be caused by or result from any of the following causes of loss:

(a) Fire;

(b) Lightning;

(c) Explosion;

(d) Riot or Civil Commotion;

(e) Aircraft; or

(f) Vehicles operated by other than you or an employee.

(2) There is no coverage under this Coverage Extension for sod or lawns.

(3) The most we will pay for loss or damage under this Coverage Extension is $50,000, but not more than $10,000 for any one tree, shrub or plant. These limits apply to any one occurrence, regardless of the types or number of items lost or damaged in that occurrence.

(4) Payments under this Coverage Extension are separate from the Limit(s) of Insurance shown in the Declarations for any other coverage.

(5) The Limits of Insurance applicable to this Coverage Extension includes their debris removal expense. Such debris removal expense is not included in the Additional Coverage **A.4.e.** for Debris Removal.

p. Personal Effects

(1) You may extend the insurance that applies to Business Personal Property to personal effects owned by you, your officers, your partners or members, your managers or your employees. This extension does not apply to loss or damage by theft. Our payment for loss of or damage

to personal effects of others will only be for the account of the owner of the property.

(2) Personal effects do not include tools and equipment owned by your employees that are used in your business operations.

(3) The most we will pay under this Coverage Extension is $50,000, unless a higher limit is shown in the Declarations.

Payments under this Coverage Extension are separate from the Limit(s) of Insurance shown in the Declarations for any other coverage.

q. Property In Transit

(1) You may extend the insurance provided by this Coverage Part to apply to covered Business Personal Property in or on a vehicle or in transit, including loading and unloading, more than 1,000 feet from a covered premises while:

(a) In or on a vehicle you own, rent or lease;

(b) In the custody of a carrier for hire; or

(c) In the custody of an air or rail carrier

within the United States of America, its territories and possessions, Canada, and Puerto Rico.

(2) Exclusions **B.1.b.,** Earth Movement, and **B.1.g.,** Water, of the Causes Of Loss — Special Form do not apply to this Property In Transit coverage.

(3) Except as is noted in Paragraph **(4)** below, the reference to property while airborne or waterborne in **A.2.i.** of Property Not Covered does not apply to this Coverage Extension.

(4) There is no coverage for exported or imported property:

(a) That is covered under any ocean marine cargo policy that anyone has obtained to cover exports or imports; or

(b) While on an ocean or air conveyance.

(5) There is no coverage under this Extension for loss to property that you become legally obligated to pay as a common or contract carrier under a bill of lading, contract of carriage, or shipping receipt that is issued by you or that is issued on your behalf.

(6) There is no coverage under this Extension for:

(a) Sales representatives' samples (including containers);

(b) Property of any type while en route to or from a trade show, exhibition, or fair;

(c) "Fine arts", "antiques", fur garments, jewelry, precious or semiprecious stones, gold, silver, platinum, or other precious metals or alloys;

(d) Mail shipments in the custody of the U.S. Postal Service;

(e) Electronic data processing "hardware" or "software", except for "stock";

(f) "Valuable papers and records"; or

(g) Accounts receivable.

(7) The most we will pay in any occurrence under this Coverage Extension is $50,000, unless a higher limit is shown in the Declarations.

Payments under this Coverage Extension are separate from the Limit(s) of Insurance shown in the Declarations for any other coverage.

This Coverage Extension is subject to a separate deductible of $1,000 in any one occurrence. No other deductible applies.

(8) If either Motor Truck Cargo Owners coverage or Transportation coverage are provided under the Inland Marine Coverage Part of this policy, that coverage replaces this Property In Transit Coverage Extension. The provisions of this Coverage Extension would no longer apply.

r. Property Off-premises

(1) You may extend the insurance provided to Business Personal Property

to apply to your Covered Property while it is away from the described premises, if it is:

(a) Temporarily at a location you do not own, lease or operate; or

(b) In storage at a location you lease.

(2) This Coverage Extension does not apply to:

(a) Property in or on a vehicle or otherwise in transit;

(b) Property at any fair, trade show or exhibition;

(c) Property in the care, custody or control of your sales representatives, or you while acting as a sales representative;

(d) "Contractors' equipment";

(e) Materials, supplies, machinery, fixtures, and equipment that you are installing, constructing, or rigging as part of your installation or construction project, or will become a permanent part of your installation or construction project while they are at a storage location away from the described premises;

(f) Property covered under the Deferred Payments Additional Coverage;

(g) Electronic data processing "hardware" or "software", except for "stock";

(h) "Valuable papers and records"; or

(i) Accounts receivable.

(3) There is no coverage under this Coverage Extension for loss caused by or resulting from:

(a) Earth movement; or

(b) Flood, whether arising from natural or external forces; surface water; waves; tides; tidal waves; overflow of any body of water, or their spray, all whether driven by wind or not.

This exclusion applies whether or not coverage is provided under this policy by any endorsement to Business Personal Property for the causes of loss described in **(3)(a)** or **(3)(b)** above.

(4) The most we will pay for loss or damage under this Coverage Extension is $100,000, unless a higher limit is shown in the Declarations.

Payments under this Coverage Extension are separate from the Limit(s) of Insurance shown in the Declarations for any other coverage.

s. Sales Representatives Samples

(1) You may extend the insurance that applies to Business Personal Property to samples of your stock in trade (including containers) while the property is in the custody of:

(a) your sales representatives and agents; or

(b) your custody while acting as a sales representative

if more than 1,000 feet from a premises described in the Declarations, not including any other premises that is owned, operated, or leased by you.

(2) Exclusions **B.1.b.,** Earth Movement, and **B.1.g.,** Water, of the Causes Of Loss — Special Form do not apply to this Sales Representatives Samples coverage.

(3) Under this Coverage Extension, we will not pay for "theft" from an unattended vehicle except when it is securely locked, its windows are fully closed, and there is visible evidence that entry into the vehicle was forced.

(4) There is no coverage under this Extension for jewelry, precious or semiprecious stones, gold, silver, platinum, or other precious metals or alloys.

(5) The most we will pay for loss or damage under this Coverage Extension is $50,000, unless a higher limit is shown in the Declarations.

Payments under this Coverage Extension are separate from the Limit(s) of Insurance shown in the Declarations for any other coverage.

This Coverage Extension is subject to a separate deductible of $1,000 in any one occurrence. No other deductible applies.

(6) If Salespersons Samples coverage is provided under the Inland Marine Coverage Part of this policy, that coverage replaces the Sales Representatives Samples coverage provided by this Coverage Extension. The provisions of this Coverage Extension would no longer apply.

t. Signs — Supplemental Coverage

(1) You may extend the insurance that applies to Business Personal Property to apply to direct physical loss of or damage to signs (other than signs covered under **A.1.a.** Buildings) located at a premises described in the Declarations:

(a) Owned by you; or

(b) That you have a contractual responsibility to insure as a building tenant.

(2) The most we will pay for loss or damage under this Coverage Extension is $50,000, unless a higher limit is shown in the Declarations.

Payments under this Coverage Extension are separate from the Limit(s) of Insurance shown in the Declarations for any other coverage.

u. Spoilage Due To Power Outage, Mechanical Breakdown, Or Contamination — Direct Damage

(1) You may extend the insurance that applies to Business Personal Property to apply to spoilage of "perishable stock" caused by:

(a) Breakdown or Contamination, meaning:

(i) Change in temperature or humidity caused by mechanical breakdown or mechanical failure of refrigerating, cooling, or humidity control apparatus or equipment, only while such equipment or apparatus is at the described premises; and

(ii) Contamination by the refrigerant.

(b) Power Outage, meaning change in temperature or humidity resulting from complete or partial interruption of electrical power, either on or off the described premises, due to conditions beyond your control.

(2) With respect to the coverage provided by this extension, property located outside of a building or in or on a vehicle is considered to be Property Not Covered unless the stock is being moved to prevent or reduce loss covered by this policy.

(3) We will also pay any necessary expenses you incur to reduce the amount of loss under this coverage. We will pay for such expenses to the extent that they do not exceed the amount of loss that otherwise would have been payable under this Coverage Extension.

(4) Only the following Exclusions contained in Paragraph **B.1.** of the Causes Of Loss — Special Form apply to this Spoilage Due To Power Outage, Mechanical Breakdown, Or Contamination — Direct Damage coverage:

(a) **B.1.b.** Earth Movement;

(b) **B.1.c.** Governmental Action;

(c) **B.1.d.** Nuclear Hazard;

(d) **B.1.f.** War And Military Action; and

(e) **B.1.g.** Water.

(5) The following additional Exclusions are added:

We will not pay for loss or damage caused by:

(a) The disconnecting of any refrigerating, cooling or humidity control system from the source of power.

(b) The deactivation of electrical power caused by the manipulation of any switch or other device used to control the flow of electrical power or current.

(c) The inability of an Electrical Utility Company or other power source to provide sufficient power due to:

(i) Lack of fuel; or

(ii) Governmental order.

(d) The inability of a power source at the described premises to provide sufficient power due to lack of generating capacity to meet demand.

(e) Breaking of any glass that is a permanent part of any refrigerating, cooling or humidity control unit.

(6) The provisions of this Coverage Extension are superseded if the Spoilage Coverage endorsement is attached to and made a part of this policy.

(7) The most we will pay for loss or damage under this Coverage Extension is $50,000 per building, unless a higher limit is shown in the Declarations.

Payments under this Coverage Extension will not increase the applicable Limits of Insurance.

v. Theft Damage To Buildings For Tenants

(1) You may extend the insurance that applies to Business Personal Property to apply to damage to the building caused by or resulting from "theft" or attempted "theft" where you are a tenant and are contractually responsible for such damages.

(2) There is no coverage under this Extension for signs that are covered under Paragraph **A.5.q.**

(3) The most we will pay for loss or damage under this Extension is $50,000.

Payments under this Coverage Extension are separate from the Limit(s) of Insurance shown in the Declarations for any other coverage.

(4) This insurance is excess over any other insurance under this policy covering such property.

w. Utility Services — Direct Damage

(1) You may extend the insurance that applies to Covered Property to apply to loss of or damage to Covered Property, other than "perishable stock", caused by the interruption in utility service to premises described in the Declarations. The interruption in utility service must result from direct physical loss or damage by a Covered Cause of Loss to the following property:

(a) Water Supply Services, meaning the following types of property supplying water to the described premises:

(i) Pumping stations; and

(ii) Water mains.

(b) Communication Supply Services, meaning property supplying communication services, including telephone, radio, microwave or television services to the described premises, such as:

(i) Communication transmission lines, including optic fiber transmission lines;

(ii) Coaxial cables; and

(iii) Microwave radio relays except satellites.

(c) Power Supply Services, meaning the following types of property supplying electricity, steam or gas to the described premises:

(i) Utility generating plants;

(ii) Switching stations;

(iii) Substations;

(iv) Transformers; and

(v) Transmission lines.

(2) The Utility Services exclusion in **B.1.e.** of the Causes Of Loss — Special Form does not apply to this Utility Services — Direct Damage coverage.

(3) The provisions of this Coverage Extension are superseded if the Utility Services — Direct Damage

endorsement is attached to and made a part of this policy.

(4) The most we will pay for loss or damage under this Coverage Extension is $50,000 at each covered building, unless a higher limit is shown in the Declarations.

Payments under this Coverage Extension will not increase the applicable Limit of Insurance.

x. Valuable Papers And Records

(1) On Your Premises

(a) You may extend the insurance that applies to Business Personal Property at the premises described in the Declarations to apply to the cost to replace or restore the lost information on "valuable papers and records" for which duplicates do not exist.

(b) The following Exclusions in the Causes Of Loss — Special Form do not apply to this Valuable Papers And Records coverage:

(i) **B.1.b.** Earth Movement; **B.1.e.** Utility Services; **B.1.g.** Water; and

(ii) All **B.2.** Exclusions except **B.2.b.** Consequential Loss; **B.2.d.(1)** Wear And Tear; **B.2.e.** Steam Apparatus; **B.2.g.** Dishonesty; **B.2.h.** False Pretense; **B.2.j.** Collapse; and **B.2.k.** Pollution.

(c) The following additional Exclusion applies to this Valuable Papers And Records coverage:

We will not pay for loss or damage caused by or resulting from electrical or magnetic injury, disturbance or erasure of electronic recordings.

But we will pay for direct loss or damage caused by lightning.

(d) We will also pay for the cost of blank material for reproducing the records (whether or not duplicates exist), and (when there is a duplicate) for the cost of labor to transcribe or copy the records. The costs of blank material and labor are subject to the applicable Limit of Insurance on Business Personal Property and therefore coverage of such costs in not additional insurance.

(e) The most we will pay under this Coverage Extension to replace or restore the lost information is $250,000 per premises, unless a higher limit is shown in the Declarations.

(2) Away From Your Premises

(a) Subject to Paragraphs **(b)** through **(d),** we will pay up to $25,000 per occurrence to apply to the cost to replace or restore the lost information on "valuable papers and records" for which duplicates do not exist, while they are away from premises described in the Declarations.

(b) This coverage while away from described premises is not increased by the Flex Additional Coverage — Blanket Limit Of Insurance.

Payments under this Coverage Extension are separate from the Limit(s) of Insurance shown in the Declarations for any other coverage.

If Valuable Papers And Records coverage is provided for any premises under the Inland Marine Coverage Part of this policy, that coverage replaces the Valuable Papers And Records coverage provided by this Coverage Extension as respects that premises. The provisions of this Coverage Extension would apply to all other premises, including Away From Your Premises coverage, except for the location that is covered for Valuable Papers And Records under the Inland Marine Coverage Part.

v. Worldwide Personal Property

(1) You may extend the insurance that applies to Business Personal Property to apply to property while it is:

(a) in the course of transit; or

(b) at a premises

located in any part of the world other than the United States of America (including its territories and

possessions), Puerto Rico or Canada.

(2) There is no coverage under this Extension for:

(a) "stock" other than sales representatives' samples;

(b) "money"; or

(c) "securities" other than airline tickets.

(3) We will not pay for loss or damage caused by or resulting from "theft" to property that is voluntarily released to the care, custody or control of anyone else including property released as checked baggage.

(4) The most we will pay for under this Coverage Extension is $10,000 per occurrence.

Payments under this Coverage Extension are separate from the Limit(s) of Insurance shown in the Declarations for any other coverage.

If a loss is covered by both a specific coverage form on this policy and a Coverage Extension, the coverage provisions of the specific coverage form apply to the loss.

6. Flex Additional Coverage — Blanket Limit Of Insurance

a. In the event that covered loss or damage exceeds the specific Limits of Insurance provided in the Coverage Extensions described in **6.b.** plus the applicable deductible, we will pay up to $250,000 to apply in any one occurrence caused by a Covered Cause of Loss only while at a premises described in the Declarations.

You may apportion this Limit among these coverages as you choose.

Payments under the Flex Additional Coverage — Blanket Limit Of Insurance are separate from the Limit(s) of Insurance shown in the Declarations for any other coverage, and will apply in excess of the specific Coverage Extension limits of insurance plus any deductible applying to them.

b. The Coverages Extensions applicable to this Flex Additional Coverage — Blanket Limit Of Insurance include:

(1) Coverage Extension **A.5.a. Accounts Receivable**

(2) Coverage Extension **A.5.b. Brands And Labels**

(3) Coverage Extension **A.5.n. Non-owned Detached Trailers**

(4) Coverage Extension **A.5.p. Personal Effects**

(5) Coverage Extension **A.5.x. Valuable Papers And Records**

c. The Away From Your Premises coverage for Coverage Extensions **A.5.a.(2) Accounts Receivable** and **A.5.x.(2) Valuable Papers And Records** do not apply to this Flex Additional Coverage — Blanket Limit Of Insurance.

B. Exclusions And Limitations

See applicable Causes Of Loss Form(s) as shown in the Declarations.

C. Limits Of Insurance

1. The most we will pay for loss or damage in any one occurrence is the applicable Limit of Insurance shown in the Declarations, plus additional limit(s) provided by the Additional Coverages, Coverage Extensions, and the Flex Additional Coverage — Blanket Limit Of Insurance, other than those outlined in Paragraph **C.5.**

2. Building Limit — Annual Adjustment: We will adjust the Limit of Insurance for Buildings on each anniversary and/or the renewal of the policy. The amount of the adjustment will be the percent of increase or decrease as that which has occurred during the preceding policy year in the cost-of-construction factor, as reported in the publication of a recognized independent appraisal company.

3. Business Personal Property — Annual Adjustment: We will adjust the Limit of Insurance for Business Personal Property on each anniversary and/or renewal of the policy. The amount of the adjustment will be based on inflation and the economic factors for the preceding year.

4. Except as noted in Paragraph **C.5.,** the limits applicable to the Additional Coverages and Coverage Extensions are separate from the Limit(s) of Insurance shown in the Declarations for any other coverages.

5. Payments under the following Additional Coverages and Coverage Extensions will not increase the applicable Limits of Insurance:

a. Additional Coverage **A.4.m. Ordinance Or Law — Coverage A**

b. Additional Coverage **A.4.o. Preservation Of Property**

c. Coverage Extension **A.5.b. Brands And Labels**

d. Coverage Extension **A.5.c. Consequential Damage To Pairs Or Sets**

e. Coverage Extension **A.5.d. Deferred Payments**

f. Coverage Extension **A.5.i. Inventory, Appraisals And Other Claims Expenses**

g. Coverage Extension **A.5.r. Spoilage Due To Power Outage, Mechanical Breakdown, Or Contamination — Direct Damage**

h. Coverage Extension **A.5.t. Utility Service — Direct Damage**

D. Deductible

In any one occurrence of loss or damage (hereinafter referred to as loss), if the adjusted amount of loss is less than or equal to the Deductible, we will not pay for that loss. If the adjusted amount of loss exceeds the Deductible, we will then subtract the Deductible from the adjusted amount of loss, and will pay the resulting amount or the Limit of Insurance, whichever is less.

When the occurrence involves loss to more than one item of Covered Property and separate Limits of Insurance apply, the losses will not be combined in determining application of the Deductible. But the Deductible will be applied only once per occurrence.

EXAMPLE #1:

Deductible:	$	1,000
Limit of Insurance — Building #1:	$	60,000
Limit of Insurance — Building #2:	$	80,000
Loss to Building #1:	$	60,100
Loss to Building #2:	$	90,000

The amount of loss to Building #1 ($60,100) is less than the sum ($61,000) of the Limit of Insurance applicable to Building #1 plus the Deductible.

The Deductible will be subtracted from the amount of loss in calculating the loss payable for Building #1:

$ 60,100	
-$ 1,000	
$ 59,100	Loss Payable — Building #1

The Deductible applies once per occurrence and therefore is not subtracted in determining the amount of loss payable for Building #2. Loss payable for Building #2 is the Limit of Insurance of $80,000.

Total amount of loss payable: $59,100 + $80,000 = $139,100

EXAMPLE #2:

The Deductible and Limits of Insurance are the same as those in Example #1.

Loss to Building #1: (exceeds Limit of Insurance plus Deductible)	$	70,000
Loss to Building #2: (exceeds Limit of Insurance plus Deductible)	$	90,000
Loss Payable — Building #1: (Limit of Insurance)	$	60,000
Loss Payable — Building #2: (Limit of Insurance)	$	80,000
Total amount of loss payable:	$	140,000

No deductible applies to the following:

a. Additional Coverage **A.4.a. Arson, Vandalism Or Theft Reward**

b. Additional Coverage **A.4.b. Business Income And Extra Expense**

c. Additional Coverage **A.4.c. Computer Fraud**

d. Additional Coverage **A.4.f. Employee Theft**

e. Additional Coverage **A.4.g. Fire Department Service Charge**

f. Additional Coverage **A.4.h. Fire Extinguisher Systems Recharge**

g. Additional Coverage **A.4.i. Food Contamination Shutdown**

h. Additional Coverage **A.4.k. Hole-In-One**

i. Additional Coverage **A.4.l. Lock And Key Replacement**

j. Additional Coverage **A.4.m. Money And Securities**

k. Coverage Extension **A.5.a. Accounts Receivable**

E. Loss Conditions

The following conditions apply in addition to the Common Policy Conditions and the Commercial Property Conditions.

1. Abandonment

There can be no abandonment of any property to us.

2. Appraisal

If we and you disagree on the value of the property or the amount of loss, either may make written demand for an appraisal of the loss. In this event, each party will select a competent and impartial appraiser. The two appraisers will select an umpire. If they cannot agree, either may request that selection be made by a judge of a court having jurisdiction. The appraisers will state separately the value of the property and amount of loss. If they fail to agree, they will submit their differences to the umpire. A decision agreed to by any two will be binding. Each party will:

a. Pay its chosen appraiser; and

b. Bear the other expenses of the appraisal and umpire equally.

If there is an appraisal, we will still retain our right to deny the claim.

3. Duties In the Event Of Loss Or Damage

a. You must see that the following are done in the event of loss or damage to Covered Property:

(1) Notify the police if a law may have been broken.

(2) Give us prompt notice of the loss or damage. Include a description of the property involved.

(3) As soon as possible, give us a description of how, when and where the loss or damage occurred.

(4) Take all reasonable steps to protect the Covered Property from further damage, and keep a record of your expenses necessary to protect the Covered Property, for consideration in the settlement of the claim. This will not increase the Limit of Insurance. However, we will not pay for any subsequent loss or damage resulting from a cause of loss that is not a Covered Cause of Loss. Also, if feasible, set the damaged property aside and in the best possible order for examination.

(5) At our request, give us complete inventories of the damaged and undamaged property. Include quantities, costs, values and amount of loss claimed.

(6) As often as may be reasonably required, permit us to inspect the property proving the loss or damage and examine your books and records.

Also permit us to take samples of damaged and undamaged property for inspection, testing and analysis, and permit us to make copies from your books and records.

(7) Send us a signed, sworn proof of loss containing the information we request to investigate the claim. You must do this within 60 days after our request. We will supply you with the necessary forms.

(8) Cooperate with us in the investigation or settlement of the claim.

b. We may examine any insured under oath, while not in the presence of any other insured and at such times as may be reasonably required, about any matter relating to this insurance or the claim, including an insured's books and records. In the event of an examination, an insured's answers must be signed.

4. Loss Payment

a. In the event of loss or damage covered by this Coverage Form, at our option, we will either:

(1) Pay the value of lost or damaged property;

(2) Pay the cost of repairing or replacing the lost or damaged property, subject to **b.** below;

(3) Take all or any part of the property at an agreed or appraised value; or

(4) Repair, rebuild or replace the property with other property of like kind and quality, subject to **b.** below.

We will determine the value of lost or damaged property, or the cost of its repair or replacement, in accordance with the applicable terms of the Valuation Condition in this Coverage Form or any applicable provision which amends or supersedes the Valuation Condition.

b. The cost to repair, rebuild or replace does not include the increased cost attributable to enforcement of any ordinance or law regulating the construction, use or repair of any property.

c. We will give notice of our intentions within 30 days after we receive the sworn proof of loss.

d. We will not pay you more than your financial interest in the Covered Property.

e. We may adjust losses with the owners of lost or damaged property if other than you. If we pay the owners, such payments will satisfy your claims against us for the owners' property. We will not pay the owners more than their financial interest in the Covered Property.

f. We may elect to defend you against suits arising from claims of owners of property. We will do this at our expense.

g. We will pay for covered loss or damage within 30 days after we receive the sworn proof of loss, if you have complied with all of the terms of this Coverage Part and:

(1) We have reached agreement with you on the amount of loss; or

(2) An appraisal award has been made.

h. A party wall is a wall that separates and is common to adjoining buildings that are owned by different parties. In settling covered losses involving a party wall, we will pay a proportion of the loss to the party wall based on your interest in the wall in proportion to the interest of the owner of the adjoining building. However, if you elect to repair or replace your building and the owner of the adjoining building elects not to repair or replace that building, we will pay you the full value of the loss to the party wall, subject to all applicable policy provisions including Limits of Insurance, the Valuation Condition and all other provisions of this Loss Payment Condition. Our payment under the provisions of this paragraph does not alter any right of subrogation we may have against any entity, including the owner or insurer of the adjoining building, and does not alter the terms of the Transfer Of Rights Of Recovery Against Others To Us Condition in this policy.

5. Recovered Property

If either you or we recover any property after loss settlement, that party must give the other prompt notice. At your option, the property will be returned to you. You must then return to us the amount we paid to you for the property. We will pay recovery expenses and the expenses to repair the recovered property, subject to the Limit of Insurance.

6. Vacancy

a. Description of Terms

(1) As used in this Vacancy Condition, the term building and the term vacant have the meanings set forth in **(1)(a)** and **(1)(b)** below:

(a) When this policy is issued to a tenant, and with respect to that tenant's interest in Covered Property, building means the unit or suite rented or leased to the tenant. Such building is vacant when it does not contain enough business personal property to conduct customary operations.

(b) When this policy is issued to the owner or general lessee of a building, building means the entire building. Such building is vacant unless at least 31% of its total square footage is:

(i) Rented to a lessee or sub-lessee and used by the lessee or sub-lessee to conduct its customary operations; and/or

(ii) Used by the building owner to conduct customary operations.

(2) Buildings under construction or renovation are not considered vacant.

b. Vacancy Provisions

If the building where loss or damage occurs has been vacant for more than 60 consecutive days before that loss or damage occurs:

(1) We will not pay for any loss or damage caused by any of the following even if they are Covered Causes of Loss:

(a) Fire caused by acts of vandalism;

(b) Vandalism, including fire caused by acts of vandalism;

(c) Sprinkler leakage, unless you have protected the system against freezing;

(d) Building glass breakage;

(e) Water damage;

(f) "Theft"; or

(g) Attempted "theft".

(2) With respect to Covered Causes of Loss other than those listed in **b.(1)(a)** through **b.(1)(g)** above, we will reduce the amount we would

otherwise pay for the loss or damage by 15%.

7. Valuation

a. We will determine the value of Covered Property in the event of loss or damage at replacement cost (without deduction for depreciation) of the time of loss or damage, except as provided in **c.** through **f.** below.

b. We will not pay more for loss or damage on a replacement cost basis than the least of **(1), (2)** or **(3),** subject to **c.** below:

(1) The Limit of Insurance applicable to the lost or damaged property;

(2) The cost to replace the lost or damaged property with other property:

(a) Of comparable material and quality; and

(b) Used for the same purpose; or

(3) The amount actually spent that is necessary to repair or replace the lost or damaged property.

If a building is rebuilt at a new premises, the cost described in **b.(2)** above is limited to the cost which would have been incurred if the building had been rebuilt at the original premises.

c. The cost of repair or replacement does not include the increased cost attributable to enforcement of any ordinance or law regulating the construction, use or repair of any property.

d. You may make a claim for loss or damage covered by this insurance on an "actual cash value" basis instead of on a replacement cost basis. In the event you elect to have loss or damage settled on an "actual cash value" basis, you may still make a claim for the additional coverage on a replacement cost basis if you notify us of your intent to do so within 180 days after the loss or damage.

e. With respect to replacement cost on the personal property of others, the following limitation applies:

If an item(s) of personal property of others is subject to a written contract which governs your liability for loss or damage to that item(s), then valuation of that item(s) will be based on the amount for which you are liable under such contract, but not to exceed the lesser of the replacement cost of the property or the applicable Limit of Insurance.

f. The following types of property are valued as follows:

(1) Contents of a residence at "actual cash value".

(2) Subject to the exceptions in Paragraphs **(a)** and **(b)** below, "stock" at "actual cash value", unless Replacement Cost is shown in the Declarations as Including "Stock".

The following types of "stock" are valued as follows:

(a) "Stock" you have sold but not delivered at the selling price less discounts and expenses you otherwise would have had.

(b) Used or second-hand merchandise held in storage or for sale at "actual cash value".

(c) Bottled wine at the price it could have been sold for at the time and place of loss or damage, if no loss or damage occurred.

(3) "Fine arts" at market value at the time of loss.

(4) "Money" up to and including its face value.

(5) "Securities" up to and including their value at the close of business on the day the loss occurred. We may, at our option:

(a) Pay the market value of such "securities" or replace them in kind, in which event you must assign to us all your rights, title and interest in and to those "securities"; or

(b) Pay the cost of any Lost Securities Bond required in connection with issuing duplicates of the "securities". However, we will be liable only for the payment of so much of the cost of the bond as would be charged for a bond having a penalty not exceeding the lesser of the:

(i) market value of the "securities" at the close of business on the day the loss was discovered; or

(ii) Limit of Insurance applicable to the "securities".

(6) Electronic data processing "hardware":

(a) That is replaced — at the cost of replacing the "hardware" with new equipment that is functionally comparable to the "hardware" that is being replaced;

(b) That is not repaired or replaced — at "actual cash value";

(c) In no event will we pay more than the reasonable cost of restoring partially damaged "hardware" to its condition directly prior to the damage.

(7) Electronic data processing "software":

(a) "Programs and applications"

(i) At the cost to reinstall the "programs or applications" from the licensed discs that were originally used to install the programs or applications.

(ii) If the original licensed discs are lost, damaged, or can no longer be obtained, the value of "programs and applications" will be based on the cost of the most current version of the "programs or applications".

(b) "Proprietary programs":

(i) At the cost of reproduction from duplicate copies. The cost of reproduction includes, but is not limited to, the cost of labor to copy or transcribe from duplicate copies.

(ii) If duplicate copies do not exist, at the cost of research or other expenses necessary to reproduce, replace, or restore loss "proprietary programs".

(c) "Electronic data":

(i) At the cost of reproduction from duplicate copies. The cost of reproduction includes, but is not limited to, the cost of labor to copy or transcribe from duplicate copies.

(ii) If duplicate copies do not exist, at the cost of research or other expenses necessary to reproduce, replace, or restore lost files, documents, and records.

(d) "Media" at the cost to repair or replace the "media" with material of the same kind or quality.

(8) Glass at the cost of replacement with safety-glazing material if required by law.

(9) Tenant's Improvements and Betterments at:

(a) Replacement Cost of the lost or damaged property if you make repairs promptly.

(b) A proportion of your original cost if you do not make repairs promptly. We will determine the proportionate value as follows:

(i) Multiply the original cost by the number of days from the loss or damage to the expiration of the lease; and

(ii) Divide the amount determined in (i) above by the number of days from the installation of improvements to the expiration of the lease.

If your lease contains a renewal option, the expiration of the renewal option period will replace the expiration of the lease in this procedure.

(c) Nothing if others pay for repairs or replacement.

F. Additional Condition — Mortgageholders

The following condition applies in addition to the Common Policy Conditions and the Commercial Property Conditions.

1. The term mortgageholder includes trustee.

2. We will pay for covered loss of or damage to buildings or structures to each mortgageholder shown in the Declarations in their order of precedence, as interests may appear.

3. The mortgageholder has the right to receive loss payment even if the mortgageholder has started foreclosure or similar action on the building or structure.

4. If we deny your claim because of your acts or because you have failed to comply with the terms of this Coverage Part, the mortgageholder will still have the right to receive loss payment if the mortgageholder:

   a. Pays any premium due under this Coverage Part at our request if you have failed to do so;

   b. Submits a signed, sworn proof of loss within 60 days after receiving notice from us of your failure to do so; and

   c. Has notified us of any change in ownership, occupancy or substantial change in risk known to the mortgageholder.

   All of the terms of this Coverage Part will then apply directly to the mortgageholder.

5. If we pay the mortgageholder for any loss or damage and deny payment to you because of your acts or because you have failed to comply with the terms of this Coverage Part:

   a. The mortgageholder's rights under the mortgage will be transferred to us to the extent of the amount we pay; and

   b. The mortgageholder's right to recover the full amount of the mortgageholder's claim will not be impaired.

   At our option, we may pay to the mortgageholder the whole principal on the mortgage plus any accrued interest. In this event, your mortgage and note will be transferred to us and you will pay your remaining mortgage debt to us.

6. If we cancel this policy, we will give written notice to the mortgageholder at least:

   a. 10 days before the effective date of cancellation if we cancel for your nonpayment of premium; or

   b. 30 days before the effective date of cancellation if we cancel for any other reason.

7. If we elect not to renew this policy, we will give written notice to the mortgageholder at least 10 days before the expiration date of this policy.

G. Optional Coverage — Actual Cash Value

If shown as applicable in the Declarations, the Optional Coverage — Actual Cash Value applies separately to each item.

1. "Actual cash value" replaces Replacement Cost in the Valuation Loss Condition of this Coverage Form.

2. If the cost to repair or replace the damaged building property is $5,000 or less, we will pay the cost of building repairs or replacement.

   The cost of building repairs or replacement does not include the increased cost attributable to enforcement of any ordinance or law regulating the construction, use or repair of any property. However, the following property will be valued at the "actual cash value" even when attached to the building:

   a. Awnings or floor coverings;

   b. Appliances for refrigerating, ventilating, cooking, dishwashing or laundering; or

   c. Outdoor equipment or furniture.

H. Definitions

1. "Actual cash value" means:

   a. When the damage to property is economically repairable, "actual cash value" means the cost of repairing the damage with like kind and quality, less reasonable deduction for wear and tear, deterioration and obsolescence.

   b. When the loss or damage to property creates a total loss, "actual cash value" means the market value of the property in a condition equal to that of the destroyed property, if reasonably available on the used market.

   c. Otherwise, "actual cash value" shall mean the market value of new property of like kind and quality, less reasonable deductible for wear or tear, deterioration and obsolescence.

2. "Antique" means an object having value because its:

   a. craftsmanship is in the style or fashion of former times; and

   b. age is 100 years old or older.

3. "Banking premises" means the interior of that portion of any building occupied by a banking institution or similar safe depository.

4. "Contractors' equipment" means machinery, equipment, and tools of a mobile nature that you use in your contracting, installation, erection, repair, or moving operations or projects.

   "Contractors' equipment" also means:

   a. self-propelled vehicles designed and used primarily to carry mounted equipment; or

b. vehicles designed for highway use that are unlicensed and not operated on public roads.

5. "Electronic data" means information, facts or computer programs stored as or on, created or used on, or transmitted to or from computer software (including systems and applications software), on hard or floppy disks, CD-ROMs, tapes, drives, cells, data processing devices or any other repositories of computer software which are used with electronically controlled equipment. The term computer programs, referred to in the foregoing description of "electronic data", means a set of related electronic instructions which direct the operations and functions of a computer or device connected to it, which enable the computer or device to receive, process, store, retrieve or send data.

6. "Employee":

a. "Employee" means:

(1) Any natural person

(a) While in your service and for the first 30 days immediately after termination of service, unless such termination is due to "theft" or any dishonest act committed by the "employee";

(b) Who you compensate directly by salary, wages, or commissions; and

(c) Who you have the right to direct and control while performing services for you;

(2) Any natural person who is furnished temporarily to you:

(a) To substitute for a permanent "employee" as defined in Paragraph **(1),** who is on leave; or

(b) To meet seasonal or short-term work load conditions;

while that person is subject to your direction and control and performing services for you, excluding, however, any such person while having care and custody of property outside the "premises";

(3) Any natural person who is leased to you under a written agreement between you and a labor leasing firm, to perform duties related to the conduct of your business, but does not mean a temporary employee as defined in Paragraph **(2);**

(4) Any natural person who is:

(a) A trustee, officer, employee, administrator or manager, except an administrator or manager who is an independent contractor, of any "employee benefit plan"; and

(b) A director or trustee of yours while that person is engaged in handling "funds" or "other property" of any "employee benefit plan";

(5) Any natural person who is a former "employee", partner, "member", "manager", director or trustee retained as a consultant while performing services for you;

(6) Any natural person who is a guest student or intern pursuing studies or duties, excluding, however, any such person while having care and custody of property outside the "premises";

(7) Any "employee" of an entity merged or consolidated with you prior to the effective date of this policy; or

(8) Any of your "managers", directors or trustees while:

(a) Performing acts within the scope of the usual duties of an "employee"; or

(b) Acting as a member of any committee duly elected or appointed by resolution of your board of directors or board of trustees to perform specific, as distinguished from general, directorial acts on your behalf.

b. "Employee" does not mean any agent, broker, factor, commission merchant, consignee, independent contractor or representative of the same general character not specified in Paragraph **6.a.**

7. "Employee benefit plan" means any welfare or pension benefit plan shown in the Declarations that you sponsor and which is subject to the Employee Retirement Income Security Act of 1974 (ERISA) and any amendments thereto.

8. "Fine arts" means paintings; etchings; pictures; tapestries; rare or art glass; art glass windows; valuable rugs; statuary; sculptures; "antique" furniture; bric-a-brac; porcelains;

and similar property of rarity, historical value, or artistic merit.

"Fine arts" does not mean "valuable papers and records".

9. "Forgery" means the signing of the name of another person or organization with intent to deceive; it does not mean a signature which consists in whole or in part of one's own name signed with or without authority, in any capacity, for any purpose.

10. "Funds" means "money" and "securities".

11. "Fungus" means any type or form of fungus, including mold or mildew, and any mycotoxins, spores, scents or by-products produced or released by fungi.

12. "Hardware" means a network of electronic machine components (microprocessors) capable of accepting instructions and information, processing the information according to the instructions, and producing desired results.

a. "Hardware" includes but is not limited to:

(1) mainframe and mid-range computers and network servers;

(2) personal computers and workstations;

(3) laptops, palmtops, notebook PCs, other portable computer devices and accessories including, but not limited to, multimedia projectors; and

(4) peripheral data processing equipment, including but not limited to, printers, keyboards, monitors, and modems.

b. "Hardware" does not include "software".

13. "Manager" means a person serving in a directorial capacity for a limited liability company.

14. "Media" means processing, recording, or storage media used with "hardware". This includes but is not limited to films, tapes, cards, discs, drums, cartridges, cells, or flashdrives.

15. "Member" means an owner of a limited liability company represented by its membership interest, who also may serve as a "manager".

16. "Messenger" means you, or a relative of yours, or any of your partners or "members", or any "employee" while having care and custody of property outside the "premises".

17. "Money" means:

a. Currency, coins and bank notes in current use and having a face value; and

b. Travelers checks, register checks and money orders held for sale to the public.

18. "Operations" means the type of your business activities occurring at the described premises.

19. "Other property" means any tangible property other than "money" or "securities" that has intrinsic value.

"Other property" does not include computer programs, electronic data or any property specifically excluded under this insurance.

20. "Period of Restoration" means the period of time that:

a. Begins:

(1) 72 hours after the time of direct physical loss or damage for Business Income coverage; or

(2) Immediately after the time of direct physical loss or damage for Extra Expense coverage;

caused by or resulting from any Covered Cause of Loss at the described premises; and

b. Ends on the earlier of:

(1) The date when the property at the described premises should be repaired, rebuilt or replaced with reasonable speed and similar quality; or

(2) The date when business is resumed at a new permanent location.

"Period of restoration" does not include any increased period required due to the enforcement of any ordinance or law that

(1) Regulates the construction, use or repair, or requires the tearing down of any property; or

(2) Requires any insured or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of "pollutants".

The expiration date of this policy will not cut short the "period of restoration".

21. "Perishable stock" means personal property maintained under controlled conditions for its preservation and susceptible to loss or damage if the controlled conditions change.

22. "Pollutants" means any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste. Waste includes materials to be recycled, reconditioned or reclaimed.

23. "Premises" means the interior of that portion of any building you occupy in conducting your business. This definition applies whenever this term appears in quotation marks in this coverage form.

24. "Programs and applications" means operating programs and applications that you purchase and that are:

a. stored on "media"; or

b. pre-installed and stored in "hardware".

25. "Proprietary programs" means proprietary applications or programs that are developed in-house or that you had developed specifically for you and that are:

a. stored on "media"; or

b. installed and stored in "hardware".

26. "Securities" means negotiable and nonnegotiable instruments or contracts representing either "money" or other property and includes:

a. Tokens, tickets, revenue and other stamps (whether represented by actual stamps or unused value in a meter) in current use; and

b. Evidences of debt issued in connection with credit or charge cards, which cards are not issued by you;

but does not include "money".

27. "Software" means "media", "electronic data", "programs and applications", and "proprietary programs".

28. "Stock" means merchandise held in storage or for sale, raw materials and in-process or finished goods, including supplies used in their packing or shipping.

29. "Theft" means the unlawful taking of property to the deprivation of the Insured.

30. "Valuable papers and records" means inscribed, printed or written documents, manuscripts or records, including abstracts, books, deeds, drawings, films, maps or mortgages.

But "valuable papers and records" does not mean "money" or "securities", converted data, programs or instructions used in your data processing operations, including the materials on which the data is recorded.

Safeco Optimum Property ™ BUILDING AND PERSONAL PROPERTY COVERAGE FORM

Various provisions in this policy restrict coverage. Read the entire policy carefully to determine rights, duties and what is and is not covered.

Throughout this policy the words "you" and "your" refer to the Named Insured shown in the Declarations. The words "we", "us" and "our" refer to the Company providing this insurance.

Other words and phrases that appear in quotation marks have special meaning. Refer to Section **H.** Definitions.

A. Coverage

We will pay for direct physical loss of or damage to Covered Property at the premises described in the Declarations caused by or resulting from any Covered Cause of Loss.

1. Covered Property

Covered Property, as used in this Coverage Part, means the type of property described in this section, **A.1.,** and limited in **A.2.,** Property Not Covered, if a Limit of Insurance is shown in the Declarations for that type of property.

a. Building, meaning the building or structure described in the Declarations, including:

(1) Foundations of buildings, structures, machinery or boilers;

(2) Underground pipes, flues or drains;

(3) Completed additions;

(4) Fixtures, including outdoor fixtures such as light poles;

(5) Permanently installed:

(a) Machinery and

(b) Equipment;

(6) Fences and signs, whether attached to the building or not;

(7) Antennas (including satellite dishes) and their lead-in wiring, masts or towers;

(8) Personal property owned by you that is used to maintain or service the building or structure or its premises, including:

(a) Fire-extinguishing equipment;

(b) Outdoor furniture;

(c) Floor coverings; and

(d) Appliances used for refrigerating, ventilating, cooking, dishwashing or laundering;

(9) If not covered by other insurance:

(a) Additions under construction, alterations and repairs to the building or structure;

(b) Materials, equipment, supplies and temporary structures, on or within 1,000 feet of the described premises, used for making additions, alterations or repairs to the building or structure.

b. Business Personal Property located in or on the building described in the Declarations or in the open (or in a vehicle) within 1,000 feet of the described premises.

Business Personal Property means:

(1) Your Business Personal Property owned by your business; and includes:

(a) Furniture and fixtures;

(b) Machinery and equipment;

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(c) "Stock";

(d) Patterns, dies, molds and forms;

(e) All other personal property owned by you and used in your business;

(f) Labor, materials or services furnished or arranged by you on personal property of others;

(g) Your use interest as tenant in improvements and betterments. Improvements and betterments are fixtures, alterations, installations or additions:

(i) Made a part of the building or structure you occupy but do not own; and

(ii) You acquired or made at your expense but cannot legally remove.

(2) Tools and equipment owned by your employees that are used in your business operations.

(3) Personal property owned by others that is in your care, custody or control (including leased property as provided in written lease agreements); and includes:

(a) Leased personal property which you have a contractual responsibility to insure;

(b) Building plate glass that you have a contractual responsibility to insure as a building tenant;

(c) All other personal property of others.

However, our payment for loss of or damage to personal property of others will only be for the account of the owner of the property.

2. Property Not Covered

Covered Property does not include:

a. Accounts, bills, currency, food stamps or other evidences of debt, "money", notes or "securities", except as provided under the Additional Coverage for Money and Securities. Lottery tickets held for sale are not "securities";

b. Animals, unless owned by others and boarded by you, or if owned by you, only as "stock" while inside of buildings;

c. Automobiles held for sale;

d. Bridges, roadways, walks, patios or other paved surfaces;

e. Contraband, or property in the course of illegal transportation or trade;

f. The cost of excavations, grading, backfilling or filling;

g. Land (including land on which the property is located), water, growing crops or lawns;

h. Personal effects owned by you, your officers, your partners or members, your managers or your employees, except as provided by the Coverage Extension for Personal Effects;

i. Personal property while airborne or waterborne, except as provided under the Coverage Extension for Property In Transit;

j. Bulkheads, pilings, piers, wharves or docks;

k. Property that is covered under another coverage form of this or any other policy in which it is more specifically described, except for the excess of the amount due (whether you can collect on it or not) from that other insurance;

l. Retaining walls that are not part of a building;

m. "Electronic data", except as provided by the Coverage Extension for Electronic Data Processing. This Paragraph, **m.** does not apply to your "stock" of prepackaged software;

n. The cost to replace or restore the information on "valuable papers and records", including those which exist as "electronic data", except as provided by the Coverage Extension for Valuable Papers And Records;

o. Vehicles or self-propelled machines (including aircraft or watercraft) that:

(1) Are licensed for use on public roads; or

(2) Are operated principally away from the described premises.

This paragraph does not apply to:

(a) Vehicles or self-propelled machines or autos you manufacture, process or warehouse;

(b) Vehicles or self-propelled machines, other than autos, you hold for sale;

(c) Rowboats or canoes out of water at the described premises; or

(d) Trailers, but only to the extent provided for in the Coverage Extension for Non-owned Detached Trailers;

p. The following property while outside of buildings:

(1) Grain, hay, straw or other crops;

(2) Trees, shrubs, plants, sod or lawns (other than "stock" of trees, shrubs, plants or sod), except as provided in the Coverage Extension for Outdoor Trees, Shrubs, Plants, Sod and Lawns.

3. Covered Causes Of Loss

See applicable Causes Of Loss Form(s) as shown in the Declarations.

4. Additional Coverages

a. Arson, Vandalism or Theft Reward

We will pay a reward for information which leads to an arson, vandalism or "theft" conviction involving a covered loss at a premises described in the Declarations.

The most we will pay for this Additional Coverage is $50,000 or 25% of the amount that we pay for direct physical loss or damage to the Covered Property that has sustained loss or damage by arson, vandalism or "theft", whichever is less. This limit applies per occurrence regardless of the number of persons providing this information. No deductible applies to this Additional Coverage.

Payments under this Additional Coverage are separate from the Limit(s) of Insurance shown in the Declarations for any other coverage.

b. Computer Fraud

(1) We will pay for loss or damage to "money", "securities" and "other property" resulting directly from the use of any computer to fraudulently cause a transfer of that property from inside the "premises" or "banking premises":

(a) To a person (other than a "messenger") outside those "premises"; or

(b) To a place outside those "premises".

(2) This Additional Coverage does not cover:

(a) Loss resulting from any dishonest or criminal act committed by you, your partners, your "members", your "employees", "managers", directors, trustees or authorized representatives:

(i) Whether acting alone or in collusion with other persons; or

(ii) While performing services for you or otherwise.

(b) Loss, or that part of any loss, the proof of which as to its existence or amount is dependent upon an inventory computation or a profit and loss computation.

(c) Loss resulting from:

(i) The unauthorized disclosure of your confidential information including, but not limited to, patents, trade secrets, processing methods or customer lists; or

(ii) The unauthorized use or disclosure of confidential information of another person or entity which is held by you including, but not limited to, financial information, personal information, credit card information or similar non-public information.

(3) If you have reason to believe that any loss involves a violation of law, you must notify the local law enforcement authorities.

(4) Under this Additional Coverage, "occurrence" means:

(a) An individual act or event;

(b) The combined total of all separate acts or events whether or not related; or

(c) A series of acts or events whether or not related;

committed by a person acting alone or in collusion with other persons, or not committed by any person, during the policy period shown in the Declarations.

(5) Unless a higher limit is shown in the Declarations, the most we will pay for all loss under this Additional Coverage is $50,000 in any one "occurrence", regardless of the number of persons involved in committing the fraud.

Unless a higher limit is shown in the Declarations, the most we will pay in any one policy period regardless of the number of "occurrences" or persons involved in committing the fraud is $100,000. With respect to an occurrence which begins in one policy year and continues or results in additional loss or damage in a subsequent policy year(s), all loss or damage is deemed to be sustained in the policy year in which the occurrence began.

No deductible applies to this Additional Coverage.

Payments under this Additional Coverage are separate from the Limit(s) of Insurance shown in the Declarations for any other coverage.

(6) If Computer Fraud coverage is provided under the Crime Coverage Part of this policy, that coverage replaces the Computer Fraud coverage provided by this Additional Coverage. The provisions of this Additional Coverage would no longer apply.

c. Contract Penalty

(1) We will pay for penalties contained within a written contract purchase or sales agreement with a customer or vendor that you are required to pay because you are unable to complete a project, fill an order, or complete a purchase in accordance with contract terms or conditions. Your inability to complete a project, fill an order, or complete a purchase on time must be a direct result of physical loss of or damage to covered property caused by a Covered Cause of Loss at a covered premises in the policy period.

(2) The most we will pay for this Additional Coverage is $50,000 in any one policy period regardless of the number of contracts or penalties.

Payments under this Additional Coverage are separate from the Limit(s) of Insurance shown in the Declarations for any other coverage.

d. Debris Removal

(1) Subject to Paragraphs **(3)** and **(4),** we will pay your expense to remove debris of Covered Property caused by or resulting from a Covered Cause of Loss that occurs during the policy period. The expenses will be paid only if they are reported to us in writing within 180 days of the date of direct physical loss or damage.

(2) Debris Removal does not apply to costs to:

(a) Extract "pollutants" from land or water;

(b) Remove, restore or replace polluted land or water; or

(c) Remove debris of outdoor trees, shrubs, plants, sod or lawns except to remove such debris from covered buildings or personal property, or as is provided under the Coverage Extension for Outdoor Trees, Shrubs, Plants, Sod And Lawns.

(3) Subject to the exceptions in Paragraph **(4),** the following provisions apply:

(a) The most we will pay for the total of direct physical loss or damage plus debris removal expense is the Limit of Insurance applicable to the Covered Property that has sustained loss or damage.

(b) Subject to **(a)** above, the amount we will pay for debris removal expense is limited to 25% of the sum of the deductible plus the amount that we pay for direct physical loss or damage to the Covered

Property that has sustained loss or damage.

(4) We will pay up to an additional $50,000 for debris removal expense, for each premises described in the Declarations, in any one occurrence of physical loss or damage to Covered Property, if one or both of the following circumstances apply:

(a) The total of the actual debris removal expense plus the amount we pay for direct physical loss or damage exceeds the Limit of Insurance on the Covered Property that has sustained loss or damage.

(b) The actual debris removal expense exceeds 25% of the sum of the deductible plus the amount that we pay for direct physical loss or damage to the Covered Property that has sustained loss or damage.

Therefore, if **(4)(a)** and/or **(4)(b)** apply, our total payment for direct physical loss or damage and debris removal expense may reach but will never exceed the Limit of Insurance on the Covered Property that has sustained loss or damage, plus $50,000.

(5) Examples

EXAMPLE #1

Limit of Insurance	$ 90,000
Amount of Deductible	$ 1,000
Amount of Loss	$ 50,000
Amount of Loss Payable	$ 49,000
($50,000	- $1,000)
Debris Removal Expense	$ 10,000
Debris Removal Expense Payable	$ 10,000

($10,000 is 20% of $50,000)

The debris removal expense is less than 25% of the sum of the loss payable plus the deductible. The sum of the loss payable and the debris removal expense ($49,000 + $10,000 = $59,000) is less than the Limit of Insurance. Therefore the full amount of debris removal expense is payable in accordance with the terms of Paragraph **(3).**

EXAMPLE #2

Limit of Insurance	$ 90,000
Amount of Deductible	$ 1,000
Amount of Loss	$ 80,000
Amount of Loss Payable	$ 79,000
($80,000	- $1,000)
Debris Removal Expense	$ 64,000
Debris Removal Expense Payable	
Basic Amount	$ 11,000
Additional Amount	$ 50,000

The basic amount payable for debris removal expense under the terms of Paragraph **(3)** is calculated as follows: $80,000 ($79,000 + $1,000) x .25 = $20,000; capped at $11,000. The cap applies because the sum of the loss payable ($79,000) and the basic amount payable for debris removal expense ($11,000) cannot exceed the Limit of Insurance ($90,000).

The additional amount payable for debris removal expense is provided in accordance with the terms of Paragraph **(4),** because the debris removal expense ($64,000) exceeds 25% of the loss payable plus the deductible ($64,000 is 80% of $80,000), and because the sum of the loss payable and debris removal expense ($79,000 + $64,000 = $143,000) would exceed the Limit of Insurance ($90,000). The additional amount of covered debris removal expense is $50,000, the maximum payable under Paragraph **(4).** Thus the total payable for debris removal expense in this example is $61,000; $3,000 of the debris removal expense is not covered.

e. Employee Theft

(1) We will pay for direct loss of or damage to "money", "securities" and "other property" resulting directly from "theft" committed by an "employee", whether identified or not, acting alone or in collusion with other persons.

For the purposes of this Additional Coverage, "theft" shall also include "forgery".

(2) We will not pay for loss or damage:

(a) Resulting from "theft" or any other dishonest act that you or any of your partners or

"members" commit whether acting alone or in collusion with other persons.

(b) Resulting from:

(i) The unauthorized disclosure of your confidential information including, but not limited to, patents, trade secrets, processing methods or customer lists; or

(ii) The unauthorized use or disclosure of confidential information of another person or entity which is held by you including, but not limited to, financial information, personal information, credit card information or similar non-public information.

(c) The only proof of which as to its existence or amount is:

(i) An inventory computation; or

(ii) A profit and loss computation.

(3) Under this Additional Coverage, "occurrence" means:

(a) An individual act;

(b) The combined total of all separate acts whether or not related; or

(c) A series of acts whether or not related;

committed by an "employee" acting alone or in collusion with other persons, during the Policy Period shown in the Declarations.

(4) All loss or damage:

(a) Caused by one or more persons; or

(b) Involving a single act or series of acts;

is considered one occurrence.

(5) The property covered under this Additional Coverage is limited to property:

(a) That you own or lease; or

(b) That you hold for others whether or not you are legally liable for the loss of such property.

However, this Additional Coverage is for your benefit only. It provides no rights or benefits to any other person or organization. Any claim for loss that is covered under this policy must be presented by you.

(6) If any loss is covered:

(a) Partly by this insurance; and

(b) Partly by any prior canceled or terminated insurance that we or any affiliate had issued to you or any predecessor in interest;

the most we will pay is the larger of the amount recoverable under this insurance or the prior insurance.

We will pay only for loss or damage you sustain through acts committed or events occurring during the policy period. Regardless of the number of years this policy remains in force or the number of premiums paid, no Limit of Insurance cumulates from year to year or period to period.

(7) This Additional Coverage is canceled as to any "employee" immediately upon discovery by:

(a) You; or

(b) Any of your partners, "members", "managers", officers or directors not in collusion with the "employee";

of any dishonest act committed by that "employee" before or after being hired by you.

(8) We will pay only for covered loss or damage sustained during the policy period and discovered no later than one year from the end of the policy period.

(9) If you (or any predecessor in interest) sustained loss or damage during the policy period of any prior insurance that you could have recovered under that insurance except that the time within which to discover loss or damage had expired, we will pay for it under this Additional Coverage, provided:

(a) This Additional Coverage became effective at the time of

cancellation or termination of the prior insurance; and

(b) The loss or damage would have been covered by this Additional Coverage had it been in effect when the acts or events causing the loss or damage were committed or occurred.

(10) The insurance under Paragraph **(9)** above is part of, not in addition to, the Limit of Insurance applying to this Additional Coverage and is limited to the lesser of the amount recoverable under:

(a) This Additional Coverage as of its effective date; or

(b) The prior insurance had it remained in effect.

(11) Employee Benefit Plans

(a) "Employee benefit plans" (hereafter referred to as Plan) owned, controlled or operated by you and which you provide solely for the benefit of your "employees" are included as Insureds under this Additional Coverage.

(b) If any Plan is insured jointly with any other entity under this insurance, you or the Plan Administrator must select a Limit of Insurance for Employee Theft that is sufficient to provide a Limit of Insurance for each Plan that is at least equal to that required if each plan were separately insured.

(c) With respect to loss sustained by any such Plan, this Additional Coverage is replaced by the following:

We will pay for loss of or damage to "funds", and "other property" resulting directly from fraudulent or dishonest acts committed by an "employee", whether identified or not, acting alone or in collusion with other persons.

(d) If the first Named Insured is an entity other than a Plan, any payment we make for loss sustained by any Plan will be made to the Plan sustaining the loss.

(e) If two or more Plans are insured under this insurance, any payment we make for loss:

(i) Sustained by two or more Plans; or

(ii) Of commingled "funds" or "other property" of two or more Plans;

resulting directly from an occurrence will be made to each Plan sustaining loss in the proportion that the Limit of Insurance required for each Plan bears to the total Limit of Insurance of all Plans sustaining loss.

(f) The insurance under this Paragraph **(11)** is part of, not in addition to, the Limit of Insurance applying to this Employee Theft Additional Coverage.

(12) The most we will pay for loss or damage in any one "occurrence" is $50,000, unless a higher limit is shown in the Declarations. No deductible applies to this Additional Coverage.

Payments under this Additional Coverage are separate from the Limit(s) of Insurance shown in the Declarations for any other coverage.

(13) If Employee Dishonesty or Employee Theft coverage is provided under the Crime Coverage Part of this policy, that coverage replaces the Employee Theft coverage provided by this Additional Coverage. The provisions of this Additional Coverage would no longer apply.

f. Extra Expense

(1) We will pay the actual and necessary Extra Expense you sustain due to direct physical loss or damage to property at the premises described in the Declarations, including personal property in the open (or in a vehicle) within 1,000 feet, caused by or resulting from any Covered Cause of Loss. If you are a tenant, your premises is the portion of the building which you rent, lease or occupy, including:

(a) All routes within the building to gain access to the described premises; and

(b) Your personal property in the open (or in a vehicle) within 1,000 feet.

(2) Extra Expense means necessary expenses you incur during the "period of restoration" that you would not have incurred if there had been no direct physical loss or damage to property:

(a) To avoid or minimize the suspension of business and to continue "operations":

(i) At the described premises; or

(ii) At replacement premises or temporary locations, including:

(aa) Relocation expenses; and

(bb) Costs to equip and operate the replacement or temporary locations;

(b) To minimize the suspension of business if you cannot continue "operations", or

(c) **(i)** To repair or replace any property; or

(ii) To research, replace or restore the lost information on damaged "valuable papers and records", to the extent it reduces the amount of loss that otherwise would have been payable under this Additional Coverage.

(3) The most we will pay for loss or damage under this Additional Coverage is $10,000. No deductible applies to this Additional Coverage.

Payments under this Additional Coverage are separate from the Limit(s) of Insurance shown in the Declarations for any other coverage.

(4) If two or more of this policy's coverages apply to the same loss, we will not pay more than the actual amount of loss.

(5) The provisions of this Additional Coverage are superseded if Extra Expense coverage is provided by another form attached to and made a part of this policy.

g. Fire Department Service Charge

When the fire department is called to save or protect Covered Property from a Covered Cause of Loss, we will pay up to $50,000, unless a higher limit is shown in the Declarations, for your liability for fire department service charges:

(1) Assumed by contract or agreement prior to loss; or

(2) Required by local ordinance.

No deductible applies to this Additional Coverage.

Payments under this Additional Coverage are separate from the Limit(s) of Insurance shown in the Declarations for any other coverage.

h. Fire Extinguisher Systems Recharge

(1) We will pay the actual cost of recharging or replacing, whichever is less, your:

(a) Portable fire extinguishers; or

(b) Automatic fire suppression or extinguishing systems

if they are discharged to fight a fire at the premises described in the Declarations or at immediately adjacent premises which expose your property to loss.

(2) We will not pay for:

(a) Halon, or any other fire extinguishing agent that is no longer in production; or

(b) any costs resulting from the enforcement of any ordinance or law that regulates the recharging, repair or replacement of fire suppression or extinguishing systems or the extinguishing agent.

(3) The most we will pay under this Additional Coverage in any one occurrence is $50,000. No deductible applies to this Additional Coverage.

Payments under this Additional Coverage are separate from the Limit(s) of Insurance shown in the Declarations for any other coverage.

i. Forgery Or Alteration

(1) We will pay for loss resulting directly from "forgery" or alteration of

checks, drafts, promissory notes, or similar written promises, orders or directions to pay a sum certain in "money" that are:

(a) Made or drawn by or drawn upon you; or

(b) Made or drawn by one acting as your agent;

or that are purported to have been so made or drawn.

(2) If you are sued for refusing to pay any instrument covered in Paragraph **i.(1)** on the basis that it has been forged or altered, and you have our written consent to defend against the suit, we will pay for any reasonable legal expenses that you incur and pay in that defense.

(3) For the purposes of this Additional Coverage, a substitute check as defined in the Check Clearing for the 21st Century Act shall be treated the same as the original it replaced.

(4) We will not pay for loss caused by or resulting from dishonest or criminal acts committed by any of your "employees", directors or trustees:

(a) Whether acting alone or in collusion with other persons; or

(b) While performing services for you or otherwise.

(5) Under this Additional Coverage, "occurrence" means:

(a) An individual act;

(b) The combined total of all separate acts whether or not related; or

(c) A series of acts whether or not related;

committed by a person acting alone or in collusion with other persons, or not committed by any person, during the Policy Period shown in the Declarations.

(6) The most we will pay for loss in any one "occurrence" is $25,000, unless a higher limit is shown in the Declarations. This Additional Coverage is subject to a separate deductible of $1,000 in any one "occurrence". No other deductible applies.

Payments under this Additional Coverage are separate from the Limit(s) of Insurance shown in the Declarations for any other coverage.

(7) If Forgery Or Alteration coverage is provided under the Crime Coverage Part of this policy, that coverage replaces the Forgery Or Alteration coverage provided by this Additional Coverage. The provisions of this Additional Coverage would no longer apply.

j. Lock And Key Replacement

We will pay the cost for rekeying, repair or replacement, whichever is less, of exterior and interior door locks located at premises described in the Declarations if your door keys are stolen in a covered "theft" loss. For the purposes of this Additional Coverage, "theft" losses also include those acts of "theft" committed by "employees".

The most we will pay for loss in any one occurrence is $2,500. No deductible applies to this Additional Coverage.

Payments under this Additional Coverage are separate from the Limit(s) of Insurance shown in the Declarations for any other coverage.

k. Money And Securities

(1) We will pay for loss of your "money" and "securities" resulting directly from "theft", disappearance, or destruction:

(a) Inside the "premises" or "banking premises".

(b) Outside the "premises", which means outside the building you occupy in conducting your business:

(i) while in the care and custody of you, any of your partners or any "employees"; or

(ii) while in the care and custody of an armored motor vehicle company.

But we will pay only for the amount of loss that you cannot recover:

(aa) Under your contract with the armored vehicle company; and

(bb) From any insurance or indemnity carried by, or for the benefit of customers of, the armored motor vehicle company.

(2) Exclusions **B.1.c.,** Government Action; **B.1.d.,** Nuclear Hazard; **B.1.f.,** War And Military Action, and **B.2.k.** Pollution of the Causes Of Loss — Special Form apply to this Money And Securities coverage.

(3) The following additional Exclusions apply to this Money And Securities coverage:

(a) We will not pay for loss caused by or resulting from any of the following:

(i) Any dishonest or criminal act committed by any of your "employees", directors or trustees or authorized representatives:

(aa) Acting alone or in collusion with other persons; or

(bb) While performing services for you or otherwise.

(ii) Loss that is an indirect result of any act or occurrence covered by this insurance, including, but not limited to, loss resulting from:

(aa) Your inability to realize income that you would have realized had there been no loss of, or loss from damage to, "money" or "securities";

(bb) Payment of damages of any type for which you are legally liable; or

(cc) Payment of costs, fees or other expenses you incur in establishing the existence or the amount of loss under this Additional Coverage;

(iii) Expenses related to any legal action;

(iv) Accounting or arithmetical errors or omissions;

(v) Giving or surrendering of property in any exchange or purchase;

(vi) Voluntary parting of title to or possession of property resulting from your, or anyone acting on your express or implied authority, being induced by any dishonest act to voluntarily part with title to or possession of any property; or

(vii) Loss of property contained in any money operated device unless the amount of "money" deposited in it is recorded by a continuous recording instrument in the device.

(4) The following Additional Conditions apply:

(a) If you have reason to believe that any loss involves a violation of law, you must notify the local law enforcement authorities.

(b) You must keep records of all "money" and "securities" so we can verify the amount of any loss or damage.

(5) Under this Additional Coverage, "occurrence" means:

(a) An individual act or event;

(b) The combined total of all separate acts or events whether or not related; or

(c) A series of acts or events whether or not related;

committed by a person acting alone or in collusion with other persons, or not committed by any person, during the Policy Period shown in the Declarations.

(6) **(a)** The most we will pay for loss in any one "occurrence" inside the "premises" or "banking premises" is $25,000, unless a higher limit is shown in the Declarations.

(b) The most we will pay for loss in any one "occurrence" outside the "premises" is $25,000,

unless a higher limit is shown in the Declarations.

No deductible applies to this Additional Coverage.

Payments under this Additional Coverage are separate from the Limit(s) of Insurance shown in the Declarations for any other coverage.

(7) If Theft, Disappearance And Destruction coverage is provided under the Crime Coverage Part of this policy, that coverage replaces the Money And Securities coverage provided by this Additional Coverage. The provisions of this Additional Coverage would no longer apply.

l. Money Orders And Counterfeit Money

(1) We will pay for loss resulting directly from your having accepted in good faith, in exchange for merchandise, "money" or services:

(a) Money orders issued by any post office, express company or bank that are not paid upon presentation; or

(b) "Counterfeit money" that is acquired during the regular course of business.

(2) If you have reason to believe that any loss involves a violation of law, you must notify the local law enforcement authorities.

(3) Under this Additional Coverage

(a) "Counterfeit Money" means an imitation of "money" that is intended to deceive and to be taken as genuine.

(b) "Occurrence" means:

(i) An individual act or event;

(ii) The combined total of all separate acts or events whether or not related; or

(iii) A series of acts or events whether or not related;

committed by a person acting alone or in collusion with other persons, or not committed by any person, during the Policy Period shown in the Declarations.

(4) The most we will pay for all loss resulting directly from an "occurrence" is $5,000, unless a higher limit is shown in the Declarations. This Additional Coverage is subject to a separate deductible of $250 in any one "occurrence". No other deductible applies.

Payments under this Additional Coverage are separate from the Limit(s) of Insurance shown in the Declarations for any other coverage.

(5) If either Money Orders And Counterfeit Paper Currency or Money Orders And Counterfeit Money coverage is provided under the Crime Coverage Part of this policy, that coverage replaces the Money Orders And Counterfeit Money coverage provided by this Additional Coverage. The provisions of this Additional Coverage would no longer apply.

m. Ordinance Or Law

(1) Application of Coverage(s)

The Coverage(s) provided by this Additional Coverage apply only if both **(1)(a)** and **(1)(b)** are satisfied and are then subject to the qualifications set forth in **(1)(c).**

(a) The ordinance or law:

(i) Regulates the demolition, construction or repair of buildings, or establishes zoning or land use requirements at the described premises; and

(ii) Is in force at the time of loss.

But coverage under this Additional Coverage applies only in response to the minimum requirements of the ordinance or law. Losses and costs incurred in complying with recommended actions or standards that exceed actual requirements are not covered under this Additional Coverage.

(b) **(i)** The building sustains direct physical damage that is covered under this policy and such damage results in enforcement of the ordinance or law; or

(ii) The building sustains both direct physical damage that is covered under this policy and direct physical damage that is not covered under this policy, and the building damage in its entirety results in enforcement of the ordinance or law.

(iii) But if the building sustains direct physical damage that is not covered under this policy, and such damage is the subject of the ordinance or law, then there is no coverage under this Additional Coverage even if the building has also sustained covered direct physical damage.

(c) In the situation described in **(1)(b)(ii)** above, we will not pay the full amount of loss otherwise payable under the terms of Coverages **A, B,** and/or **C** of this Additional Coverage. Instead, we will pay a proportion of such loss; meaning the proportion that the covered direct physical damage bears to the total direct physical damage. (Section **(7)** of this Additional Coverage provides an example of this procedure.)

However, if the covered direct physical damage, alone, would have resulted in enforcement of the ordinance or law, then we will pay the full amount of loss otherwise payable under the terms of Coverages **A, B** and/or **C** of this Additional Coverage.

(2) We will not pay under Coverage **A, B** or **C** of this Additional Coverage for:

(a) Enforcement of any ordinance or law which requires the demolition, repair, replacement, reconstruction, remodeling or remediation of property due to contamination by "pollutants" or due to the presence, growth, proliferation, spread or any activity of "fungus", wet or dry rot or bacteria; or

(b) The costs associated with the enforcement of any ordinance or law which requires any insured or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of "pollutants", "fungus", wet or dry rot, or bacteria.

(3) Coverage

(a) Coverage A — Coverage For Loss To The Undamaged Portion Of The Building

With respect to the building that has sustained covered direct physical damage, we will pay under Coverage **A** for the loss in value of the undamaged portion of the building as a consequence of enforcement of an ordinance or law that requires demolition of undamaged parts of the same building.

Coverage **A** is included within the Limit of Insurance shown in the Declarations as applicable to the covered building. Coverage **A** does not increase the Limit of Insurance.

(b) Coverage B — Demolition Cost Coverage

With respect to the building that has sustained covered direct physical damage, we will pay the cost to demolish and clear the site of undamaged parts of the same building, as a consequence of enforcement of an ordinance or law that requires demolition of such undamaged property.

(c) Coverage C — Increased Cost Of Construction Coverage

(i) With respect to the building that has sustained covered direct physical damage, we will pay the increased cost to:

(aa) Repair or reconstruct damaged portions of that building; and/or

(bb) Reconstruct or remodel undamaged portions of that building, whether or not demolition is required;

when the increased cost is a consequence of enforcement of the minimum requirements of the ordinance or law.

(ii) However:

(aa) This coverage applies only if the restored or remodeled property is intended for similar occupancy as the current property, unless such occupancy is not permitted by zoning or land use ordinance or law.

(bb) We will not pay for the increased cost of construction if the building is not repaired, reconstructed or remodeled.

(iii) When a building is damaged or destroyed and Coverage **C** applies to that building in accordance with **(c)(i)** above, coverage for the increased cost of construction also applies to repair or reconstruction of the following, subject to the same conditions stated in **(c)(i):**

(aa) The cost of excavations, grading, backfilling and filling; and

(bb) Pilings.

The items listed in **(iii)(aa)** and **(iii)(bb)** above are deleted from Property Not Covered, but only with respect to the coverage described in this Provision, **(c)(iii).**

(4) Loss Payment

(a) Both of the following loss payment Provisions, **(4)(b)** and **(4)(c),** are subject to the apportionment procedures set forth in Section **(1)(c)** of this Additional Coverage.

(b) When there is a loss in value of an undamaged portion of a building to which Coverage **A** applies, the loss payment for that building, including damaged and undamaged portions, will be determined as follows:

(i) If Replacement Cost coverage applies and the property is being repaired or replaced, on the same or another premises, we will not pay more than the lesser of:

(aa) The amount you would actually spend to repair, rebuild or reconstruct the building, but not for more than the amount it would cost to restore the building on the same premises and to the same height, floor area, style and comparable quality of the original property insured; or

(bb) The Limit of Insurance shown in the Declarations as applicable to the covered building.

(ii) If Replacement Cost coverage applies and the property is not repaired or replaced, or if Replacement Cost coverage does not apply, we will not pay more than the lesser of:

(aa) The "actual cash value" of the building at the time of loss; or

(bb) The Limit of Insurance shown in the Declarations as applicable to the covered building.

(c) The most we will pay for the total of all covered losses for Coverage **B** — Demolition Cost and Coverage **C** — Increased Cost Of Construction combined is $200,000, unless a higher limit for Ordinance Or Law — Coverages **B** and **C** is shown in the Declarations.

Payments under Coverage **B** and/or **C** are separate from the Limit(s) of Insurance shown in the Declarations for any other coverage.

Subject to this combined Limit of Insurance, the following loss payment provisions apply:

(i) For Demolition Cost, we will not pay more than the amount you actually spend to demolish and clear the site of the described premises.

(ii) With respect to the Increased Cost Of Construction:

(aa) We will not pay for the increased cost of construction:

(1) Until the property is actually repaired or replaced, at the same or another premises; and

(2) Unless the repairs or replacement are made as soon as reasonably possible after the loss or damage, not to exceed two years. We may extend this period in writing during the two years.

(bb) If the building is repaired or replaced at the same premises, or if you elect to rebuild at another premises, the most we will pay for the increased cost of construction is the increased cost of construction at the same premises.

(cc) If the ordinance or law requires relocation to another premises, the most we will pay for the increased cost of construction is the increased cost of construction at the new premises.

(5) The terms of this Additional Coverage apply separately to each building.

(6) Under this Additional Coverage we will not pay for loss due to any ordinance or law that:

(a) You were required to comply with before the loss, even if the building was undamaged; and

(b) You failed to comply with.

(7) Example of Proportionate Loss Payment for Ordinance Or Law coverage losses (procedure as set forth in Section **(1)(c)** of this Additional Coverage.)

Assume:

- Wind is a Covered Cause of Loss; Flood is an excluded Cause of Loss
- The building has a value of $200,000
- Total direct physical damage to building: $100,000
- The ordinance or law in this jurisdiction is enforced when building damage equals or exceeds 50% of the building's value
- Portion of direct physical damage that is covered (caused by wind): $30,000
- Portion of direct physical damage that is not covered (caused by flood): $70,000
- Loss under Ordinance Or Law Coverage **C** of this endorsement: $60,000

Step 1:

Determine the proportion that the covered direct physical damage bears to the total direct physical damage.

$30,000 ÷ $100,000 = .30

Step 2:

Apply that proportion to the Ordinance or Law loss.

$60,000 x .30 = $18,000

In this example, the most we will pay under this Additional Coverage for the Coverage **C** loss is $18,000, subject to all the provisions of this Additional Coverage.

Note: The same procedure applies to losses under Coverages **A** and **B** of this Additional Coverage.

n. Pollutant Clean-up and Removal

We will pay your expense to extract "pollutants" from land or water at the described premises if the discharge, dispersal, seepage, migration, release or escape of the "pollutants" is caused by or results from a Covered Cause of Loss that occurs during the policy period. The expenses will be paid only if they are reported to us in writing within 180 days of the date on which the Covered Cause of Loss occurs.

This Additional Coverage does not apply to costs to test for, monitor or assess the existence, concentration or effects of "pollutants". But we will pay for testing which is performed in the course of extracting the "pollutants" from the land or water.

The most we will pay under this Additional Coverage for each described premises is $50,000 for the sum of all covered expenses arising out of Covered Causes of Loss occurring during each separate 12-month period of this policy.

Payments under this Additional Coverage are separate from the Limit(s) of Insurance shown in the Declarations for any other coverage.

o. Preservation Of Property

If it is necessary to move Covered Property from the described premises to preserve it from loss or damage by a Covered Cause of Loss, we will pay for any direct physical loss or damage to that property:

(1) While it is being moved or while temporarily stored at another location; and

(2) Only if the loss or damage occurs within 90 days after the property is first moved.

Payments under this Additional Coverage will not increase the applicable Limit of Insurance.

If a loss is covered by both a specific coverage form on this policy and an Additional Coverage, the coverage provisions of the specific coverage form apply to the loss.

5. Coverage Extensions

Except as otherwise provided, the following Extensions apply to property located in or on the building described in the Declarations or in the open (or in a vehicle) within 1,000 feet of the described premises.

a. Accounts Receivable

(1) On Your Premises

(a) You may extend the insurance that applies to Business Personal Property at the premises described in the Declarations to apply to Accounts Receivable, including those records that exist as electronic records.

(b) We will pay:

(i) All amounts due from your customers that you are unable to collect;

(ii) Interest charges on any loan required to offset amounts you are unable to collect pending our payment of these amounts;

(iii) Collection expenses in excess of your normal collection expenses that are made necessary by the loss or damage; and

(iv) Other reasonable expenses that you incur to reestablish your records of accounts receivable;

that result from Covered Causes of Loss to your records of accounts receivable.

(c) The following Exclusions in the Causes Of Loss — Special Form do not apply to this Accounts Receivable coverage:

(i) **B.1.b.** Earth Movement; **B.1.e.** Utility Services; **B.1.g.** Water; and

(ii) All **B.2.** Exclusions except **B.2.b.** Consequential Loss; **B.2.d.(1)** Wear And Tear; **B.2.e.** Steam Apparatus; **B.2.g.** Dishonesty; **B.2.h.** False Pretense; **B.2.j.** Collapse; and **B.2.k.** Pollution.

(d) The following additional Exclusions apply to this Accounts Receivable coverage:

(i) We will not pay for loss or damage caused by or resulting from any of the following:

(aa) Alteration, falsification, concealment, or destruction of records of accounts receivable done to conceal the wrongful giving, taking or withholding of money, securities or other property. This exclusion applies only to the extent of the wrongful giving, taking or withholding;

(bb) Bookkeeping, accounting or billing errors or omissions; or

(cc) Electrical or magnetic injury, disturbance or erasure of electronic recordings.

But we will pay for direct loss or damage caused by lightning.

(dd) Unauthorized instructions to transfer property to any person or to any place.

(ii) We will not pay for loss or damage that requires any audit of records or any inventory computation to prove its factual existence.

(e) **(i)** If you cannot accurately establish the amount of accounts receivable outstanding as of the time of loss or damage, the following method will be used:

(aa) Determine the total of the average monthly amounts of accounts receivable for the 12 months immediately preceding the month in which the loss or damage occurs; and

(bb) Adjust that total for any normal fluctuations in the amount of accounts receivable for the month in which the loss or damage occurred or for any demonstrated variance from the average for that month.

(ii) The following will be deducted from the total amount of accounts receivable, however that amount is established:

(aa) The amount of the accounts for which there is no loss or damage;

(bb) The amount of the accounts that you are able to re-establish or collect;

(cc) An amount to allow for probable bad debts that you are normally unable to collect; and

(dd) All unearned interest and service charges.

(f) You will pay us the amount of all recoveries you receive for loss or damage paid by us. But any recoveries in excess of the amount we have paid belong to you.

(g) The most we will pay for under this Coverage Extension is $250,000 per premises, unless a higher limit is shown in the Declarations.

No deductible applies to this Coverage Extension.

(2) Away From Your Premises

(a) Subject to Paragraphs **(1)(b)** through **(1)(f),** you may extend the insurance that applies to Business Personal Property to apply to Accounts Receivable, including those records that exist as electronic records, while away from premises described in the Declarations.

(b) The most we will pay for this Away From Your Premises

coverage is $25,000 per occurrence.

No deductible applies to this Coverage Extension.

(c) This coverage while away from described premises is not increased by the Flex Additional Coverage — Blanket Limit Of Insurance.

Payments under this Coverage Extension are separate from the Limit(s) of Insurance shown in the Declarations for any other coverage.

If Accounts Receivable coverage is provided for any premises under the Inland Marine Coverage Part of this policy, that coverage replaces the Accounts Receivable coverage provided by this Coverage Extension as respects that premises. The provisions of this Coverage Extension would apply to all other premises, including Away From Your Premises coverage, except for the location that is covered for Accounts Receivable under the Inland Marine Coverage Part.

b. Brands And Labels

(1) If Covered Business Personal Property is damaged by a Covered Cause of Loss, we may take all or any part of the property at an agreed or appraised value. When you do not want your damaged "stock" sold under your brand or label, you may:

(a) Remove the brand or label from "stock" or its containers, and relabel the "stock" to comply with the law; or

(b) Label the damaged "stock" as salvage, but in doing so, you must cause no further damage to it.

(2) In either case, we will pay the difference between the salvage value of the damaged "stock" with the brand or label attached, and its salvage value with the brand or label removed. In addition, we will pay reasonable costs for removing the brands or labels and relabeling the damaged "stock".

(3) The most we will pay under this Coverage Extension is $50,000, unless a higher limit is shown in the Declarations.

Payments under this Coverage Extension will not increase the applicable Limit of Insurance.

c. Consequential Damage To Pairs Or Sets

If a part or parts of pairs or sets of "stock" are damaged by a Covered Cause of Loss, causing the part or parts that are not damaged to be unmarketable as a complete product, you may extend the insurance that applies to Business Personal Property to cover the consequential damage to your undamaged parts of such pairs or sets.

Payments under this Coverage Extension will not increase the applicable Limit of Insurance.

d. Deferred Payments

(1) You may extend the insurance that applies to Business Personal Property to cover direct physical loss by a Covered Cause of Loss to the following:

(a) Business Personal Property which you have sold under an installment or deferred payment plan and which is in possession of the buyer. We will pay only for your remaining interest in the property.

(b) Business Personal Property which is rented or leased to others.

(2) The most we will pay for loss or damage under this Extension is $50,000, unless a higher limit is shown in the Declarations.

Payments under this Coverage Extension will not increase the applicable Limit of Insurance.

e. Electronic Data Processing

(1) On Your Premises

(a) Equipment, Media And Data

(i) You may extend the insurance that applies to Business Personal Property at the premises described in the Declarations to cover direct physical loss or

damage by a Covered Cause of Loss to:

(aa) "Hardware"; and

(bb) "Software".

while at a premises described in the Declarations.

(ii) Covered Property under this Extension does not include:

(aa) "Stock"; or

(bb) Computerized production equipment or apparatus.

(iii) Except as is noted in Paragraph **(3)(d),** the most we will pay for loss or damage under Paragraph **(a)** of this Extension is $200,000 per occurrence, unless a higher limit is shown in the Declarations.

(b) Business Income

(i) We will pay for the actual loss of Business Income you sustain due to the necessary suspension of your "operations" during the "period of restoration". The suspension must be caused by direct physical loss of or damage to "hardware" or "software" while at a premises described in the Declarations, caused by or resulting from any Covered Cause of Loss.

(ii) Business Income means the:

(aa) Net Income (Net Profit or Loss before income taxes) that would have been earned or incurred; and

(bb) Continuing normal operating expenses incurred, including payroll.

(iii) Except as is noted in Paragraph **(3)(d),** the most we will pay for loss or damage under Paragraph **(b)** is $25,000 per occurrence, unless a higher limit is shown in the Declarations. No deductible applies to this coverage.

(c) Extra Expense

(i) We will pay the actual and necessary Extra Expense you sustain due to direct physical loss or damage to "hardware" or "software" while at a premises described in the Declarations, caused by or resulting from any Covered Cause of Loss.

(ii) Extra Expense means necessary expenses you incur during the "period of restoration" that you would not have incurred if there had been no direct physical loss or damage to property:

(aa) To avoid or minimize the suspension of business and to continue "operations":

(1) At the described premises; or

(2) At replacement premises or temporary locations, including relocation expenses and costs to equip and operate the replacement or temporary location;

(bb) To minimize the suspension of business if you cannot continue "operations", or

(cc) To repair or replace any property.

(iii) Except as is noted in Paragraph **(3)(d),** the most we will pay for loss or damage under Paragraph **(c)** is $25,000 per occurrence, unless a higher limit is shown in the Declarations. No deductible applies to this coverage.

(d) The following Exclusions in the Causes Of Loss — Special Form do not apply to this

Electronic Data Processing coverage:

(i) **B.1.b.** Earth Movement; **B.1.e.** Utility Services; **B.1.g.** Water; and

(ii) All **B.2.** Exclusions except **B.2.b.** Consequential Loss; **B.2.d.(1)** Wear And Tear; **B.2.e.** Steam Apparatus; **B.2.g.** Dishonesty; **B.2.h.** False Pretense; **B.2.j.** Collapse; and **B.2.k.** Pollution.

(e) The following additional Exclusions apply to this Electronic Data Processing coverage:

We will not pay for loss or damage caused by or resulting from any of the following:

(i) "Computer Virus" or "Computer Hacking". Except as provided under the Virus And Hacking Coverage in Paragraph **(3),** we will not pay for:

(aa) any direct or indirect loss or damage; or

(bb) loss of access, loss of use, or loss of functionality

caused by a "computer virus" or by "computer hacking".

(ii) Deterioration, depreciation or obsolescence.

(f) Under this Electronic Data Processing coverage:

(i) "Computer hacking" means an unauthorized intrusion by an individual or group of individuals, whether employed by you or not, into "hardware", "software", or a computer network that results in:

(aa) deletion, destruction, generation, or modification of "software";

(bb) alteration, contamination, corruption, degradation, or destruction of the integrity, quality, or performance of "software";

(cc) observation, scanning, or copying of "electronic data", "programs and applications", and "proprietary programs";

(dd) damage, destruction, inadequacy, malfunction, degradation, or corruption of any "hardware" or "media" used with "hardware"; or

(ee) denial of access to or denial of services from your "hardware" or your computer network.

(ii) "Computer virus" means the introduction of any malicious, self-replicating electronic data processing code or other code into "hardware" or "software" that is intended to result in:

(aa) deletion, destruction, generation, or modification of "software";

(bb) alteration, contamination, corruption, degradation, or destruction of the integrity, quality, or performance of "software";

(cc) damage, destruction, inadequacy, malfunction, degradation, or corruption of any "hardware" or "media" used with "hardware"; or

(dd) denial of access to or denial of services from your "hardware" or your computer network.

(iii) "Pollutants" means:

(aa) any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste. Waste includes materials to be recycled,

reconditioned or reclaimed.

(bb) electrical or magnetic emissions, whether visible or invisible, and sound emissions.

But we will pay for direct loss or damage caused by lightning.

(2) Away From Your Premises

(a) Subject to Paragraphs **(1)(d)** through **(1)(f),** you may extend the insurance that applies to Business Personal Property to cover direct physical loss or damage to "hardware" or "software" caused by a Covered Cause of Loss while it is in the custody of you, your officers, your partners, or your employees:

(i) at your residence or the residence of your officers, partners, or employees;

(ii) temporarily at a premises that is not described in the Declarations; or

(iii) in transit.

(b) Covered Property under this Extension does not include "stock" or computerized production equipment or apparatus.

(c) We will not pay for loss or damage to property that is voluntarily released to the care, custody or control of anyone else including property while in transit as checked baggage.

(d) The most we will pay for loss or damage under Paragraph **(2)** is $100,000 per occurrence, unless a higher limit is shown in the Declarations. This Away From Your Premises coverage is subject to a separate deductible of $1,000 in any one occurrence. No other deductible applies.

(3) Virus And Hacking Coverage

(a) We cover direct physical loss of or damage to covered "hardware" and "software" while at a premises described in the Declarations caused by a "computer virus" or by "computer hacking".

(b) We cover loss of Business Income and/or Extra Expense caused by a "computer virus" or by "computer hacking". Coverage begins 12 hours after the time of direct physical loss for Business Income coverage.

(c) We do not cover:

(i) loss of exclusive use of, or loss of or reduction in economic or market value of, any "electronic data" or "proprietary programs" that have been copied, scanned, or altered;

(ii) "theft" from your "electronic data" or "proprietary programs" of confidential information through the observation of the "electronic data" or "proprietary programs" by accessing covered "hardware" or your computer network without any alteration or other physical loss or damage to the records or programs. Confidential information includes, but is not limited to, customer information, processing methods, or trade secrets; and

(iii) denial of access to or services from your "hardware" or your computer network.

(d) The most we will pay during one policy year for all covered losses described in Paragraphs **(1)(a), (1)(b)** and **(1)(c)** under the Virus And Hacking Coverage **(3)(a)** and **(3)(b)** combined is $100,000, unless a higher limit is shown in the Declarations. With respect to an occurrence which begins in one policy year and continues or results in additional loss or damage in a subsequent policy year(s), all loss or damage is deemed to be sustained in the policy year in which the occurrence began.

Payments under this Coverage Extension are separate from the Limit(s) of

Insurance shown in the Declarations for any other coverage.

If Electronic Data Processing coverage is provided for any premises under the Inland Marine Coverage Part of this policy, that coverage replaces the Electronic Data Processing coverage provided by this Coverage Extension as respects that premises. The provisions of this Coverage Extension would apply to all other premises, including Away From Your Premises coverage, except for the location that is covered for Electronic Data Processing under the Inland Marine Coverage Part.

f. Exhibitions

(1) You may extend the insurance that applies to Business Personal Property while en route to or from, or temporarily on display, at exhibitions, fairs or trade shows.

(2) Exclusions **B.1.b.,** Earth Movement, and **B.1.g.,** Water, of the Causes Of Loss — Special Form do not apply to this Exhibitions coverage.

(3) Under this Coverage Extension, we will not pay for "theft" from an unattended vehicle except when it is securely locked, its windows are fully closed, and there is visible evidence that entry into the vehicle was forced. This exclusion does not apply to Covered Property in the custody of a carrier for hire.

(4) The most we will pay for loss or damage under this Extension is $50,000, unless a higher limit is shown in the Declarations.

Payments under this Coverage Extension are separate from the Limit(s) of Insurance shown in the Declarations for any other coverage.

This Coverage Extension is subject to a separate deductible of $1,000 in any one occurrence. No other deductible applies.

(5) If Exhibition coverage is provided under the Inland Marine Coverage Part of this policy, that coverage replaces the Exhibition coverage provided by this Coverage Extension. The provisions of this Coverage Extension would no longer apply.

g. Fine Arts

(1) On Your Premises

(a) You may extend the insurance that applies to Business Personal Property to cover "fine arts" at the premises described in the Declarations.

(b) Exclusions **B.1.b.,** Earth Movement, and **B.1.g.,** Water, of the Causes Of Loss — Special Form do not apply to this Fine Arts coverage.

(c) In the event of total loss of an article or articles which are part of a pair or set, you may choose to have us pay the market value of the whole set and surrender the remaining pieces to us.

(d) This Extension does not cover:

(i) numismatic or philatelic objects or collections;

(ii) furs or fur-trimmed garments; or

(iii) jewelry, precious or semi-precious stones, gold, silver, platinum, or other precious metals or alloys.

(e) We will not pay for loss caused directly or indirectly by breakage of art glass windows, statuary, marbles, glassware, bric-a-brac, porcelains and similar fragile articles, unless caused by fire, lightning, aircraft, theft or attempted theft, weather conditions, earthquake, flood, explosion malicious damage, or collision, derailment or overturn of the transporting conveyance.

(f) The most we will pay for loss or damage under this Coverage Extension is $50,000 per premises, unless a higher limit is shown in the Declarations.

(2) Property On Exhibit

Subject to Paragraphs **(1)(b)** through **(1)(e),** you may extend the insurance that applies to Business Personal Property to cover "fine arts" while temporarily on exhibit in a premises not owned or occupied by you. The most we will pay for

loss or damage to property on exhibition is $10,000 per occurrence.

(3) Property Off Premises For Framing, Renovating, Packing, Or Appraising

Subject to Paragraphs **(1)(b)** through **(1)(e),** you may extend the insurance that applies to Business Personal Property to cover "fine arts" while temporarily in a premises not owned, occupied, or operated by you for framing, renovating, packing, or appraising. The most we will pay for loss or damage to property off premises for framing, renovating, packing, or appraising is $10,000 per occurrence.

(4) Transit

Subject to Paragraphs **(1)(b)** through **(1)(e),** you may extend the insurance that applies to Business Personal Property to cover "fine arts" while in transit. The most we will pay for loss or damage to property in transit is $10,000 per occurrence.

Payments under this Coverage Extension are separate from the Limit(s) of Insurance shown in the Declarations for any other coverage.

If Commercial Fine Arts coverage is provided under the Inland Marine Coverage Part of this policy, that coverage replaces the Fine Arts coverage provided by this Coverage Extension. The provisions of this Coverage Extension would no longer apply.

h. Inflation Guard

If Building or Business Personal Property coverage is shown in the Declarations and Replacement Cost coverage applies, then this Coverage Extension applies to that property as follows:

(1) The Limit of Insurance for property to which this Coverage Extension applies will automatically increase by up to 6%.

(2) The amount of increase will be:

(a) the Limit of Insurance that applied on the most recent of the policy inception date, the policy anniversary date, or any other policy change amending the Limit of Insurance, times

(b) the 6%, expressed as a decimal (example: 6% is .06), times

(c) the number of days since the beginning of the current policy year or the effective date of the most recent policy change amending the Limit of Insurance, divided by 365.

(3) The insured may purchase a higher percentage under this Coverage Extension. If the insured chooses a higher percentage, it will be reflected in the Declarations.

EXAMPLE:

If:	The applicable Limit of Insurance is	$ 100,000
	The annual percentage increase is	6%
	The number of days since the beginning of the policy year (or last policy change) is	146
	The amount of increase is $100,000 x .06 x 146 ÷ 365 =	$ 2,400

i. Inventory, Appraisals And Other Claims Expenses

(1) You may extend the insurance that applies to Business Personal Property to pay the necessary and reasonable costs for taking inventories, making appraisals, and preparing other documents that we require when loss or damage occurs to Covered Property. This coverage does not apply to your expenses for appraisals to resolve disputes involving value or loss as described in Loss Condition **E.2. Appraisal.**

(2) The most we will pay under this Coverage Extension is $50,000, unless a higher limit is shown in the Declarations.

Payments under this Coverage Extension will not increase the applicable Limit of Insurance.

j. Newly Acquired Or Constructed Property

(1) Buildings

If this policy covers Building, you may extend that insurance to apply to:

(a) Your new buildings while being built on the described premises; and

(b) Buildings you acquire at locations, other than the described premises, intended for:

(i) Similar use as the building described in the Declarations; or

(ii) Use as a warehouse.

The most we will pay for loss or damage under this Extension is $1,000,000 at each building.

(2) Business Personal Property

If this policy covers Business Personal Property, you may extend that insurance to apply to:

(a) Business personal property, including such property that you newly acquire, at any location you acquire other than at fairs, trade shows or exhibitions;

(b) Business personal property, including such property that you newly acquire, located at your newly constructed or acquired buildings at the location described in the Declarations; or

(c) Business personal property that you newly acquire, located at the described premises.

The most we will pay for loss or damage under this Extension is $500,000 at each building.

This Extension does not apply to:

(a) Personal property of others that is temporarily in your possession in the course of installing or performing work on such property; or

(b) Personal property of others that is temporarily in your possession in the course of your manufacturing or wholesaling activities.

(3) Period of Coverage

With respect to insurance on or at each newly acquired or constructed property, coverage will end when any of the following first occurs:

(a) This policy expires;

(b) 180 days expire after you acquire the property or begin construction of that part of the building that would qualify as covered property; or

(c) You report values to us.

We will charge you additional premium for values reported from the date you acquire the property or begin construction of that part of the building that would qualify as covered property.

k. Non-owned Detached Trailers

(1) You may extend the insurance that applies to Business Personal Property to apply to loss or damage to trailers that you do not own, provided that:

(a) The trailer is used in your business;

(b) The trailer is in your care, custody or control at the premises described in the Declarations; and

(c) You have a contractual responsibility to pay for loss or damage to the trailer.

(2) We will not pay for any loss or damage that occurs:

(a) While the trailer is attached to any motor vehicle or motorized conveyance, whether or not the motor vehicle or motorized conveyance is in motion;

(b) During hitching or unhitching operations, or when a trailer becomes accidentally unhitched from a motor vehicle or motorized conveyance.

(3) The most we will pay for loss or damage under this Extension is $10,000, unless a higher limit is shown in the Declarations.

Payments under this Coverage Extension are separate from the

Limit(s) of Insurance shown in the Declarations for any other coverage.

(4) This insurance is excess over the amount due (whether you can collect on it or not) from any other insurance covering such property.

l. Outdoor Trees, Shrubs, Plants, Sod And Lawns

You may extend the insurance provided by this Coverage Form to apply to your outdoor trees, shrubs, plants, sod and lawns (other than "stock" of trees, shrubs, plants or sod), including debris removal expense. Loss or damage must be caused by or result from any of the following causes of loss:

(1) Fire;

(2) Lightning;

(3) Explosion;

(4) Riot or Civil Commotion;

(5) Aircraft; or

(6) Vehicles operated by other than you or an employee.

The most we will pay for loss or damage under this Coverage Extension is $50,000, but not more than $10,000 for any one tree, shrub or plant. The $10,000 limitation to individual plants does not apply to sod or lawns. These limits apply to any one occurrence, regardless of the types or number of items lost or damaged in that occurrence.

Payments under this Coverage Extension are separate from the Limit(s) of Insurance shown in the Declarations for any other coverage.

The Limits of Insurance applicable to this Coverage Extension includes their debris removal expense. Such debris removal expense is not included in the Additional Coverage **A.4.d.** for Debris Removal.

m. Personal Effects

(1) You may extend the insurance that applies to Business Personal Property to personal effects owned by you, your officers, your partners or members, your managers or your employees. This extension does not apply to loss or damage by "theft". Our payment for loss of or damage to personal effects of others will only be for the account of the owner of the property.

(2) Personal effects do not include tools and equipment owned by your employees that are used in your business operations.

(3) The most we will pay under this Coverage Extension is $50,000, unless a higher limit is shown in the Declarations.

Payments under this Coverage Extension are separate from the Limit(s) of Insurance shown in the Declarations for any other coverage.

n. Property In Transit

(1) You may extend the insurance provided by this Coverage Part to apply to covered Business Personal Property in or on a vehicle or in transit, including loading and unloading, more than 1,000 feet from a covered premises while:

(a) In or on a vehicle you own, rent or lease;

(b) In the custody of a carrier for hire; or

(c) In the custody of an air or rail carrier

within the United States of America, its territories and possessions, Canada, and Puerto Rico.

(2) Exclusions **B.1.b.,** Earth Movement, and **B.1.g.,** Water, of the Causes Of Loss — Special Form do not apply to this Property In Transit coverage.

(3) Except as is noted in Paragraph **(4)** below, the reference to property while airborne or waterborne in **A.2.i.** of Property Not Covered does not apply to this Coverage Extension.

(4) There is no coverage for exported or imported property:

(a) That is covered under any ocean marine cargo policy that anyone has obtained to cover exports or imports; or

(b) While on an ocean or air conveyance.

(5) There is no coverage under this Extension for loss to property that you become legally obligated to pay as a common or contract carrier

under a bill of lading, contract of carriage, or shipping receipt that is issued by you or that is issued on your behalf.

(6) There is no coverage under this Extension for:

(a) Sales representatives' samples (including containers);

(b) Property of any type while en route to or from a trade show, exhibition, or fair;

(c) "Fine arts", "antiques", fur garments, jewelry, precious or semiprecious stones, gold, silver, platinum, or other precious metals or alloys;

(d) Mail shipments in the custody of the U.S. Postal Service;

(e) Electronic data processing "hardware" or "software", except for "stock";

(f) "Valuable papers and records"; or

(g) Accounts receivable.

(7) The most we will pay in any occurrence under this Coverage Extension is $50,000, unless a higher limit is shown in the Declarations.

Payments under this Coverage Extension are separate from the Limit(s) of Insurance shown in the Declarations for any other coverage.

This Coverage Extension is subject to a separate deductible of $1,000 in any one occurrence. No other deductible applies.

(8) If either Motor Truck Cargo Owners coverage or Transportation coverage are provided under the Inland Marine Coverage Part of this policy, that coverage replaces this Property In Transit Coverage Extension. The provisions of this Coverage Extension would no longer apply.

o. Property Off-premises

(1) You may extend the insurance provided to Business Personal Property to apply to your Covered Property while it is away from the described premises, if it is:

(a) Temporarily at a location you do not own, lease or operate; or

(b) In storage at a location you lease.

(2) This Coverage Extension does not apply to:

(a) Property in or on a vehicle or otherwise in transit;

(b) Property at any fair, trade show or exhibition;

(c) Property in the care, custody or control of your sales representatives, or you while acting as a sales representative;

(d) "Contractors' equipment";

(e) Materials, supplies, machinery, fixtures, and equipment that you are installing, constructing, or rigging as part of your installation or construction project, or will become a permanent part of your installation or construction project while they are at a storage location away from the described premises;

(f) Property covered under the Deferred Payments Additional Coverage;

(g) Electronic data processing "hardware" or "software", except for "stock";

(h) "Valuable papers and records"; or

(i) Accounts receivable.

(3) There is no coverage under this Coverage Extension for loss caused by or resulting from:

(a) Earth movement; or

(b) Flood, whether arising from natural or external forces; surface water; waves; tides; tidal waves; overflow of any body of water, or their spray, all whether driven by wind or not.

This exclusion applies whether or not coverage is provided under this policy by any endorsement to Business Personal Property for the causes of loss described in **(3)(a)** or **(3)(b)** above.

(4) The most we will pay for loss or damage under this Coverage Extension is $100,000, unless a higher limit is shown in the Declarations.

Payments under this Coverage Extension are separate from the Limit(s) of Insurance shown in the Declarations for any other coverage.

p. Sales Representatives Samples

(1) You may extend the insurance that applies to Business Personal Property to samples of your stock in trade (including containers) while the property is in the custody of:

(a) your sales representatives and agents; or

(b) your custody while acting as a sales representative

if more than 1,000 feet from a premises described in the Declarations, not including any other premises that is owned, operated, or leased by you.

(2) Exclusions **B.1.b.,** Earth Movement, and **B.1.g.,** Water, of the Causes Of Loss — Special Form do not apply to this Sales Representatives Samples coverage.

(3) Under this Coverage Extension, we will not pay for "theft" from an unattended vehicle except when it is securely locked, its windows are fully closed, and there is visible evidence that entry into the vehicle was forced.

(4) There is no coverage under this Extension for jewelry, precious or semiprecious stones, gold, silver, platinum, or other precious metals or alloys.

(5) The most we will pay for loss or damage under this Coverage Extension is $50,000, unless a higher limit is shown in the Declarations.

Payments under this Coverage Extension are separate from the Limit(s) of Insurance shown in the Declarations for any other coverage.

This Coverage Extension is subject to a separate deductible of $1,000 in any one occurrence. No other deductible applies.

(6) If Salespersons Samples coverage is provided under the Inland Marine Coverage Part of this policy, that coverage replaces the Sales Representatives Samples coverage provided by this Coverage Extension. The provisions of this Coverage Extension would no longer apply.

q. Signs — Supplemental Coverage

(1) You may extend the insurance that applies to Business Personal Property to apply to direct physical loss of or damage to signs (other than signs covered under **A.1.a.** Buildings) located at a premises described in the Declarations:

(a) Owned by you; or

(b) That you have a contractual responsibility to insure as a building tenant.

(2) The most we will pay for loss or damage under this Coverage Extension is $50,000, unless a higher limit is shown in the Declarations.

Payments under this Coverage Extension are separate from the Limit(s) of Insurance shown in the Declarations for any other coverage.

r. Spoilage Due To Power Outage, Mechanical Breakdown, Or Contamination — Direct Damage

(1) You may extend the insurance that applies to Business Personal Property to apply to spoilage of "perishable stock" caused by:

(a) Breakdown or Contamination, meaning:

(i) Change in temperature or humidity caused by mechanical breakdown or mechanical failure of refrigerating, cooling, or humidity control apparatus or equipment, only while such equipment or apparatus is at the described premises; and

(ii) Contamination by the refrigerant.

(b) Power Outage, meaning change in temperature or humidity resulting from complete or partial interruption of electrical power, either on or off the described premises, due to conditions beyond your control.

(2) With respect to the coverage provided by this extension, property located outside of a building or in or on a vehicle is considered to be Property Not Covered unless the stock is being moved to prevent or reduce loss covered by this policy.

(3) We will also pay any necessary expenses you incur to reduce the amount of loss under this coverage. We will pay for such expenses to the extent that they do not exceed the amount of loss that otherwise would have been payable under this Coverage Extension.

(4) Only the following Exclusions contained in Paragraph **B.1.** of the Causes Of Loss — Special Form apply to this Spoilage Due To Power Outage, Mechanical Breakdown, Or Contamination — Direct Damage coverage:

(a) **B.1.b.** Earth Movement;

(b) **B.1.c.** Governmental Action;

(c) **B.1.d.** Nuclear Hazard;

(d) **B.1.f.** War And Military Action; and

(e) **B.1.g.** Water.

(5) The following additional Exclusions are added:

We will not pay for loss or damage caused by:

(a) The disconnecting of any refrigerating, cooling or humidity control system from the source of power.

(b) The deactivation of electrical power caused by the manipulation of any switch or other device used to control the flow of electrical power or current.

(c) The inability of an Electrical Utility Company or other power source to provide sufficient power due to:

(i) Lack of fuel; or

(ii) Governmental order.

(d) The inability of a power source at the described premises to provide sufficient power due to lack of generating capacity to meet demand.

(e) Breaking of any glass that is a permanent part of any refrigerating, cooling or humidity control unit.

(6) The provisions of this Coverage Extension are superseded if the Spoilage Coverage endorsement is attached to and made a part of this policy.

(7) The most we will pay for loss or damage under this Coverage Extension is $50,000 per building, unless a higher limit is shown in the Declarations.

Payments under this Coverage Extension will not increase the applicable Limits of Insurance.

s. Theft Damage To Buildings For Tenants

(1) You may extend the insurance that applies to Business Personal Property to apply to damage to the building caused by or resulting from "theft" or attempted "theft" where you are a tenant and are contractually responsible for such damages.

(2) There is no coverage under this Extension for signs that are covered under Paragraph **A.5.q.**

(3) The most we will pay for loss or damage under this Extension is $50,000.

Payments under this Coverage Extension are separate from the Limit(s) of Insurance shown in the Declarations for any other coverage.

(4) This insurance is excess over any other insurance under this policy covering such property.

t. Utility Services — Direct Damage

(1) You may extend the insurance that applies to Covered Property to apply to loss of or damage to Covered Property, other than "perishable stock", caused by the interruption in utility service to premises described in the Declarations. The interruption in utility service must result from direct physical loss or damage by a Covered Cause of Loss to the following property:

(a) Water Supply Services, meaning the following types of property supplying water to the described premises:

(i) Pumping stations; and

(ii) Water mains.

(b) Communication Supply Services, meaning property supplying communication services, including telephone, radio, microwave or television services to the described premises, such as:

(i) Communication transmission lines, including optic fiber transmission lines;

(ii) Coaxial cables; and

(iii) Microwave radio relays except satellites.

(c) Power Supply Services, meaning the following types of property supplying electricity, steam or gas to the described premises:

(i) Utility generating plants;

(ii) Switching stations;

(iii) Substations;

(iv) Transformers; and

(v) Transmission lines.

(2) The Utility Services exclusion in **B.1.e.** of the Causes Of Loss — Special Form does not apply to this Utility Services — Direct Damage coverage.

(3) The provisions of this Coverage Extension are superseded if the Utility Services — Direct Damage endorsement is attached to and made a part of this policy.

(4) The most we will pay for loss or damage under this Coverage Extension is $50,000 at each covered building, unless a higher limit is shown in the Declarations.

Payments under this Coverage Extension will not increase the applicable Limit of Insurance.

u. Valuable Papers And Records

(1) On Your Premises

(a) You may extend the insurance that applies to Business Personal Property at the premises described in the Declarations to apply to the cost to replace or restore the lost information on "valuable papers and records" for which duplicates do not exist.

(b) The following Exclusions in the Causes Of Loss — Special Form do not apply to this Valuable Papers And Records coverage:

(i) **B.1.b.** Earth Movement; **B.1.e.** Utility Services; **B.1.g.** Water; and

(ii) All **B.2.** Exclusions except **B.2.b.** Consequential Loss; **B.2.d.(1)** Wear And Tear; **B.2.e.** Steam Apparatus; **B.2.g.** Dishonesty; **B.2.h.** False Pretense; **B.2.j.** Collapse; and **B.2.k.** Pollution.

(c) The following additional Exclusion applies to this Valuable Papers And Records coverage:

We will not pay for loss or damage caused by or resulting from electrical or magnetic injury, disturbance or erasure of electronic recordings.

But we will pay for direct loss or damage caused by lightning.

(d) We will also pay for the cost of blank material for reproducing the records (whether or not duplicates exist), and (when there is a duplicate) for the cost of labor to transcribe or copy the

records. The costs of blank material and labor are subject to the applicable Limit of Insurance on Business Personal Property and therefore coverage of such costs in not additional insurance.

(e) The most we will pay under this Coverage Extension to replace or restore the lost information is $250,000 per premises, unless a higher limit is shown in the Declarations.

(2) Away From Your Premises

(a) Subject to Paragraphs **(b)** through **(d),** we will pay up to $25,000 per occurrence to apply to the cost to replace or restore the lost information on "valuable papers and records" for which duplicates do not exist, while they are away from premises described in the Declarations.

(b) This coverage while away from described premises is not increased by the Flex Additional Coverage — Blanket Limit Of Insurance.

Payments under this Coverage Extension are separate from the Limit(s) of Insurance shown in the Declarations for any other coverage.

If Valuable Papers And Records coverage is provided for any premises under the Inland Marine Coverage Part of this policy, that coverage replaces the Valuable Papers And Records coverage provided by this Coverage Extension as respects that premises. The provisions of this Coverage Extension would apply to all other premises, including Away From Your Premises coverage, except for the location that is covered for Valuable Papers And Records under the Inland Marine Coverage Part.

v. Worldwide Personal Property

(1) You may extend the insurance that applies to Business Personal Property to apply to property while it is:

(a) in the course of transit; or

(b) at a premises

located in any part of the world other than the United States of America (including its territories and possessions), Puerto Rico or Canada.

(2) There is no coverage under this Extension for:

(a) "stock" other than sales representatives' samples;

(b) "money"; or

(c) "securities" other than airline tickets.

(3) We will not pay for loss or damage caused by or resulting from "theft" to property that is voluntarily released to the care, custody or control of anyone else including property released as checked baggage.

(4) The most we will pay for under this Coverage Extension is $10,000 per occurrence.

Payments under this Coverage Extension are separate from the Limit(s) of Insurance shown in the Declarations for any other coverage.

If a loss is covered by both a specific coverage form on this policy and a Coverage Extension, the coverage provisions of the specific coverage form apply to the loss.

6. Flex Additional Coverage — Blanket Limit Of Insurance

a. In the event that covered loss or damage exceeds the specific Limits of Insurance provided in the Coverage Extensions described in **6.b.** plus the applicable deductible, we will pay up to $250,000 to apply in any one occurrence caused by a Covered Cause of Loss only while at a premises described in the Declarations.

You may apportion this Limit among these coverages as you choose.

Payments under the Flex Additional Coverage — Blanket Limit Of Insurance are separate from the Limit(s) of Insurance shown in the Declarations for any other coverage, and will apply in excess of the specific Coverage Extension limits of insurance plus any deductible applying to them.

b. The Coverages Extensions applicable to this Flex Additional Coverage — Blanket Limit Of Insurance include:

(1) Coverage Extension **A.5.a. Accounts Receivable**

(2) Coverage Extension **A.5.b. Brands And Labels**

(3) Coverage Extension **A.5.k. Non-owned Detached Trailers**

(4) Coverage Extension **A.5.l. Outdoor Trees, Shrubs, Plants, Sod And Lawns**

The $10,000 limit for any one tree, shrub or plant described in **A.5.l.** applies to coverage provided by this Flex Additional Coverage — Blanket Limit Of Insurance.

(5) Coverage Extension **A.5.m. Personal Effects**

(6) Coverage Extension **A.5.u. Valuable Papers and Records**

c. The Away From Your Premises coverage for Coverage Extensions **A.5.a.(2) Accounts Receivable** and **A.5.u.(2) Valuable Papers And Records** do not apply to this Flex Additional Coverage — Blanket Limit Of Insurance.

B. Exclusions And Limitations

See applicable Causes Of Loss Form(s) as shown in the Declarations.

C. Limits Of Insurance

1. The most we will pay for loss or damage in any one occurrence is the applicable Limit of Insurance shown in the Declarations, plus additional limit(s) provided by the Additional Coverages, Coverage Extensions, and the Flex Additional Coverage — Blanket Limit Of Insurance, other than those outlined in Paragraph **C.5.**

2. Building Limit — Annual Adjustment: We will adjust the Limit of Insurance for Buildings on each anniversary and/or the renewal of the policy. The amount of the adjustment will be the percent of increase or decrease as that which has occurred during the preceding policy year in the cost-of-construction factor, as reported in the publication of a recognized independent appraisal company.

3. Business Personal Property — Annual Adjustment: We will adjust the Limit of Insurance for Business Personal Property on each anniversary and/or renewal of the policy. The amount of the adjustment will be based on inflation and the economic factors for the preceding year.

4. Except as noted in Paragraph **C.5.,** the limits applicable to the Additional Coverages and Coverage Extensions are separate from the Limit(s) of Insurance shown in the Declarations for any other coverages.

5. Payments under the following Additional Coverages and Coverage Extensions will not increase the applicable Limits of Insurance:

   a. Additional Coverage **A.4.m. Ordinance Or Law — Coverage A**

   b. Additional Coverage **A.4.o. Preservation Of Property**

   c. Coverage Extension **A.5.b. Brands And Labels**

   d. Coverage Extension **A.5.c. Consequential Damage To Pairs Or Sets**

   e. Coverage Extension **A.5.d. Deferred Payments**

   f. Coverage Extension **A.5.i. Inventory, Appraisals And Other Claims Expenses**

   g. Coverage Extension **A.5.r. Spoilage Due To Power Outage, Mechanical Breakdown, Or Contamination — Direct Damage**

   h. Coverage Extension **A.5.t. Utility Service — Direct Damage**

D. Deductible

In any one occurrence of loss or damage (hereinafter referred to as loss), if the adjusted amount of loss is less than or equal to the Deductible, we will not pay for that loss. If the adjusted amount of loss exceeds the Deductible, we will then subtract the Deductible from the adjusted amount of loss, and will pay the resulting amount or the Limit of Insurance, whichever is less.

When the occurrence involves loss to more than one item of Covered Property and separate Limits of Insurance apply, the losses will not be combined in determining application of the Deductible. But the Deductible will be applied only once per occurrence.

EXAMPLE #1:

Deductible:	$	1,000
Limit of Insurance — Building #1:	$	60,000
Limit of Insurance — Building #2:	$	80,000
Loss to Building #1:	$	60,100
Loss to Building #2:	$	90,000

The amount of loss to Building #1 ($60,100) is less than the sum ($61,000) of the Limit of Insurance applicable to Building #1 plus the Deductible.

The Deductible will be subtracted from the amount of loss in calculating the loss payable for Building #1:

	$ 60,100	
-	$ 1,000	
	$ 59,100	Loss Payable — Building #1

The Deductible applies once per occurrence and therefore is not subtracted in determining the amount of loss payable for Building #2. Loss payable for Building #2 is the Limit of Insurance of $80,000.

Total amount of loss payable: $59,100 + $80,000 = $139,100

EXAMPLE #2:

The Deductible and Limits of Insurance are the same as those in Example #1.

Loss to Building #1: (exceeds Limit of Insurance plus Deductible)	$ 70,000
Loss to Building #2: (exceeds Limit of Insurance plus Deductible)	$ 90,000
Loss Payable — Building #1: (Limit of Insurance)	$ 60,000
Loss Payable — Building #2: (Limit of Insurance)	$ 80,000
Total amount of loss payable:	$ 140,000

No deductible applies to the following:

a. Additional Coverage **A.4.a. Arson, Vandalism Or Theft Reward**

b. Additional Coverage **A.4.b. Computer Fraud**

c. Additional Coverage **A.4.e. Employee Theft**

d. Additional Coverage **A.4.f. Extra Expense**

e. Additional Coverage **A.4.g. Fire Department Service Charge**

f. Additional Coverage **A.4.h. Fire Extinguisher Systems Recharge**

g. Additional Coverage **A.4.i. Lock And Key Replacement**

h. Additional Coverage **A.4.k. Money And Securities**

i. Coverage Extension **A.5.a. Accounts Receivable**

E. Loss Conditions

The following conditions apply in addition to the Common Policy Conditions and the Commercial Property Conditions.

1. Abandonment

There can be no abandonment of any property to us.

2. Appraisal

If we and you disagree on the value of the property or the amount of loss, either may make written demand for an appraisal of the loss. In this event, each party will select a competent and impartial appraiser. The two appraisers will select an umpire. If they cannot agree, either may request that selection be made by a judge of a court having jurisdiction. The appraisers will state separately the value of the property and amount of loss. If they fail to agree, they will submit their differences to the umpire. A decision agreed to by any two will be binding. Each party will:

a. Pay its chosen appraiser; and

b. Bear the other expenses of the appraisal and umpire equally.

If there is an appraisal, we will still retain our right to deny the claim.

3. Duties In the Event Of Loss Or Damage

a. You must see that the following are done in the event of loss or damage to Covered Property:

(1) Notify the police if a law may have been broken.

(2) Give us prompt notice of the loss or damage. Include a description of the property involved.

(3) As soon as possible, give us a description of how, when and where the loss or damage occurred.

(4) Take all reasonable steps to protect the Covered Property from further damage, and keep a record of your expenses necessary to protect the Covered Property, for consideration in the settlement of the claim. This will not increase the Limit of Insurance. However, we will not pay for any subsequent loss or damage resulting from a cause of loss that is not a Covered Cause of Loss. Also, if feasible, set the damaged property aside and in the best possible order for examination.

(5) At our request, give us complete inventories of the damaged and undamaged property. Include quantities, costs, values and amount of loss claimed.

(6) As often as may be reasonably required, permit us to inspect the property proving the loss or damage and examine your books and records.

Also permit us to take samples of damaged and undamaged property for inspection, testing and analysis, and permit us to make copies from your books and records.

(7) Send us a signed, sworn proof of loss containing the information we request to investigate the claim. You must do this within 60 days after our request. We will supply you with the necessary forms.

(8) Cooperate with us in the investigation or settlement of the claim.

b. We may examine any insured under oath, while not in the presence of any other insured and at such times as may be reasonably required, about any matter relating to this insurance or the claim, including an insured's books and records. In the event of an examination, an insured's answers must be signed.

4. Loss Payment

a. In the event of loss or damage covered by this Coverage Form, at our option, we will either:

(1) Pay the value of lost or damaged property;

(2) Pay the cost of repairing or replacing the lost or damaged property, subject to **b.** below;

(3) Take all or any part of the property at an agreed or appraised value; or

(4) Repair, rebuild or replace the property with other property of like kind and quality, subject to **b.** below.

We will determine the value of lost or damaged property, or the cost of its repair or replacement, in accordance with the applicable terms of the Valuation Condition in this Coverage Form or any applicable provision which amends or supersedes the Valuation Condition.

b. The cost to repair, rebuild or replace does not include the increased cost attributable to enforcement of any ordinance or law regulating the construction, use or repair of any property.

c. We will give notice of our intentions within 30 days after we receive the sworn proof of loss.

d. We will not pay you more than your financial interest in the Covered Property.

e. We may adjust losses with the owners of lost or damaged property if other than you. If we pay the owners, such payments will satisfy your claims against us for the owners' property. We will not pay the owners more than their financial interest in the Covered Property.

f. We may elect to defend you against suits arising from claims of owners of property. We will do this at our expense.

g. We will pay for covered loss or damage within 30 days after we receive the sworn proof of loss, if you have complied with all of the terms of this Coverage Part and:

(1) We have reached agreement with you on the amount of loss; or

(2) An appraisal award has been made.

h. A party wall is a wall that separates and is common to adjoining buildings that are owned by different parties. In settling covered losses involving a party wall, we will pay a proportion of the loss to the party wall based on your interest in the wall in proportion to the interest of the owner of the adjoining building. However, if you elect to repair or replace your building and the owner of the adjoining building elects not to repair or replace that building, we will pay you the full value of the loss to the party wall, subject to all applicable policy provisions including Limits of Insurance, the Valuation Condition and all other provisions of this Loss Payment Condition. Our payment under the provisions of this paragraph does not alter any right of subrogation we may have against any entity, including the owner or insurer of the adjoining building, and does not alter the terms of the Transfer Of Rights Of Recovery Against Others To Us Condition in this policy.

5. Recovered Property

If either you or we recover any property after loss settlement, that party must give the other prompt notice. At your option, the property will be returned to you. You must then return to us the amount we paid to you for the property. We will pay recovery expenses and the expenses to repair the

recovered property, subject to the Limit of Insurance.

6. Vacancy

a. Description of Terms

(1) As used in this Vacancy Condition, the term building and the term vacant have the meanings set forth in **(1)(a)** and **(1)(b)** below:

(a) When this policy is issued to a tenant, and with respect to that tenant's interest in Covered Property, building means the unit or suite rented or leased to the tenant. Such building is vacant when it does not contain enough business personal property to conduct customary operations.

(b) When this policy is issued to the owner or general lessee of a building, building means the entire building. Such building is vacant unless at least 31% of its total square footage is:

(i) Rented to a lessee or sub-lessee and used by the lessee or sub-lessee to conduct its customary operations; and/or

(ii) Used by the building owner to conduct customary operations.

(2) Buildings under construction or renovation are not considered vacant.

b. Vacancy Provisions

If the building where loss or damage occurs has been vacant for more than 60 consecutive days before that loss or damage occurs:

(1) We will not pay for any loss or damage caused by any of the following even if they are Covered Causes of Loss:

(a) Fire caused by acts of vandalism;

(b) Vandalism, including fire caused by acts of vandalism;

(c) Sprinkler leakage, unless you have protected the system against freezing;

(d) Building glass breakage;

(e) Water damage;

(f) "Theft"; or

(g) Attempted "theft".

(2) With respect to Covered Causes of Loss other than those listed in **b.(1)(a)** through **b.(1)(g)** above, we will reduce the amount we would otherwise pay for the loss or damage by 15%.

7. Valuation

a. We will determine the value of Covered Property in the event of loss or damage at replacement cost (without deduction for depreciation) of the time of loss or damage, except as provided in **c.** through **f.** below.

b. We will not pay more for loss or damage on a replacement cost basis than the least of **(1), (2)** or **(3),** subject to **c.** below:

(1) The Limit of Insurance applicable to the lost or damaged property;

(2) The cost to replace the lost or damaged property with other property:

(a) Of comparable material and quality; and

(b) Used for the same purpose; or

(3) The amount actually spent that is necessary to repair or replace the lost or damaged property.

If a building is rebuilt at a new premises, the cost described in **b.(2)** above is limited to the cost which would have been incurred if the building had been rebuilt at the original premises.

c. The cost of repair or replacement does not include the increased cost attributable to enforcement of any ordinance or law regulating the construction, use or repair of any property.

d. You may make a claim for loss or damage covered by this insurance on an "actual cash value" basis instead of on a replacement cost basis. In the event you elect to have loss or damage settled on an "actual cash value" basis, you may still make a claim for the additional coverage on a replacement cost basis if you notify us of your intent to do so

within 180 days after the loss or damage.

e. With respect to replacement cost on the personal property of others, the following limitation applies:

If an item(s) of personal property of others is subject to a written contract which governs your liability for loss or damage to that item(s), then valuation of that item(s) will be based on the amount for which you are liable under such contract, but not to exceed the lesser of the replacement cost of the property or the applicable Limit of Insurance.

f. The following types of property are valued as follows:

(1) Contents of a residence at "actual cash value".

(2) Subject to the exceptions in Paragraphs **(a)** and **(b)** below, "stock" at "actual cash value", unless Replacement Cost is shown in the Declarations as Including "Stock".

The following types of "stock" are valued as follows:

(a) "Stock" you have sold but not delivered at the selling price less discounts and expenses you otherwise would have had.

(b) Used or second-hand merchandise held in storage or for sale at "actual cash value".

(3) "Fine arts" at market value at the time of loss.

(4) "Money" up to and including its face value.

(5) "Securities" up to and including their value at the close of business on the day the loss occurred. We may, at our option:

(a) Pay the market value of such "securities" or replace them in kind, in which event you must assign to us all your rights, title and interest in and to those "securities"; or

(b) Pay the cost of any Lost Securities Bond required in connection with issuing duplicates of the "securities". However, we will be liable only for the payment of so much of the cost of the bond as would be charged for a bond having a penalty not exceeding the lesser of the:

(i) market value of the "securities" at the close of business on the day the loss was discovered; or

(ii) Limit of Insurance applicable to the "securities".

(6) Electronic data processing "hardware":

(a) That is replaced — at the cost of replacing the "hardware" with new equipment that is functionally comparable to the "hardware" that is being replaced;

(b) That is not repaired or replaced — at "actual cash value";

(c) In no event will we pay more than the reasonable cost of restoring partially damaged "hardware" to its condition directly prior to the damage.

(7) Electronic data processing "software":

(a) "Programs and applications"

(i) At the cost to reinstall the "programs or applications" from the licensed discs that were originally used to install the programs or applications.

(ii) If the original licensed discs are lost, damaged, or can no longer be obtained, the value of "programs and applications" will be based on the cost of the most current version of the "programs or applications".

(b) "Proprietary programs":

(i) At the cost of reproduction from duplicate copies. The cost of reproduction includes, but is not limited to, the cost of labor to copy or transcribe from duplicate copies.

(ii) If duplicate copies do not exist, at the cost of

research or other expenses necessary to reproduce, replace, or restore loss "proprietary programs".

(c) "Electronic data":

(i) At the cost of reproduction from duplicate copies. The cost of reproduction includes, but is not limited to, the cost of labor to copy or transcribe from duplicate copies.

(ii) If duplicate copies do not exist, at the cost of research or other expenses necessary to reproduce, replace, or restore lost files, documents, and records.

(d) "Media" at the cost to repair or replace the "media" with material of the same kind or quality.

(8) Glass at the cost of replacement with safety-glazing material if required by law.

(9) Tenant's Improvements and Betterments at:

(a) Replacement Cost of the lost or damaged property if you make repairs promptly.

(b) A proportion of your original cost if you do not make repairs promptly. We will determine the proportionate value as follows:

(i) Multiply the original cost by the number of days from the loss or damage to the expiration of the lease; and

(ii) Divide the amount determined in (i) above by the number of days from the installation of improvements to the expiration of the lease.

If your lease contains a renewal option, the expiration of the renewal option period will replace the expiration of the lease in this procedure.

(c) Nothing if others pay for repairs or replacement.

F. Additional Condition — Mortgageholders

The following condition applies in addition to the Common Policy Conditions and the Commercial Property Conditions.

1. The term mortgageholder includes trustee.

2. We will pay for covered loss of or damage to buildings or structures to each mortgageholder shown in the Declarations in their order of precedence, as interests may appear.

3. The mortgageholder has the right to receive loss payment even if the mortgageholder has started foreclosure or similar action on the building or structure.

4. If we deny your claim because of your acts or because you have failed to comply with the terms of this Coverage Part, the mortgageholder will still have the right to receive loss payment if the mortgageholder:

a. Pays any premium due under this Coverage Part at our request if you have failed to do so;

b. Submits a signed, sworn proof of loss within 60 days after receiving notice from us of your failure to do so; and

c. Has notified us of any change in ownership, occupancy or substantial change in risk known to the mortgageholder.

All of the terms of this Coverage Part will then apply directly to the mortgageholder.

5. If we pay the mortgageholder for any loss or damage and deny payment to you because of your acts or because you have failed to comply with the terms of this Coverage Part:

a. The mortgageholder's rights under the mortgage will be transferred to us to the extent of the amount we pay; and

b. The mortgageholder's right to recover the full amount of the mortgageholder's claim will not be impaired.

At our option, we may pay to the mortgageholder the whole principal on the mortgage plus any accrued interest. In this event, your mortgage and note will be transferred to us and you will pay your remaining mortgage debt to us.

6. If we cancel this policy, we will give written notice to the mortgageholder at least:

a. 10 days before the effective date of cancellation if we cancel for your nonpayment of premium; or

b. 30 days before the effective date of cancellation if we cancel for any other reason.

7. If we elect not to renew this policy, we will give written notice to the mortgageholder at least 10 days before the expiration date of this policy.

G. Optional Coverage — Actual Cash Value

If shown as applicable in the Declarations, the Optional Coverage — Actual Cash Value applies separately to each item.

1. "Actual cash value" replaces Replacement Cost in the Valuation Loss Condition of this Coverage Form.

2. If the cost to repair or replace the damaged building property is $5,000 or less, we will pay the cost of building repairs or replacement.

The cost of building repairs or replacement does not include the increased cost attributable to enforcement of any ordinance or law regulating the construction, use or repair of any property. However, the following property will be valued at the "actual cash value" even when attached to the building:

a. Awnings or floor coverings;

b. Appliances for refrigerating, ventilating, cooking, dishwashing or laundering; or

c. Outdoor equipment or furniture.

H. Definitions

1. "Actual cash value" means:

a. When the damage to property is economically repairable, "actual cash value" means the cost of repairing the damage with like kind and quality, less reasonable deduction for wear and tear, deterioration and obsolescence.

b. When the loss or damage to property creates a total loss, "actual cash value" means the market value of the property in a condition equal to that of the destroyed property, if reasonably available on the used market.

c. Otherwise, "actual cash value" shall mean the market value of new property of like kind and quality, less reasonable deductible for wear or tear, deterioration and obsolescence.

2. "Antique" means an object having value because its:

a. craftsmanship is in the style or fashion of former times; and

b. age is 100 years old or older.

3. "Banking premises" means the interior of that portion of any building occupied by a banking institution or similar safe depository.

4. "Contractors' equipment" means machinery, equipment, and tools of a mobile nature that you use in your contracting, installation, erection, repair, or moving operations or projects.

"Contractors' equipment" also means:

a. self-propelled vehicles designed and used primarily to carry mounted equipment; or

b. vehicles designed for highway use that are unlicensed and not operated on public roads.

5. "Electronic data" means information, facts or computer programs stored as or on, created or used on, or transmitted to or from computer software (including systems and applications software), on hard or floppy disks, CD-ROMs, tapes, drives, cells, data processing devices or any other repositories of computer software which are used with electronically controlled equipment. The term computer programs, referred to in the foregoing description of "electronic data", means a set of related electronic instructions which direct the operations and functions of a computer or device connected to it, which enable the computer or device to receive, process, store, retrieve or send data.

6. "Employee":

a. "Employee" means:

(1) Any natural person

(a) While in your service and for the first 30 days immediately after termination of service, unless such termination is due to "theft" or any dishonest act committed by the "employee";

(b) Who you compensate directly by salary, wages, or commissions; and

(c) Who you have the right to direct and control while performing services for you;

(2) Any natural person who is furnished temporarily to you:

(a) To substitute for a permanent "employee" as defined in Paragraph **(1),** who is on leave; or

(b) To meet seasonal or short-term work load conditions;

while that person is subject to your direction and control and performing services for you, excluding, however, any such person while having care and custody of property outside the "premises";

(3) Any natural person who is leased to you under a written agreement between you and a labor leasing firm, to perform duties related to the conduct of your business, but does not mean a temporary employee as defined in Paragraph **(2);**

(4) Any natural person who is:

(a) A trustee, officer, employee, administrator or manager, except an administrator or manager who is an independent contractor, of any "employee benefit plan"; and

(b) A director or trustee of yours while that person is engaged in handling "funds" or "other property" of any "employee benefit plan";

(5) Any natural person who is a former "employee", partner, "member", "manager", director or trustee retained as a consultant while performing services for you;

(6) Any natural person who is a guest student or intern pursuing studies or duties, excluding, however, any such person while having care and custody of property outside the "premises";

(7) Any "employee" of an entity merged or consolidated with you prior to the effective date of this policy; or

(8) Any of your "managers", directors or trustees while:

(a) Performing acts within the scope of the usual duties of an "employee"; or

(b) Acting as a member of any committee duly elected or appointed by resolution of your board of directors or board of trustees to perform specific, as distinguished from general, directorial acts on your behalf.

b. "Employee" does not mean any agent, broker, factor, commission merchant, consignee, independent contractor or representative of the same general character not specified in Paragraph **6.a.**

7. "Employee benefit plan" means any welfare or pension benefit plan shown in the Declarations that you sponsor and which is subject to the Employee Retirement Income Security Act of 1974 (ERISA) and any amendments thereto.

8. "Fine arts" means paintings; etchings; pictures; tapestries; rare or art glass; art glass windows; valuable rugs; statuary; sculptures; "antique" furniture; bric-a-brac; porcelains; and similar property of rarity, historical value, or artistic merit.

"Fine arts" does not mean "valuable papers and records".

9. "Forgery" means the signing of the name of another person or organization with intent to deceive; it does not mean a signature which consists in whole or in part of one's own name signed with or without authority, in any capacity, for any purpose.

10. "Funds" means "money" and "securities".

11. "Fungus" means any type or form of fungus, including mold or mildew, and any mycotoxins, spores, scents or by-products produced or released by fungi.

12. "Hardware" means a network of electronic machine components (microprocessors) capable of accepting instructions and information, processing the information according to the instructions, and producing desired results.

a. "Hardware" includes but is not limited to:

(1) mainframe and mid-range computers and network servers;

(2) personal computers and workstations;

(3) laptops, palmtops, notebook PCs, other portable computer devices and accessories including, but not limited to, multimedia projectors; and

(4) peripheral data processing equipment, including but not limited to, printers, keyboards, monitors, and modems.

b. "Hardware" does not include "software".

13. "Manager" means a person serving in a directorial capacity for a limited liability company.

14. "Media" means processing, recording, or storage media used with "hardware". This includes but is not limited to films, tapes, cards, discs, drums, cartridges, cells, or flashdrives.

15. "Member" means an owner of a limited liability company represented by its membership interest, who also may serve as a "manager".

16. "Messenger" means you, or a relative of yours, or any of your partners or "members", or any "employee" while having care and custody of property outside the "premises".

17. "Money" means:

a. Currency, coins and bank notes in current use and having a face value; and

b. Travelers checks, register checks and money orders held for sale to the public.

18. "Operations" means the type of your business activities occurring at the described premises.

19. "Other property" means any tangible property other than "money" or "securities" that has intrinsic value.

"Other property" does not include computer programs, electronic data or any property specifically excluded under this insurance.

20. "Period of Restoration" means the period of time that:

a. Begins:

(1) 72 hours after the time of direct physical loss or damage for Business Income coverage; or

(2) Immediately after the time of direct physical loss or damage for Extra Expense coverage;

caused by or resulting from any Covered Cause of Loss at the described premises; and

b. Ends on the earlier of:

(1) The date when the property at the described premises should be repaired, rebuilt or replaced with reasonable speed and similar quality; or

(2) The date when business is resumed at a new permanent location.

"Period of restoration" does not include any increased period required due to the enforcement of any ordinance or law that

(1) Regulates the construction, use or repair, or requires the tearing down of any property; or

(2) Requires any insured or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of "pollutants".

The expiration date of this policy will not cut short the "period of restoration".

21. "Perishable stock" means personal property maintained under controlled conditions for its preservation and susceptible to loss or damage if the controlled conditions change.

22. "Pollutants" means any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste. Waste includes materials to be recycled, reconditioned or reclaimed.

23. "Premises" means the interior of that portion of any building you occupy in conducting your business. This definition applies whenever this term appears in quotation marks in this coverage form.

24. "Programs and applications" means operating programs and applications that you purchase and that are:

a. stored on "media"; or

b. pre-installed and stored in "hardware".

25. "Proprietary programs" means proprietary applications or programs that are developed in-house or that you had developed specifically for you and that are:

a. stored on "media"; or

b. installed and stored in "hardware".

26. "Securities" means negotiable and nonnegotiable instruments or contracts representing either "money" or other property and includes:

a. Tokens, tickets, revenue and other stamps (whether represented by actual stamps or unused value in a meter) in current use; and

b. Evidences of debt issued in connection with credit or charge cards, which cards are not issued by you;

but does not include "money".

27. "Software" means "media", "electronic data", "programs and applications", and "proprietary programs".

28. "Stock" means merchandise held in storage or for sale, raw materials and in-process or finished goods, including supplies used in their packing or shipping.

29. "Theft" means the unlawful taking of property to the deprivation of the Insured.

30. "Valuable papers and records" means inscribed, printed or written documents, manuscripts or records, including abstracts, books, deeds, drawings, films, maps or mortgages.

But "valuable papers and records" does not mean "money" or "securities", converted data, programs or instructions used in your data processing operations, including the materials on which the data is recorded.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

ARKANSAS CHANGES
BUSINESS INCOME (AND EXTRA EXPENSE)
ACTUAL LOSS SUSTAINED COVERAGE FORM

This endorsement modifies insurance provided under the following:

BUSINESS INCOME (AND EXTRA EXPENSE) ACTUAL LOSS SUSTAINED COVERAGE FORM

Section **1** under **"C.** LOSS CONDITIONS **"** is replaced with the following:

1. Appraisal

a. If we and you disagree on the amount of Net Income and operating expense or the amount of loss, either party may make a written request for an appraisal of the loss. However, an appraisal will be made only if both we and you agree, voluntarily, to have the loss appraised. If so agreed, each party will select a competent and impartial appraiser. The two appraisers will select an umpire. If they cannot agree, either may request that selection be made by a judge of a court having jurisdiction. The appraisers will state separately the amount of Net Income and operating expense or amount of loss. If they fail to agree, they will submit their differences to the umpire.

b. An appraisal decision will not be binding on either party.

c. If there is an appraisal, we will still retain our right to deny the claim.

d. Each party will:

(1) Pay its chosen appraiser; and

(2) Bear the other expenses of the appraisal and umpire equally.

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Rate Information

Rate data does NOT apply to filing.

Supporting Document Schedules

Satisfied -Name: Uniform Transmittal Document-Property & Casualty

Review Status: Approved 03/19/2008

Comments:

Attachments:

AR - NAIC P&C TRANSMITTAL DOCUMENT.PDF

AR - NAIC FORM FILING SCHEDULE.PDF

Satisfied -Name: Explanation of Optimum, Form Memorandum, Forms Listing, Withdrawn Form CMP

Review Status: Approved 03/19/2008

Comments:

Attachments:

Explanation of Optimum.PDF

Form Memorandum.PDF

Forms Listing.PDF

Withdrawn Form CMP.PDF

Property & Casualty Transmittal Document

1. Reserved for Insurance Dept. Use Only	2. Insurance Department Use only	
	a. Date the filing is received:	
	b. Analyst:	
	c. Disposition:	
	d. Date of disposition of the filing:	
	e. Effective date of filing:	
	New Business	
	Renewal Business	
	f. State Filing #:	
	g. SERFF Filing #:	
	h. Subject Codes	

3.	Group Name	Group NAIC #
	Safeco Group	163

4.	Company Name(s)	Domicile	NAIC #	FEIN #	State #
	American Economy Insurance Company	IN	19690	35-1044900	
	American States Insurance Company	IN	19704	35-0145400	
	First National Insurance Company of America	WA	24724	91-0742144	
	General Insurance Company of America	WA	24732	91-0231910	
	Safeco Insurance Company of America	WA	24740	91-0742148	

5.	Company Tracking Number	ML AR07458CGF01

Contact Info of Filer(s) or Corporate Officer(s) [include toll-free number]

6.	Name and address	Title	Telephone #s	FAX #	e-mail
	Steve Darci, CPCU Safeco Plaza, Suite 2800 Seattle WA 98185-0001	Commercial Lines Analyst	206-473-5823	206-473-6723	stedar@safeco.com

7.	Signature of authorized filer	Steve Darci
8.	Please print name of authorized filer	Steve Darci

Filing Information (see General Instructions for descriptions of these fields)

9.	**Type of Insurance (TOI)**	17.0 Other Liability - Claims Made/Occurrence
10.	**Sub-Type of Insurance (Sub-TOI)**	17.0000 Other Liability Sub-TOI Combinations
11.	**State Specific Product code(s) (if applicable) [See State Specific Requirements]**	
12.	**Company Program Title** (Marketing Title)	
13.	**Filing Type**	☐ Rate/Loss Cost ☐ Rules ☐ Rates/Rules ☒ Forms ☐ Combination Rates/Rules/Forms ☐ Withdrawal ☐ Other (give description)
14.	**Effective Date(s) Requested**	New: 05/01/2008 Renewal: 05/01/2008
15.	**Reference Filing?**	☐ Yes ☒ No
16.	**Reference Organization** (if applicable)	N/A
17.	**Reference Organization # & Title**	N/A
18.	**Company's Date of Filing**	February 26, 2008
19.	**Status of filing in domicile**	☐ Not Filed ☒ Pending ☐ Authorized ☐ Disapproved

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Property & Casualty Transmittal Document

20.	**This filing transmittal is part of Company Tracking #**	ML AR07458CGF01

21.	**Filing Description** [This area can be used in lieu of a cover letter or filing memorandum and is free-form text]

Withdrawing: See attached form listing

We are submitting a revision and enhancement to our Peak Property, Peak Extra Property, Ultra Peak Property and Ultra Peak Extra Property Programs under our companion Division Five - Fire and Allied Lines form filing, CF AR07458CGF01. The new program will be titled Safeco Optimum PropertyTM. We are taking this opportunity to expand coverages and eligibility as well as address some coverage concerns. Some of the features of the new program are listed below:

" Separate Peak and Peak Extra endorsements are being replaced with a single product.
" Various Ultra Peak and Ultra Peak Extra endorsements are being replaced with single products.
" 2008 ISO Property Multistate changes are incorporated into the forms.
" Coverage enhancements formerly provided by separate endorsements are now built into the forms.
" Contents is written on a Special cause of loss basis; Basic or Broad coverage will not be offered.
" Flex Coverage provides a single limit that can be used for the following coverages:
o Accounts Receivable
o Brands and Labels
o Non-owned Detached Trailers
o Outdoor Trees, Shrubs, Plants, Sod and Lawns (not included in Safeco Optimum PropertyTM for Golf and Country Clubs)
o Personal Effects
o Valuable Papers and Records
" A variety of coverage extensions and additional coverages are available.

Combining the forms and endorsements for these programs resulted in massive changes to our forms. Due to the number and type of changes creating a side-by-side comparison is not practical. In its place we are including a Forms Memorandum that details the changes to the forms.

Compliance with applicable statutes including cancellation, nonrenewals and other state specific requirements is satisfied through the use of appropriate ISO and company Interline and Commercial Property forms.

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 #: N/A
Amount: $50.00

Fee process thru EFT.

Refer to each state's checklist for additional state specific requirements or instructions on calculating fees.

*****Refer to each state's checklist for additional state specific requirements (i.e. # of additional copies required, other state specific forms, etc.)**

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FORM FILING SCHEDULE

(This form must be provided ONLY when making a filing that includes forms)

(Do not refer to the body of the filing for the forms listing, unless allowed by state.)

1.	**This filing transmittal is part of Company Tracking #**	ML AR07458CGF01

2.	**This filing corresponds to rate/rule filing number** (Company tracking number of rate/rule filing, if applicable)	

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	Safeco Optimum Property Causes of Loss - Special Form	CP 74 31 03 08	☒ New ☐ Replacement ☐ Withdrawn		
02	Safeco Optimum Property Extra Expense Coverage Form	CP 74 32 03 08	☒ New ☐ Replacement ☐ Withdrawn		
03	Safeco Optimum Property Business Income (And Extra Expense) Actual Loss Sustained Coverage Form	CP 74 33 03 08	☒ New ☐ Replacement ☐ Withdrawn		
04	Safeco Optimum Property Business Income (Without Extra Expense) Coverage Form	CP 74 35 03 08	☒ New ☐ Replacement ☐ Withdrawn		
05	Safeco Optimum Property Business Income (And Extra Expense) Coverage Form	CP 74 36 03 08	☒ New ☐ Replacement ☐ Withdrawn		
06	Safeco Optimum Property for Manufacturers Building and Personal Property Coverage Form	CP 74 38 03 08	☒ New ☐ Replacement ☐ Withdrawn		
07	Safeco Optimum Property for Manufacturers Causes of Loss - Special Form	CP 74 39 03 08	☒ New ☐ Replacement ☐ Withdrawn		
08	Safeco Optimum Property for Manufacturers Business Income (And Extra Expense) Coverage Form	CP 74 40 03 08	☒ New ☐ Replacement ☐ Withdrawn		
09	Safeco Optimum Property for Manufacturers Business Income (Without Extra Expense) Coverage Form	CP 74 41 03 08	☒ New ☐ Replacement ☐ Withdrawn		
10	Safeco Optimum Property for Manufacturers Extra Expense Coverage Form	CP 74 42 03 08	☒ New ☐ Replacement ☐ Withdrawn		

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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
11	Safeco Optimum Property for Manufacturers Business Income (And Extra Expense) Actual Loss Sustained Coverage Form	CP 74 43 03 08	☒ New ☐ Replacement ☐ Withdrawn		

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FORM FILING SCHEDULE *(cont.)*

State: Arkansas **Company Tracking #** ML AR07458CGF01 **Page** 2 **of** 5

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
12	Safeco Optimum Property for Restaurants Building and Personal Property Coverage Form	CP 74 59 03 08	☒ New ☐ Replacement ☐ Withdrawn		
13	Safeco Optimum Property for Restaurants Causes of Loss - Special Form	CP 74 60 03 08	☒ New ☐ Replacement ☐ Withdrawn		
14	Safeco Optimum Property for Restaurants Business Income (And Extra Expense) Coverage Form	CP 74 61 03 08	☒ New ☐ Replacement ☐ Withdrawn		
15	Safeco Optimum Property for Restaurants Business Income (Without Extra Expense) Coverage Form	CP 74 62 03 08	☒ New ☐ Replacement ☐ Withdrawn		
16	Safeco Optimum Perperty for Restaurants Extra Expense Coverage Form	CP 74 63 03 08	☒ New ☐ Replacement ☐ Withdrawn		
17	Safeco Optimum Property for Restaurants Business Income (And Extra Expense) Actual Loss Sustained Coverage Form	CP 74 64 03 08	☒ New ☐ Replacement ☐ Withdrawn		
18	Safeco Optimum Property for Religious Institutions Building and Personal Property Coverage Form	CP 74 52 03 08	☒ New ☐ Replacement ☐ Withdrawn		
19	Safeco Optimum Property for Religious Institutions Causes of Loss - Special Form	CP 74 53 03 08	☒ New ☐ Replacement ☐ Withdrawn		
20	Safeco Optimum Property for Religious Institutions Business Income (And Extra Expense) Coverage Form	CP 74 54 03 08	☒ New ☐ Replacement ☐ Withdrawn		
21	Safeco Optimum Property for Religious Institutions Business Income (Without Extra Expense) Coverage Form	CP 74 55 03 08	☒ New ☐ Replacement ☐ Withdrawn		
22	Safeco Optimum Property for Religious	CP 74 56 03 08	☒ New ☐ Replacement		

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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
	Institutions Extra Expense Coverage Form		☐ Withdrawn		

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FORM FILING SCHEDULE *(cont.)*

State: Arkansas **Company Tracking #** ML AR07458CGF01 **Page** 3 **of** 5

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
23	Safeco Optimum Property for Religious Institutions Business Income (And Extra Expense) Actual Loss Sustained Coverage Form	CP 74 57 03 08	☒ New ☐ Replacement ☐ Withdrawn		
24	Safeco Optimum Property for Golf and Country Clubs Building and Personal Property Coverage Form	CP 74 46 03 08	☒ New ☐ Replacement ☐ Withdrawn		
25	Safeco Optimum Property for Gold and Country Clubs Causes of Loss - Special Form	CP 74 47 03 08	☒ New ☐ Replacement ☐ Withdrawn		
26	Safeco Optimum Property for Golf and Country Clubs Business Income (Without Extra Expense) Coverage Form	CP 74 48 03 08	☒ New ☐ Replacement ☐ Withdrawn		
27	Safeco Optimum Property for Golf and Country Clubs Extra Expense Coverage Form	CP 74 49 03 08	☒ New ☐ Replacement ☐ Withdrawn		
28	Safeco Optimum Property for Golf and Country Clubs Business Income (And Extra Expense) Actual Loss Sustained Coverage Form	CP 74 50 03 08	☒ New ☐ Replacement ☐ Withdrawn		
29	Safeco Optimum Property for Automobile Service Businesses Building and Personal Property Coverage Form	CP 74 75 03 08	☒ New ☐ Replacement ☐ Withdrawn		
30	Safeco Optimum Property for Automobile Service Businesses Causes of Loss - Special Form	CP 74 76 03 08	☒ New ☐ Replacement ☐ Withdrawn		
31	Safeco Optimum Property for Automobile Service Businesses Business Income (And Extra Expense) Coverage Form	CP 74 77 03 08	☒ New ☐ Replacement ☐ Withdrawn		
32	Safeco Optimum Property for Automobile	CP 74 78 03 08	☒ New ☐ Replacement		

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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
	Service Businesses Business Income (Without Extra Expense) Coverage Form		☐ Withdrawn		
33	Safeco Optimum Property for Automobile Service Businesses Extra Expense Coverage Form	CP 74 79 03 08	☒ New ☐ Replacement ☐ Withdrawn		

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FORM FILING SCHEDULE *(cont.)*

State: Arkansas **Company Tracking #** ML AR07458CGF01 **Page** 4 **of** 5

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
34	Safeco Optimum Property for Automobile Service Businesses Business Income (And Extra Expense) Actual Loss Sustained Coverage Form	CP 74 80 03 08	☒ New ☐ Replacement ☐ Withdrawn		
35	Safeco Optimum Property for Apartments Building and Personal Property Coverage Form	CP 74 66 03 08	☒ New ☐ Replacement ☐ Withdrawn		
36	Safeco Optimum Property for Apartments Causes of Loss - Special Form	CP 74 67 03 08	☒ New ☐ Replacement ☐ Withdrawn		
37	Safeco Optimum Property for Apartments Business Income (And Extra Expense) Coverage Form	CP 74 68 03 08	☒ New ☐ Replacement ☐ Withdrawn		
38	Safeco Optimum Property for Apartments Business Income (Without Extra Expense) Coverage Form	CP 74 69 03 08	☒ New ☐ Replacement ☐ Withdrawn		
39	Safeco Optimum Property for Apartments Extra Expense Coverage Form	CP 74 70 03 08	☒ New ☐ Replacement ☐ Withdrawn		
40	Safeco Optimum Property for Apartments Business Income (And Extra Expense) Actual Loss Sustained Coverage Form	CP 74 71 03 08	☒ New ☐ Replacement ☐ Withdrawn		
41	Safeco Optimum Property for Condominium Associations Building and Personal Property Coverage Form	CP 74 83 03 08	☒ New ☐ Replacement ☐ Withdrawn		
42	Safeco Optimum Property for Condominium Associations Causes of Loss - Special Form	CP 74 84 03 08	☒ New ☐ Replacement ☐ Withdrawn		
43	Safeco Optimum Property for Condominium Associations Business Income (And Extra	CP 74 85 03 08	☒ New ☐ Replacement ☐ Withdrawn		

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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
	Expense) Coverage Form				
44	Safeco Optimum Property for Condominium Associations Business Income (Without Extra Expense) Coverage Form	CP 74 86 03 08	☒ New ☐ Replacement ☐ Withdrawn		

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FORM FILING SCHEDULE *(cont.)*

State: Arkansas **Company Tracking #** ML AR07458CGF01 **Page** 5 **of** 5

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
45	Safeco Optimum Property for Condominium Associations Extra Expense Coverage Form	CP 74 87 03 08	☒ New ☐ Replacement ☐ Withdrawn		
46	Safeco Optimum Property for Condominium Associations Business Income (And Extra Expense) Actual Loss Sustained Coverage Form	CP 74 88 03 08	☒ New ☐ Replacement ☐ Withdrawn		
47	"Fungus", Wet Rot, Dry Rot and Bacteria Coverage	CP 92 02 03 08	☒ New ☐ Replacement ☐ Withdrawn		
48	Ordinance or Law Coverage	CP 92 03 03 08	☒ New ☐ Replacement ☐ Withdrawn		
49	Safeco Optimum Property Value Reporting Form Change	CP 92 04 03 08	☒ New ☐ Replacement ☐ Withdrawn		
50	Safeco Optimum Property Peak Season Limit of Insurance	CP 92 05 03 08	☒ New ☐ Replacement ☐ Withdrawn		
51	Safeco Optimum Property Flood Coverage Endorsement	CP 92 06 03 08	☒ New ☐ Replacement ☐ Withdrawn		
52	Safeco Optimum Property for Golf and Country Clubs Building and Personal Property Coverage Form	CP 74 45 03 08	☒ New ☐ Replacement ☐ Withdrawn		
53	Safeco Optimum Property Building and Personal Property Coverage From	CP 74 30 03 08	☒ New ☐ Replacement ☐ Withdrawn		
54	Arkansas Changes Business Income (and Extra Expense) Actual Loss Sustained Coverage Form	CP 92 08 03 08	☒ New ☐ Replacement ☐ Withdrawn		

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SAFECO OPTIMUM PROPERTY™ PRODUCTS

The products offered through Safeco Optimum Property™ are:

- **Safeco Optimum Property™** - for all eligible classes of business except those for which there is a more specific Safeco Optimum Property™ product.

- **Safeco Optimum Property™ for Manufacturers** – for manufacturing classes (other than policies that are primarily lessor's risk only).

- **Safeco Optimum Property™ for Restaurants** – for restaurants (other than policies that are primarily lessor's risk only).

- **Safeco Optimum Property™ for Religious Institutions** – for religious institutions (other than policies that are primarily lessor's risk only).

- **Safeco Optimum Property™ for Golf and Country Clubs** – for golf and country clubs (other than policies that are primarily lessor's risk only).

- **Safeco Optimum Property™ for Automobile Service Businesses** – for automobile and truck repair businesses or parking garages (other than policies that are primarily lessor's risk only).

- **Safeco Optimum Property™ for Apartments** – for apartments (and appurtenant structures such as garages).

- **Safeco Optimum Property™ for Condominium Associations** – for residential condominium association buildings (and appurtenant structures such as garages). Also, for commercial (non-residential) condominium associations.

Changes include:

- Reducing the number of Property products
    - Replacing separate Peak and Peak Extra endorsements with a single product.
    - Replacing various Ultra Peak and Ultra Peak Extra endorsements with single products (e.g., Ultra Restaurant Peak and Ultra Restaurant Peak Extra are combined into a single Safeco Optimum Property™ for Restaurants; same for Religious Institutions, Golf and Country Clubs, and other Ultra Peak and Ultra Peak Extra endorsements).
    - Combining Automobile Service Station and Automobile Specialty Shop endorsements into a single product (coverages are identical).
- Creating Property coverage forms that are specifically targeted for manufacturing risks
- Coverage enhancements formerly provided by separate endorsements are now built into the forms
    - Coverage enhancements integrated into Building & Personal Property Coverage Form, Special Cause of Loss Form & various time element forms.
    - Spoilage Coverage included in Building & Personal Property Coverage Form – no longer separate endorsement.
    - Food Contamination coverage included in Building & Personal Property Coverage Form (for Restaurants and Golf & Country Clubs) – no longer separate endorsement.

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- Reducing the number of coverage forms that are generated
    - Add Inland Marine coverage enhancements to Optimum Property Building and Personal Property Coverage Forms. Eliminates the automatic attachment of eight separate Inland Marine coverage forms.
    - New Crime Additional Coverages have been added so that in many instances Crime coverage forms will not be needed.
- Incorporating 2008 ISO Property Multistate Revision into the Safeco Optimum Property™ coverage forms such as:
    - Business Income Civil Authority has been revised to limit coverage to where the insured premises are not more than one mile from the damaged premises.
    - A new exclusion has been added to address errors in production.
    - Utility Services exclusion has been revised – reference to power and other utilities has been expanded to make explicit mention of water and communication services. The exclusion has been revised to address utility failure that originates at the described premises, when such failure involves equipment used to provide utility service supplied by an off-premises provider. A statement has been added to make it explicit that the exclusion encompasses power surge related to the power failure event.
    - Collapse exclusion and additional coverage for collapse have been revised.
    - Electrical, magnetic or electromagnetic energy exclusion has been revised to incorporate various terms that reflect current understanding of technology with respect to power sources and associated systems, such as electromagnetic energy (including electromagnetic pulse or waves) and microwaves, and the various risks associated with them.
    - The Loss Payment condition has been amended to specifically address party walls.
    - Spoilage coverage previously described as “mechanical breakdown or failure” has been reworded “mechanical breakdown or mechanical failure” to be clear as to intent.
    - Under Dependent Property coverage, the definition of dependent property has been revised to exclude roads, bridges, tunnels, waterways, etc.
- Improving policy language and organization of forms
    - Coverage extensions and additional coverages are listed in alphabetical order.
    - Language has been added to add clarity about how limits apply (i.e., separate from Maximum Limit or included in Max. Limit) and about deductibles.

Please refer to the Form Memorandum for specific details regarding the changes to each form.

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FORMS MEMORANDUM

SAFECO OPTIMUM PROPERTY™ – PROPERTY COVERAGE FORMS

SAFECO OPTIMUM PROPERTY™ BUILDING AND PERSONAL PROPERTY COVERAGE FORM (CP 74 30) compared to ISO BUILDING AND PERSONAL PROPERTY COVERAGE FORM (CP 00 10) with either PEAK PROPERTY ENDORSEMENT (CP 75 15) or with PEAK EXTRA PROPERTY ENDORSEMENT (CP 75 16)

Changes apply to both Peak and Peak Extra, except as noted:

A.1. Covered Property

- We have added "Foundations of buildings, structures, machinery or boilers" as covered Building property.
- "Underground pipes, flues or drains" are added as covered Building property.
- "Your Business Personal Property", A.1.b., has been renamed "Business Personal Property" to reflect the inclusion of personal property of others.
- "Tools and equipment owned by your employees that are used in your business operations" are added as covered Business Personal Property.
- Personal property of others is no longer a separate item of Covered Property, but is instead included as covered Business Personal Property.
- "All other personal property of others" has been added as covered Business Personal Property.

A.2. Property Not Covered

- "Money" and "securities" are now defined terms, with the definitions appearing in the Definitions section of the coverage form.
- Reference has been made to coverage for "money" and "securities" being provided under the Additional Coverage for Money And Securities.
- "Foundations of buildings, structures, machinery or boilers" has been deleted as Property Not Covered, as it is now included as Covered Property.
- "Personal effects owned by you, your officers, your partners or members, your managers or your employees" has been added as Property Not Covered, except as is provided by the Coverage Extension for Personal Effects.
- Reference has been made to coverage for waterborne and airborne property being provided under the Coverage Extension for Property In Transit.
- Reference has been made to coverage for "electronic data" being provided under the Coverage Extension for Electronic Data Processing. The Definition of "electronic data" has been moved to the Definitions section.
- Reference has been made to coverage for the cost to replace or restore information on "valuable papers and records" being provided under the Coverage Extension for Valuable Papers And Records.
- Sod or lawns (except "stock" of sod) has been added as property not covered while outside of buildings. Reference has been made to coverage being provided in the Coverage Extension for Outdoor Trees, Shrubs, Plants, Sod And Lawns.

A.4. Additional Coverages

- The following Additional Coverages have been added:
  - **4.b. Computer Fraud**
    - Provides coverage against loss of money, securities, and other property caused by the use of a computer to fraudulently transfer that property from inside the "premises" or

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"banking premises" to a person (other than a "messenger") outside the "premises" or to a place outside the "premises".
    - Coverage is subject to the exclusions and conditions built into the Additional Coverage.
    - Coverage is subject to a $50,000 per "occurrence" limit regardless of the number of persons involved in committing the fraud, and $100,000 in any one policy period, regardless of the number of occurrences or persons involved.
    - No deductible applies to this coverage.
  - **4.c. Contract Penalty**
    - Provides coverage for penalties contained within a written contract purchase or sales agreement with a customer or vendor that the insured is required to pay because they are unable to complete a project, fill an order, or complete a purchase in accordance with the terms of that contract due to a covered cause of loss at a covered premises.
    - Coverage is subject to a $50,000 per policy year limit, regardless of the number of contracts or penalties.
  - **4.e. Employee Theft**
    - Provides coverage for "theft" of "money", "securities", and "other property" committed by an "employee".
    - ERISA welfare and employee benefit plans sponsored by the insured are automatically included as named insured.
    - Coverage is subject to the exclusions, limitations and conditions built into the Additional Coverage.
    - Coverage is subject to a $50,000 per "occurrence" limit.
    - No deductible applies to this coverage.
  - **4.j. Lock And Key Replacement**
    - Provides coverage for the cost to rekey, repair, or replace door locks at a premises described in the Declarations if keys are stolen in a covered "theft" loss.
    - Coverage is subject to a $2,500 per occurrence limit.
    - No deductible applies to this coverage.
- The following Additional Coverages have been revised:
  - **4.a. Arson, Vandalism Or Theft Reward**
    - This Additional Coverage has been renamed "Arson, Vandalism Or Theft Reward" from "Arson reward".
    - Coverage has been expanded to provide for payment of rewards for information which leads to a vandalism or "theft" conviction.
    - The per occurrence limit has been increased from $5,000 to $50,000 or 25% of the amount that we pay for direct physical loss or damage, whichever is less.
  - **4.d. Debris Removal**
    - Coverage has been revised to increase the additional limit from $25,000 to $50,000.
    - Language has been added to indicate that debris removal coverage does not apply to the costs to remove debris of outdoor trees, shrubs, plants, sod or lawns except to remove such debris from covered buildings or personal property, or as is provided under the Coverage Extension for Outdoor Trees, Shrubs, Plants, Sod And Lawns.
  - **4.g. Fire Department Service Charge**
    - Coverage, previously on an actual loss sustained basis (not subject to a dollar limit), is now subject to a $50,000 limit.
  - **4.h. Fire Extinguisher Systems Recharge**
    - Coverage has been renamed from "Fire Extinguisher Recharge" to "Fire Extinguisher Systems Recharge".

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- Coverage has been added for the cost of recharging or replacing automatic fire suppression or extinguishing systems.
- Coverage, previously on an actual loss sustained basis (not subject to a dollar limit), is now subject to a $50,000 per occurrence limit.
- Language has been included that specifies that we will not pay for Halon or any other fire extinguishing agent that is no longer in production. Additionally, we will not pay for the costs resulting from the enforcement of any ordinance or law that regulates the recharging, repair or replacement of fire suppression or extinguishing systems or the extinguishing agent.

- **4.i. Forgery Or Alteration**
  - "Forgery" is now a defined term, with the definition appearing in the Definitions section of the form.
  - Language has been added which indicates that a substitute check as defined in the Check Clearing for the 21st Century Act shall be treated the same as the original it replaced.
  - There is no exclusion for indirect losses.
  - Language pertaining to insurance under two or more coverages under this policy has been deleted.
  - Coverage no longer exists for losses sustained during prior insurance.
  - The per "occurrence" limit has been increased from $5,000 to $25,000.
  - Coverage is now subject to a $1,000 deductible.
- **4.k. Money And Securities**
  - Coverage is for "theft", disappearance, or destruction – the prior "Money and Securities" This represents a change from Peak, as the prior Peak Additional Coverage was an extension of the Business Personal Property coverage and thus the perils that applied to Business Personal Property applied. This represents no change in coverage from Peak Extra to Safeco Optimum Property™.
  - Coverage applies both inside the "premises" or "banking premises", and outside the "premises" while in the custody of the insured or insured's partners, "employees", or armored motor vehicle company. The prior coverage for Peak applied only at locations designated in the Declarations. This represents no change in coverage from Peak Extra to Safeco Optimum Property™.
  - The per "occurrence" limit for loss Inside has increased to $25,000 from $500 for Peak and $10,000 for Peak Extra. The per "occurrence" limit for loss Outside has been increased to $25,000 from $5,000 for Peak Extra. There was no Outside coverage under Peak.
- **4.l. Money Orders And Counterfeit Money**
  - Renamed from "Money Orders and Counterfeit Paper Currency" to "Money Orders And Counterfeit Money".
  - "Counterfeit money" is now a defined term, with the definition located in the Definitions section.
  - Language has been added that if the insured has reason to believe that a loss involves a violation of the law, they must notify the local law enforcement agencies.
  - "Occurrence" is now a defined term.
  - The per "occurrence" limit has been increased from $1,000 to $5,000. Coverage is now subject to a $250 deductible.
  - Language has been added that if the same coverage is provided under the Crime Coverage Part of the policy, that coverage replaces this Additional Coverage.

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- **4.m. Ordinance Or Law *(SAFECO OPTIMUM PROPERTY™ BUILDING AND PERSONAL PROPERTY COVERAGE FORM (CP 74 30) compared to ORDINANCE OR LAW COVERAGE (CP 75 77) for Peak or ORDINANCE OR LAW COVERAGE (CP 75 78) for Peak Extra)***

  Changes apply to both Peak and Peak Extra, except as noted:
  - Language has been added to exclude payment for enforcement of any ordinance or law which requires the demolition, repair, replacement, reconstruction, remodeling or remediation of property due to the presence, growth, proliferation, spread or any activity of "fungus", wet or dry rot or bacteria. {Does not apply in New York.}
  - Language has been added that would exclude payment for the costs associated with the enforcement of any ordinance or law which requires any insured or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of "fungus", wet or dry rot, or bacteria. {Does not apply in New York.}
  - The per building limit for Coverage B – Demolition Cost and Coverage C – Increased Cost of Construction combined has been increased to $200,000 from $50,000 for Peak and $100,000 for Peak Extra.
- **4.n. Pollutant Clean-up And Removal**
  - The limit during each twelve-month period has been increased from $25,000 to $50,000.
- **4.o. Preservation Of Property**
  - Coverage is provided if it occurs within 90 days after the date the property is first moved; was 30 days.

- Language has been added to all Additional Coverages to clarify whether payments are separate from the Limits of insurance or do not increase the Limits.

<u>A.5. Coverage Extensions</u>

- The following Coverage Extensions have been added:
  - **5.a. Accounts Receivable**
    - Covers the amount of money the insured is unable to collect when records of accounts receivable are destroyed by a covered cause of loss.
    - Covered causes of loss are per the Causes of Loss – Special Coverage Form. Additionally, the earth movement, utility services, water, and all B.2 exclusions except consequential loss, wear and tear, steam apparatus, dishonesty, false pretense, collapse and pollution do not apply.
    - Replaces Inland Marine Accounts Receivable Coverage Form, CM 00 66.
    - Coverage is subject to the exclusions and conditions built into the Coverage Extension.
    - On Your Premises – $250,000 limit per premises – increased from IM limit of $25,000 for Peak and $100,000 for Peak Extra.
    - Away From Your Premises – $25,000 limit per occurrence – same limit as was previously provided on IM form.
  - **5.d. Deferred Payments** (new for policies that were previously written as Peak)
    - Extends Business Personal Property to cover the insured's remaining interest in Business Personal Property which has been sold by the insured under an installment or deferred payment plan and is in the possession of the buyer and has sustained a loss by a Covered Cause of Loss.
    - The limit is $50,000.

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- **5.e. Electronic Data Processing**
  - Replaces Inland Marine Electronic Data Processing Coverage Form, CM 78 40, and Electronic Data Processing Equipment Mechanical and Electrical Breakdown Coverage Endorsement, CM 78 41.
  - Covered causes of loss are per the Causes of Loss – Special Coverage Form. Additionally, the earth movement, utility services, water, and all B.2 exclusions except consequential loss, wear and tear, steam apparatus, dishonesty, false pretense, collapse and pollution do not apply.
  - On Your Premises:
    - Equipment, Media and Data - $250,000 per occurrence limit – increased from IM limit of $50,000.
    - Business Income - $25,000 per occurrence limit – no coverage under IM form.
    - Extra Expense - $25,000 per occurrence limit – increased from IM limit of $25,000.
    - Coverage is subject to the exclusions built into the Coverage Extension.
    - New exclusion for “computer virus” and “computer hacking”. Limited coverage added back by coverage extension.
  - Away From Your Premises
    - $100,000 per occurrence limit – increased from IM limit of $50,000.
  - Virus And Hacking Coverage - $100,000 limit per policy year.
  - Language has been included that if EDP coverage is provided for any premises under the Inland Marine Coverage Part of the policy, that coverage replaces this Coverage Extension as respects that premises.
- **5.f. Exhibitions**
  - Replaces Inland Marine Peak Program – Exhibition Risks Coverage Form, CM 78 70.
  - Covered causes of loss are per the Causes of Loss – Special Coverage Form. Additionally, earth movement and flood are covered causes of loss under this extension.
  - $50,000 limit – increased from IM limit of $10,000 for Peak and $25,000 for Peak Extra.
  - Language has been included that if Exhibitions coverage is provided under the Inland Marine Coverage Part of the policy, that coverage replaces this Coverage Extension.
- **5.g. Fine Arts**
  - Replaces Inland Marine Commercial Fine Arts Coverage Form, CM 78 81.
  - Property not covered now includes “numismatic or philatelic objects or collections”, “furs or fur-trimmed garments”, and “jewelry, precious or semi-precious stones, gold, silver, platinum, or other precious metals or alloys”.
  - References to contraband and property in the illegal transportation or trade have been deleted.
  - Covered causes of loss are per the Causes of Loss – Special Coverage Form. Additionally, earth movement and flood are covered causes of loss under this extension.
  - There is no coverage for loss caused by breakage of glass windows, statuary, marbles, glassware, bric-a-brac, porcelains and similar fragile articles, unless caused by one of the causes of loss enumerated in the Coverage Extension.
  - On Your Premises - $50,000 limit per premises – increased from IM limit of $10,000 for Peak and $25,000 for Peak Extra.
  - Property On Exhibit - $10,000 per occurrence limit – previously covered on IM Exhibition Risks Coverage Form for $10,000 for Peak and $25,000 for Peak Extra.

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    - Property Off Premises For Framing, Renovating, Packing, Or Appraising - $10,000 per occurrence limit – same limit as previously provided on IM form for Peak; decreased from $25,000 for Peak Extra.
    - Transit - $10,000 per occurrence limit – same limit as previously provided on IM form for Peak; decreased from $25,000 for Peak Extra.
    - Language has been included that if Fine Arts coverage is provided under the Inland Marine Coverage Part of the policy, that coverage replaces this Coverage Extension.
- **5.n. Property In Transit**
    - Replaces Inland Marine Motor Truck Cargo Owners Coverage, CM 78 50, and Transportation Coverage, CM 78 56.
    - Covered causes of loss are per the Causes of Loss – Special Coverage Form. Additionally, earth movement and flood are covered causes of loss under this extension.
    - The limit is $50,000 – increased from $10,000 Motor Truck Cargo Owners Coverage limit and $10,000 Transportation limit.
    - Language has been included that if either Motor Truck Cargo Owners coverage or Transportation coverage is provided under the Inland Marine Coverage Part of the policy, that coverage replaces this Coverage Extension.
- **5.p. Sales Representatives Samples**
    - Replaces Inland Marine Salespersons Samples Coverage, CM 78 72.
    - Covered causes of loss are per the Causes of Loss – Special Coverage Form. Additionally, earth movement and flood are covered causes of loss under this extension.
    - There is no coverage for “theft” from an unattended vehicle except when it is locked, windows closed, and there is evidence of forced entry.
    - There is no exclusion for furs or principally-fur articles.
    - There is no coverage under this extension for precious or semiprecious stones, gold, silver, platinum, or other precious metals or alloys.
    - $50,000 limit – increased from IM limit of $10,000 for Peak and $25,000 for Peak Extra.
    - Coverage is subject to a separate $1,000 deductible.
    - Language has been included that if coverage for sales representatives samples is provided under the Inland Marine Coverage Part of the policy, that coverage replaces this Coverage Extension.
- **5.q. Signs – Supplemental Coverage**
    - Extends the insurance that applies to Business Personal Property to apply to damage to signs located at a premises described in the Declarations owned by the insured or for which the insured is contractually responsible for.
    - There is no coverage under this Coverage Extension for signs which are Covered Property under A.1.a.
    - The limit is $50,000 per occurrence.
- **5.s. Theft Damage To Buildings For Tenants**
    - Extends the insurance that applies to Business Personal Property to apply to damage to a tenant’s building caused by or resulting from “theft” or attempted “theft” if the insured, as tenant, is contractually responsible for such damages.
    - The limit is $50,000.
- **5.v. Worldwide Personal Property** (new for policies that were previously written as Peak)
    - Extends the insurance that applies to Business Personal Property to apply to property while it is in transit or at a premises located outside of the coverage territory of the

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policy (i.e., in any part of the world other than the United States, including its territories and possessions, Puerto Rico or Canada).
    - There is no coverage for “stock” other than sales representatives’ samples, “money”, or “securities” other than airline tickets.
    - There is no coverage for “theft” losses to property that is voluntarily released to the care, custody or control of anyone else.
    - The per occurrence limit is $10,000.
- The following Coverage Extensions have been revised:
  - **5.b. Brands And Labels**
    - Renamed “Brands And Labels” from “Brand and Label”.
    - The limit has been increased to $50,000 from $10,000 for Peak and $25,000 for Peak Extra.
  - **5.c. Consequential Damage To Pairs Or Sets**
    - Coverage is now subject to the limit that applies to Business Personal Property; previously the limit was $10,000 for Peak and $25,000 for Peak Extra.
  - **5.d. Deferred Payments** (revised for policies that were previously written as Peak Extra)
    - The limit has been increased to $50,000 from $25,000.
  - **5.h. Inflation Guard**
    - Applies to Building or Business Personal Property coverage – previously applied to Building coverage only.
    - The inflation increase percentage is 6% - previously it was 4%.
  - **5.i. Inventory, Appraisals And Other Claims Expenses**
    - Renamed “Inventory, Appraisals And Other Claims Expenses” from “Inventory or Appraisals”.
    - Coverage has been added for “preparing other documents that we require”.
    - Language has been added to indicate that there is no coverage for “expenses for appraisals to resolve disputes involving value or loss as described in E.2. Appraisal.
    - The limit has been increased to $50,000 from $10,000 for Peak and $25,000 for Peak Extra.
  - **5.j. Newly Acquired Or Constructed Property**
    - Coverage ends when the policy expires, values are reported to us, or 180 days after acquisition of the property – previously was 90 days.
  - **5.k. Non-owned Detached Trailers**
    - The limit has been increased from $5,000 to 10,000.
  - **5.l. Outdoor Trees, Shrubs, Plants, Sod And Lawns**
    - Renamed “Outdoor Trees, Shrubs, Plants, Sod And Lawns” from “Outdoor Property” as the other property – i.e., fences, antennas and signs – are now Covered Property.
    - Also includes former “Lawn” Coverage Extension.
    - Covered causes of loss include “fire; lightning; explosion; riot or civil commotion; aircraft; or vehicles operated by other than you or an employee”.
    - For outdoor trees, shrubs and plants:
      - Coverage for loss or damage caused by wind and hail has been deleted.
      - Coverage for loss or damage caused by “vehicles operated by other than you or an employee” has been added.
      - For policies that were previously written as Peak, the limit has been increased from $10,000 (not to exceed $2,500 for any one tree, shrub or plant) to $50,000 (not to exceed $10,000 for any one tree, shrub or plant).

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        - For policies that were previously written as Peak Extra, the limit has been increased from $25,000 (not to exceed $2,500 for any one tree, shrub or plant) to $50,000 (not to exceed $10,000 for any one tree, shrub or plant).
    - For lawns, coverage has been reduced from Special Causes of Loss to the causes of loss referenced above (fire, lightning, explosion, riot or civil commotion, aircraft, and vehicles operated by other than you or an employee).
        - The limit for lawns has been increased from $2,000 to $50,000.
    - Language has been added that indicates that the limits include their debris removal expense, and that such debris removal expense is not covered under the Additional Coverage for Debris Removal. This compliments the language in the Debris Removal Additional Coverage.
- **5.m. Personal Effects**
    - Renamed from “Personal Effects and Property of Others” to “Personal Effects”.
    - There is no longer coverage under this extension for personal property of others. Personal property of others is now included in the coverage for Business Personal Property.
    - The limit has increased from $10,000 for Peak and $25,000 for Peak Extra to $50,000.
- **5. o. Property Off-premises**
    - For coverage at a leased storage location, there is no longer a requirement that the lease be executed after the beginning of the current policy term.
    - The following are not covered under this extension:
        - Property at any fair, trade show or exhibition (covered under the Exhibitions coverage extension)
        - Contractors’ Equipment
        - Materials, supplies, machinery, fixtures, and equipment that is being installed, constructed, or rigged as part of insured’s installation or construction project, or while said property is temporarily at a storage location.
        - Property covered under the Deferred Payments Additional Coverage.
        - Electronic data processing “hardware” or “software”, except for “stock” (covered under the Electronic Data Processing coverage extension).
        - “Valuable papers and records” (covered under the Valuable Papers And Records coverage extension.
        - Accounts receivable (covered under the Accounts Receivable coverage extension).
    - Flood and earth movement are excluded, even if one or both are covered causes of loss for personal property on the policy.
    - The limit has been increased from $25,000 to $100,000.
- **5.r. Spoilage Due To Power Outage, Mechanical Breakdown, Or Contamination – Direct Damage**
    - The Spoilage Coverage Extension, includes Breakdown Or Contamination as a Covered Cause of Loss, previously described as changes in temperature or humidity resulting from “mechanical breakdown or failure” of refrigerating, cooling or humidity control apparatus or equipment. The word “mechanical” was intended to modify both breakdown and failure; we have added explicit reference to “mechanical failure” to be clear as to the intent.
    - Coverage has been added to pay necessary expenses incurred to reduce the amount of spoilage loss, not to exceed the amount of loss that otherwise would have been payable.
    - There is no coverage for loss or damage caused by breaking of any glass that is a permanent part of any refrigerating, cooling or humidity control unit.

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    - The limit has increased from $10,000 for Peak and $25,000 for Peak Extra to $50,000.
- **5.t. Utility Services – Direct Damage**
    - Previously, the Utility Services – Direct Damage Coverage Extension addressed only off-premises facilities and equipment. In light of the changes to the underlying exclusion in the Causes of Loss – Special Coverage Form (described later in this document), this coverage extension has been revised to remove the qualification that the utility service property be located off the described premises.
    - The limit at each covered building has increased from $10,000 for Peak and $25,000 for Peak Extra to $50,000.
- **5.u. Valuable Papers And Records**
    - On Your Premises:
        - "Valuable papers and records" is now a defined term.
        - Coverage is not limited to the "specified causes of loss". Coverage is provided per the special causes of loss. Additionally, the earth movement, utility services, water, and all B.2 exclusions except consequential loss, wear and tear, steam apparatus, dishonesty, false pretense, collapse and pollution do not apply.
        - The per premises limit has been increased from $25,000 for Peak and $100,000 for Peak Extra to $250,000.
    - Away From Your Premises – coverage added - $25,000 limit per occurrence.
    - Language has been included that if Valuable Papers And Records coverage is provided for any premises under the Inland Marine Coverage Part of the policy, that coverage replaces this Coverage Extension as respects that premises.
- **5.v. Worldwide Personal Property** (revised for policies that were previously written as Peak Extra)
    - Wording has been added to clarify that there is no coverage for "money" or "securities" other than airline tickets.
    - There is no coverage for "theft" losses to property that is voluntarily released to the care, custody or control of anyone else. Previously, there was no coverage for property that is rented or leased to others.
- Language has been added to all Coverage Extensions to clarify whether payments are separate from the Limits of insurance or do not increase the Limits.

A.6. Flex Additional Coverage – Blanket Limit Of Insurance

- Flex Additional Coverage – Blanket Limit Of Insurance is a new additional coverage
    - Provides an additional $250,000 per occurrence limit in the event covered loss or damage exceeds the specific Coverage Extension limits (plus any applicable deductible) for:
        - Accounts Receivable (coverage limited to premises described in the Declarations).
        - Brands And Labels.
        - Non-owned Detached Trailers.
        - Outdoor Trees, Shrubs, Plants, Sod And Lawns (subject to the $10,000 limit for any one tree, shrub or plant)
        - Personal Effects.
        - Valuable Papers And Records (coverage limited to premises described in the Declarations).
    - Coverage is in excess of the specific Coverage Extension limit plus any deductible applying to the aforementioned coverages.

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C. Limits Of Insurance

- Language has been added to clarify how limits apply.
- Language has been added to reference the annual adjustments made to limits that apply to Building coverage and Business Personal Property coverage.

D. Deductible

- The Deductible language has been revised to delete reference to Coinsurance Condition (as there is no Coinsurance Condition in the coverage form) and the Agreed Value Optional Coverage.

E. Loss Conditions

- **4. Loss Payment**
  - The Loss Payment Condition has been revised to address exposures related to party walls:
    - Party wall is described.
    - Under this insurance, loss payment relating to a party wall reflects the insured's partial interest in that wall. However, if the owner of the adjoining building elects not to repair that building (and the building insured under this insurance is being repaired or replaced), this insurance will pay the full value of the party wall, subject to all other policy provisions.
- **6.b. Vacancy Provisions**
  - The causes of loss excluded when a building has been vacant for more than 60 days now includes "Fire caused by acts of vandalism".
  - "Vandalism", an excluded cause of loss when a building has been vacant for more than 60 days, now reads "Vandalism, including fire caused by acts of vandalism."
- **7. Valuation**
  - The Peak and Peak Extra endorsements valued property on an actual cash value basis (except as noted in the form) with an option to change the valuation to replacement cost. The Safeco Optimum Property™ Building And Personal Property Coverage Form values property on a replacement cost basis (except as noted in the form) with an option to change the valuation to "actual cash value". This change pertains to policy construction, not coverage. Policies that are renewed as Safeco Optimum Property™ will continue to have the same valuation – replacement cost or actual cash value – as existed on the expiring Peak or Peak Extra policy.
  - Language has been added to the coverage form which specifies how the following types of property are valued in the event of loss or damage:
    - Contents of a residence.
    - Used or second-hand merchandise held in storage or for sale.
    - "Fine arts".
    - "Money".
    - "Securities".
    - Electronic data processing "hardware".
    - Electronic data processing "software", which consists of "programs and applications", "proprietary programs", "electronic data", and "media".

F. Additional Conditions - Mortgageholders

- The previous name, "Additional Conditions", has been changed to "Additional Conditions – Mortgageholders" as "Mortgageholders" with the deletion of the Coinsurance Condition. The Coinsurance Condition in the Building and Personal Property Coverage Form did not apply per language in the Peak Property Endorsement, so this represents no change in coverage. This change merely removes the Coinsurance Condition wording from the coverage form.

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G. Optional Coverages – Actual Cash Value

- The previous name, “Optional Coverages”, has been changes to “Optional Coverage – Actual Cash Value” due to:
  - Agree Value Optional Coverage is deleted. It is unnecessary as there is no Coinsurance Condition.
  - Optional coverage for “Replacement Cost” has been replaced by optional coverage for “Actual Cash Value” since the standard valuation is replacement cost.
  - “Actual cash value” is now a defined term.
  - The “Extension Of Replacement Cost To Personal Property Of Others” condition has been deleted as replacement cost valuation includes personal property of others.

H. Definitions

- The following new definitions are added:
  - “Actual cash value”
  - “Antique”
  - “Banking premises”
  - “Contractors’ equipment”
  - “Employee”
  - “Employee benefit plan”
  - “Fine arts”
  - “Forgery”
  - “Funds”
  - “Hardware”
  - “Manager”
  - “Media”
  - “Member”
  - “Messenger”
  - “Operations”
  - “Other property”
  - “Premises”
  - “Programs and applications”
  - “Proprietary programs”
  - “Securities”
  - Software”
  - “Theft”
  - “Valuable papers and records”
- The following definitions have been moved from elsewhere in the coverage form (or from other endorsements) to the Definitions section:
  - “Electronic data” – has been relocated from the “electronic data” section in Property Not Covered.
  - “Perishable stock” – has been relocated from within the Spoilage Due To Power Outage, Mechanical Breakdown Or Contamination – Direct Damage” coverage extension.
- The following definitions have been deleted:
  - “Loss”
  - “Occurrence”

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- The following definition has been revised:
  - "Employee"

Processors Coverage

- The Processors Coverage Form (CM 78 09) was previously attached to all Peak and Peak Extra policies, providing a $25,000 per occurrence limit for property while on the premises of processors or while in transit between the insured's premises and the premises of processors. This Inland Marine coverage form is not attached to Safeco Optimum Property policies. This coverage is provided by the Coverage Extensions for Property Off-premises and Property In Transit.

SAFECO OPTIMUM PROPERTY™ CAUSES OF LOSS – SPECIAL FORM (CP 74 31) compared to ISO CAUSES OF LOSS – SPECIAL FORM (CP 10 30) with PEAK PROPERTY ENDORSEMENT (CP 75 15) or with PEAK EXTRA PROPERTY ENDORSEMENT (CP 75 16)

Changes apply to both Peak and Peak Extra, except as noted:

B. Exclusions

- The lead-in language to the exclusions under section 1. has been revised to add the phrase "the cause of the loss".
- **1.b. Earth Movement**
  - Language has been added to specify that the earth movement exclusion does not apply to the following coverage extensions in the Building And Personal Property Coverage Form:
    - Accounts Receivable
    - Electronic Data Processing
    - Exhibitions
    - Fine Arts
    - Property In Transit
    - Sales Representatives Samples
    - Valuable Papers And Records
- **1.e. Utility Services**
  - Reference to power and other utilities has been expanded to make explicit mention of water and communication services.
  - The exclusion has been revised to address utility failure that originates at the described premises, when such failure involves equipment used to provide utility service supplied by an off-premises provider.
  - A statement has been added to make it explicit that the exclusion encompasses power surge related to the power failure event.
  - Communication services include electronic network access and internet service.
- **1.g. Water**
  - "Flood" has been redefined as "Flood, whether or not arising from natural forces"
  - The following additional water exclusions are added:
    - "Release of water held by a dam, levee or dike, or by a water or flood control device;"
    - "Water that backs up or overflows from a sewer, drain or sump, except as provided below in the Additional Coverage for Back Up Of Sewer, Drain Or Sump"
  - Language has been added to specify that the water exclusion does not apply to the following coverage extensions in the Building And Personal Property Coverage Form:

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    - Accounts Receivable
    - Electronic Data Processing
    - Exhibitions
    - Fine Arts
    - Property In Transit
    - Sales Representatives Samples
    - Valuable Papers And Records
- In Exclusions, section 2, headings have been added to describe the specific nature of each exclusion.
- **2.a. Electrical, Magnetic Or Electromagnetic Energy**
    - Has been updated be explicitly incorporating various terms that reflect current understanding of technology with respect to power sources and associated systems, such as electromagnetic energy (including electromagnetic pulse or waves) and microwaves, and the various risks presented by them.
- **2.f. Continuous Seepage Or Leakage** (revised for policies written on Peak Extra)
    - This exclusion had been deleted and is now added back. The exclusion reads: "Continuous or repeated seepage or leakage of water, or the presence of condensation of humidity, moisture or vapor, that occurs over a period of 14 days or more."
- 2.g. The exclusion for "Water, other liquids, powder or molten material that leaks or flows from plumbing, heating, air conditioning or other equipment (except fire protective systems) caused by or resulting from freezing, unless: (1) You do your best to maintain heat in the building or structure; or (2) You drain the equipment and shut off the supply if the heat is not maintained." has been deleted. Previously, it applied to Peak policies only.
- **2.i. Exposed Property** (revised for policies written on Peak Extra)
    - This exclusion for loss or damage caused by or resulting from "Rain, snow, ice or sleet to personal property in the open" has been added back.
- **2.j. Collapse**
    - The exclusion has been revised to describe various conditions affecting property, to reinforce the relationship between the exclusion (broad) and the Additional Coverage grant, found later in the Causes of Loss – Special Form, (which builds back limited coverage).
    - The exclusion has also been revised to specify that it does not apply to: "Specified causes of loss" (defined in the form as various named perils), building glass breakage, weight of rain that collects on a roof, and weight of people or personal property. Previously, this exception was conveyed under the Additional Coverage for Collapse, by way of stating that the criteria defining a covered collapse do not limit coverage otherwise provided for the aforementioned perils, whether or not the loss or damage involves collapse, subject to any other applicable policy provision.
- In Exclusions, section 3., headings have been added to describe the specific nature of each exclusion.
- In 4. Special Exclusions, the utility services exclusion that applies specifically to time element coverage has been deleted. The revised "Utility Services" exclusion noted above applies to all coverage forms, and eliminates the distinction between the property damage and time element versions of the endorsements.
- In 5. Additional Exclusion, a new exclusion for LOSS OR DAMAGE TO PRODUCTS has been added to address errors in production.

C. Limitations (revised for policies that were previously written on Peak Extra)

- In 3., special limits that apply to theft, previously the most we would pay for gold, silver, platinum, and other precious alloys or metals used as raw material in a manufacturing process

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was $25,000. The theft limit is now $5,000. (The limit is $25,000 on the Safeco Optimum Property™ Building and Personal Property Coverage Form for Manufacturers.)

D. Additional Coverage – Collapse

- The prior statement preceding paragraph 1. has been relocated as paragraph 8. The new text preceding paragraph 1. serves as a general lead-in to the Additional Coverage.
- Paragraph 1. is editorially restructured. In the prior form, 1.a. provides the meaning of collapse with respect to coverage for collapse, and 1.b., 1.c. and 1.d. specify conditions that are not covered. As restructured, paragraph 1. is devoted solely to setting forth the meaning of collapse with respect to coverage for collapse; the description of covered collapse is unchanged, but the description is now related to the term abrupt collapse so that the criterion of abruptness is reinforced each time that term is used. New paragraph 3. (replacing prior sub-paragraphs 1.b., 1.c. and 1.d.) specifies conditions that are not covered; there is no change in such conditions.
- Under paragraph 2., reference to several perils (previously 2.a., 2.d., 2.e.) has been deleted because these perils, as listed and explained above, are now treated as exceptions to the exclusion of collapse. Since the collapse exclusion does not apply to collapse caused by these perils, and because the Additional Coverage - Collapse (which is limited coverage that runs only to abrupt collapse) serves as an exception to the collapse exclusion, these perils need not be addressed in the Additional Coverage.
- Paragraph 2.a. (previously 2.b.) has been revised to make it explicit that the decay being addressed is building decay, consistent with the subject mater of the collapse coverage grant.
- Paragraphs 2.c. and 2.d. (together, previously 2.f.) address collapse during the course of construction and post-construction collapse, respectively. Paragraph 2.d. has been revised to include an express reference to situations in which the collapse is caused in part by the perils currently represented by 2.a., 2.d. and 2.e.
- The closing paragraph under paragraph 5. has been editorially revised, and has been newly designated as paragraph 6.

F.1. Property in Transit

- The Additional Coverage for Property in Transit has been deleted. It previously provided $5,000 coverage. It has been replaced by the Property In Transit Coverage Extension in the Building and Personal Property Coverage Form.

F. Additional Coverage – Back Up Of Sewer, Drain Or Sump

- Additional Coverage for back up of sewers, drains, or sumps has been added. Previously, there was no exclusion for loss or damage caused by water that backs up from a sewer, drain, or sump. The exclusion has been added, and limited coverage is now provided by this Additional Coverage.
- Coverage applies to both direct damage, and to Business Income and/or Extra Expense if one or both of those time element coverages apply to the described premises.
- The limit is $50,000 per premises.

H. Definitions

- The following new definitions are added:
  - “Operations”
  - “Suspension”

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SAFECO OPTIMUM PROPERTY™ BUSINESS INCOME (AND EXTRA EXPENSE) COVERAGE FORM (CP 74 36) compared to ISO BUSINESS INCOME (AND EXTRA EXPENSE) COVERAGE FORM (CP 00 30) and PEAK PROGRAM TIME ELEMENT COVERAGE CHANGES (CP 75 34) for Peak or with PEAK PROGRAM TIME ELEMENT COVERAGE CHANGES (CP 75 34) and PEAK EXTRA BUSINESS INCOME COVERAGE EXTENSION ENDORSEMENT (CP 75 26) for Peak Extra

Changes apply to both Peak and Peak Extra, except as noted:

A.4. Additional Limitation – Interruption Of Computer Operations

- Reference has been made to coverage being provided in the Coverage Extension for Electronic Data Processing found in the Building and Personal Property Coverage Form.
- The Definition of "electronic data" has been moved to the Definitions section.

A.5. Additional Coverages

- The following Additional Coverages have been revised:
  - **A.5.a. Civil Authority**
    - This Additional Coverage has been revised so that the coverage applies if the insured premises are not more than one mile from the damaged property; and the action of civil authority is taken in response to dangerous physical conditions resulting from the damage or continuation of the Covered Cause of Loss that caused the damage, or the action is taken to enable a civil authority to have unimpeded access to the damaged property.
    - The civil authority coverage period is extended from three weeks to 30 days.
  - **A.5.c. Extended Business Income**
    - For both Business Income Other Than "Rental Value" and "Rental Value", the coverage period for Peak previously ended on the date the insured could restore operations, with reasonable speed, to the level which would generate the business income amount that would have existed had their not been a loss or 30 days, whichever was earlier. For Safeco Optimum Property™, the reference to "30 days" has been replaced by "180 days".
    - For both Business Income Other Than "Rental Value" and "Rental Value", the coverage period for Peak Extra previously ended on the date the insured could restore operations, with reasonable speed, to the level which would generate the business income amount that would have existed had their not been a loss or 90 days, whichever was earlier. For Safeco Optimum Property™, the reference to "90 days" has been replaced by "180 days".
  - **A.5.d. Dependent Properties – Time Element** (revised for policies that were previously written as Peak Extra)
    - The definition of "dependent property" was previously built into the Additional Coverage. It has been moved to the Definitions section.
    - The per occurrence limit has been increased from $25,000 to $50,000, regardless of the number of dependent properties. The latter phrase, "regardless of the number of dependent properties", has been added.
  - **A.5.e. Ordinance Or Law – Increased Period Of Restoration** (revised for policies that were previously written as Peak Extra)
    - The limit has been increased from $25,000 to the amount of actual and necessary loss the insured sustains during the increased period of suspension of operations.

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- The following Additional Coverages have been added:
  - **A.5.d. Dependent Properties – Time Element** (new for policies that were previously written as Peak)
    - Extends Business Income and Extra Expense coverage to cover loss to a "dependent property" by a covered cause of loss.
    - Coverage is subject to the limitations and conditions built into the Additional Coverage.
    - The limit is $50,000 per occurrence regardless of the number of dependent properties.
  - **A.5.e. Ordinance Or Law – Increased Period Of Restoration** (new for policies that were previously written as Peak)
    - If a Covered Cause of Loss occurs, this Additional Coverage extends Business Income and Extra Expense coverage to include the amount of loss sustained during the increased period of suspension of "operations" caused by or resulting from the enforcement of an ordinance or law that regulates the construction or repair of the property, requires the tearing down of parts of the property not damaged by a Covered Cause of Loss, and is in force at the time of loss.
    - Coverage is provided for the actual and necessary loss the insured sustains during the increased period of suspension of operations.
  - **A.5.f. Transit – Business Income**
    - Extends Business Income coverage to apply to loss to property in transit by a Covered Cause of Loss while in or on a vehicle the insured owns, rents, or leases, in the custody of a public or contract trucker, in the custody of an air or rail carrier, or while waterborne or on inland waterways.
    - The limit is $50,000 in any one occurrence.

A.6. Coverage Extensions

- The following Coverage Extensions have been revised:
  - **A.6.a. Newly Acquired Locations**
    - For Peak, the coverage period previously ended when the policy expired, 30 days expire after the insured acquired or began to construct the property, or the insured reported values. The reference to "30 days" has been replaced by "180 days".
    - For Peak Extra, the coverage period previously ended when the policy expired, 90 days expire after the insured acquired or began to construct the property, or the insured reported values. The reference to "90 days" has been replaced by "180 days".
  - **A.6.b. Spoilage Due To Power Outage, Mechanical Breakdown, Or Contamination – Time Element** (revised for policies that were previously written as Peak Extra)
    - The Spoilage Coverage Extension, includes Breakdown Or Contamination as a Covered Cause of Loss, previously described as changes in temperature or humidity resulting from "mechanical breakdown or failure" of refrigerating, cooling or humidity control apparatus or equipment. The word "mechanical" was intended to modify both breakdown and failure; we have added explicit reference to "mechanical failure" to be clear as to the intent.
    - The Business Income "period of restoration" begins 24 hours after the time of direct physical loss. Previously this Coverage Extension would have begun 72-hours after the time of direct physical loss, unless the policy had been endorsed to reduce or eliminate the waiting period.
    - The per occurrence limit has been increased from $25,000 to $50,000.
  - **A.6.c. Utility Service – Time Element** (revised for policies that were previously written as Peak Extra)

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    - The Business Income "period of restoration" begins 24 hours after the time of direct physical loss. Previously this Coverage Extension would have begun 72-hours after the time of direct physical loss, unless the policy had been endorsed to reduce or eliminate the waiting period.
    - The per occurrence limit has been increased from $25,000 to $50,000.
- The following new Coverage Extensions have been added:
  - **A.6.b. Spoilage Due To Power Outage, Mechanical Breakdown, Or Contamination – Time Element** (new for policies that were previously written as Peak)
    - Business Income and Extra Expense coverage is extended to apply to loss caused by spoilage of "perishable stock" caused by breakdown, contamination, or power outage, as defined in the coverage form.
    - Coverage is subject to the conditions built into the Coverage Extension.
    - The limit is $50,000 per occurrence.
  - **A.6.c. Utility Service – Time Element** (new for policies that were previously written as Peak)
    - Business Income and Extra Expense coverage is extended to apply to loss caused by the interruption of service to the described premises or Newly Acquired Locations caused by the direct physical loss or damage by a Covered Cause of Loss to utility services, communication supply services, or power supply services, as defined in the coverage form.
    - There is no coverage to loss to "perishable stock" caused by interruption of utility services.
    - The Business Income "period of restoration" begins 24 hours after the time of direct physical loss.
    - The limit is $50,000 per occurrence.

B. Limits Of Insurance

- Language has been added to clarify how limits apply.

C. Deductible

- Language has been added that states that Windstorm, Hail or Hurricane percentage deductibles do not apply to Business Income or Extra Expense coverages.

F. Definitions

- The following new definitions are added:
  - "Antique"
  - "Dependent property" (new for policies that were previously written as Peak)
  - "Fine arts"
  - "Perishable stock"
- The following definitions have been moved from elsewhere in the coverage form to the Definitions section:
  - "Dependent property" (relocated for policies that were previously written as Peak Extra) – this definition has been revised and relocated from the Dependent Properties – Time Element Additional Coverage. Additionally, the definition has been revised to specify that "dependent property" does not include roads, bridges, tunnels, waterways, airfields, pipelines or any similar areas or structures.
  - "Electronic data" – has been relocated from the "Additional Limitation – Interruption of Computer Operations" section.

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SAFECO OPTIMUM PROPERTY™ BUSINESS INCOME (WITHOUT EXTRA EXPENSE) COVERAGE FORM (CP 74 35) compared to ISO BUSINESS INCOME (WITHOUT EXTRA EXPENSE) COVERAGE FORM (CP 00 32) with PEAK PROGRAM TIME ELEMENT COVERAGE CHANGES (CP 75 34) for Peak or with PEAK PROGRAM TIME ELEMENT COVERAGE CHANGES (CP 75 34) and PEAK EXTRA BUSINESS INCOME COVERAGE EXTENSION ENDORSEMENT (CP 75 26) for Peak Extra

Changes apply to both Peak and Peak Extra, except as noted:

A.3. Additional Limitation – Interruption Of Computer Operations

- Reference has been made to coverage being provided in the Coverage Extension for Electronic Data Processing found in the Building and Personal Property Coverage Form.
- The Definition of "electronic data" has been moved to the Definitions section.

A.4. Additional Coverages

- The following Additional Coverages have been revised:
  - **A.4.b. Civil Authority**
    - This Additional Coverage has been revised so that the coverage applies if the insured premises are not more than one mile from the damaged property; and the action of civil authority is taken in response to dangerous physical conditions resulting from the damage or continuation of the Covered Cause of Loss that caused the damage, or the action is taken to enable a civil authority to have unimpeded access to the damaged property.
- The civil authority coverage period is extended from three weeks to 30 days.
  - **A.4.d. Extended Business Income**
    - For both Business Income Other Than "Rental Value" and "Rental Value", the coverage period for Peak previously ended on the date the insured could restore operations, with reasonable speed, to the level which would generate the business income amount that would have existed had their not been a loss or 30 days, whichever was earlier. For Safeco Optimum Property™, the reference to "30 days" has been replaced by "180 days".
    - For both Business Income Other Than "Rental Value" and "Rental Value", the coverage period for Peak Extra previously ended on the date the insured could restore operations, with reasonable speed, to the level which would generate the business income amount that would have existed had their not been a loss or 90 days, whichever was earlier. For Safeco Optimum Property™, the reference to "90 days" has been replaced by "180 days".
- The following new Additional Coverages have been added:
  - **A.4.e. Dependent Properties – Business Income** (new for policies that were previously written as Peak)
    - Extends Business Income coverage to cover loss to a "dependent property" by a covered cause of loss.
    - Coverage is subject to the limitations and conditions built into the Additional Coverage.
    - The limit is $50,000 per occurrence regardless of the number of dependent properties.
  - **A.5.f. Ordinance Or Law – Increased Period Of Restoration** (new for policies that were previously written as Peak)
    - If a Covered Cause of Loss occurs, this Additional Coverage extends Business Income coverage to include the amount of loss sustained during the increased period of suspension of "operations" caused by or resulting from the enforcement of an ordinance or law that regulates the construction or repair of the property, requires the tearing down

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of parts of the property not damaged by a Covered Cause of Loss, and is in force at the time of loss.
    - Coverage is provided for the actual and necessary loss the insured sustains during the increased period of suspension of operations.
  - **A.4.g. Transit – Business Income**
    - Extends Business Income coverage to apply to loss to property in transit by a Covered Cause of Loss while in or on a vehicle the insured owns, rents, or leases, in the custody of a public or contract trucker, in the custody of an air or rail carrier, or while waterborne or on inland waterways.
    - The limit is $50,000 in any one occurrence.

A.5. Coverage Extensions

- The following Coverage Extensions have been revised:
  - **A.6.a. Newly Acquired Locations**
    - For Peak, the coverage period previously ended when the policy expired, 30 days expire after the insured acquired or began to construct the property, or the insured reported values. The reference to "30 days" has been replaced by "180 days".
    - For Peak Extra, the coverage period previously ended when the policy expired, 90 days expire after the insured acquired or began to construct the property, or the insured reported values. The reference to "90 days" has been replaced by "180 days".
  - **A.6.b. Spoilage Due To Power Outage, Mechanical Breakdown, Or Contamination – Business Income** (revised for policies that were previously written as Peak Extra)
    - The Spoilage Coverage Extension, includes Breakdown Or Contamination as a Covered Cause of Loss, previously described as changes in temperature or humidity resulting from "mechanical breakdown or failure" of refrigerating, cooling or humidity control apparatus or equipment. The word "mechanical" was intended to modify both breakdown and failure; we have added explicit reference to "mechanical failure" to be clear as to the intent.
    - The "period of restoration" begins 24 hours after the time of direct physical loss. Previously this Coverage Extension would have begun 72-hours after the time of direct physical loss, unless the policy had been endorsed to reduce or eliminate the waiting period.
    - The per occurrence limit has been increased from $25,000 to $50,000.
  - **A.6.c. Utility Service – Business Income** (revised for policies that were previously written as Peak Extra)
    - The "period of restoration" begins 24 hours after the time of direct physical loss. Previously this Coverage Extension would have begun 72-hours after the time of direct physical loss, unless the policy had been endorsed to reduce or eliminate the waiting period.
    - The per occurrence limit has been increased from $25,000 to $50,000.
- The following Coverage Extensions have been added:
  - **A.6.b. Spoilage Due To Power Outage, Mechanical Breakdown, Or Contamination – Business Income** (new for policies that were previously written as Peak)
    - Business Income coverage is extended to apply to loss caused by spoilage of "perishable stock" caused by breakdown, contamination, or power outage, as defined in the coverage form.
    - Coverage is subject to the conditions built into the Coverage Extension.
    - The limit is $50,000 per occurrence.
  - **A.6.c. Utility Service – Business Income** (new for policies that were previously written as Peak)

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- Business Income coverage is extended to apply to loss caused by the interruption of service to the described premises or Newly Acquired Locations caused by the direct physical loss or damage by a Covered Cause of Loss to utility services, communication supply services, or power supply services, as defined in the coverage form.
- There is no coverage to loss to "perishable stock" caused by interruption of utility services.
- The Business Income "period of restoration" begins 24 hours after the time of direct physical loss.
- The limit is $50,000 per occurrence.

B. Limits Of Insurance

- Language has been added to clarify how limits apply.

C. Deductible

- Language has been added that states that Windstorm, Hail or Hurricane percentage deductibles does not apply to Business Income coverage.

F. Definitions

- The following new definitions are added:
  - "Antique"
  - "Dependent property" (new for policies that were previously written as Peak)
  - "Fine arts"
  - "Perishable stock"
- The following definitions have been moved from elsewhere in the coverage form to the Definitions section:
  - "Dependent property" (relocated for policies that were previously written as Peak Extra) – this definition has been revised and relocated from the Dependent Properties – Business Income Additional Coverage. Additionally, the definition has been revised to specify that "dependent property" does not include roads, bridges, tunnels, waterways, airfields, pipelines or any similar areas or structures.
  - "Electronic data" – has been relocated from the "Additional Limitation – Interruption of Computer Operations" section.

SAFECO OPTIMUM PROPERTY™ EXTRA EXPENSE COVERAGE FORM (CP 74 32) compared to ISO EXTRA EXPENSE COVERAGE FORM (CP 00 50) with PEAK PROGRAM TIME ELEMENT COVERAGE CHANGES (CP 75 34) for Peak or with PEAK PROGRAM TIME ELEMENT COVERAGE CHANGES (CP 75 34) and PEAK EXTRA BUSINESS INCOME COVERAGE EXTENSION ENDORSEMENT (CP 75 26) for Peak Extra

Changes apply to both Peak and Peak Extra, except as noted:

A.3. Additional Limitation – Interruption Of Computer Operations

- Reference has been made to coverage being provided in the Coverage Extension for Electronic Data Processing found in the Building and Personal Property Coverage Form.
- The Definition of "electronic data" has been moved to the Definitions section.

A.4. Additional Coverages

- The following Additional Coverages have been revised:
  - **A.4.b. Civil Authority**

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    - This Additional Coverage has been revised so that the coverage applies if the insured premises are not more than one mile from the damaged property; and the action of civil authority is taken in response to dangerous physical conditions resulting from the damage or continuation of the Covered Cause of Loss that caused the damage, or the action is taken to enable a civil authority to have unimpeded access to the damaged property.
    - The civil authority coverage period is extended from three weeks to 30 days.
- The following Additional Coverages have been added:
  - **A.4.c. Dependent Properties – Extra Expense** (new for policies that were previously written as Peak)
    - Extends Extra Expense coverage to cover loss to a "dependent property" by a covered cause of loss.
    - Coverage is subject to the limitations and conditions built into the Additional Coverage.
    - The limit is $50,000 per occurrence regardless of the number of dependent properties.
  - **A.4.d. Ordinance Or Law – Increased Period Of Restoration** (new for policies that were previously written as Peak)
    - If a Covered Cause of Loss occurs, this Additional Coverage extends Extra Expense coverage to include the amount of loss sustained during the increased period of suspension of "operations" caused by or resulting from the enforcement of an ordinance or law that regulates the construction or repair of the property, requires the tearing down of parts of the property not damaged by a Covered Cause of Loss, and is in force at the time of loss.
    - Coverage is provided for the actual and necessary loss the insured sustains during the increased period of suspension of operations.

A.5. Coverage Extensions

- The following Coverage Extensions have been revised:
  - **A.5.a. Newly Acquired Locations**
    - For Peak, the coverage period previously ended when the policy expired, 30 days expire after the insured acquired or began to construct the property, or the insured reported values. The reference to "30 days" has been replaced by "180 days".
    - For Peak Extra, the coverage period previously ended when the policy expired, 90 days expire after the insured acquired or began to construct the property, or the insured reported values. The reference to "90 days" has been replaced by "180 days".
  - **A.5.b. Spoilage Due To Power Outage, Mechanical Breakdown, Or Contamination – Extra Expense** (revised for policies that were previously written as Peak Extra)
    - The Spoilage Coverage Extension, includes Breakdown Or Contamination as a Covered Cause of Loss, previously described as changes in temperature or humidity resulting from "mechanical breakdown or failure" of refrigerating, cooling or humidity control apparatus or equipment. The word "mechanical" was intended to modify both breakdown and failure; we have added explicit reference to "mechanical failure" to be clear as to the intent.
    - The per occurrence limit has been increased from $25,000 to $50,000.
  - **A.5.c. Utility Service – Extra Expense** (revised for policies that were previously written as Peak Extra)
    - The per occurrence limit has been increased from $25,000 to $50,000.
- The following Coverage Extensions have been added:
  - **A.5.b. Spoilage Due To Power Outage, Mechanical Breakdown, Or Contamination – Extra Expense** (new for policies that were previously written as Peak)

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    - Extra Expense coverage is extended to apply to loss caused by spoilage of “perishable stock” caused by breakdown, contamination, or power outage, as defined in the coverage form.
    - Coverage is subject to the conditions built into the Coverage Extension.
    - The limit is $50,000 per occurrence.
- **A.5.c. Utility Service – Extra Expense** (new for policies that were previously written as Peak)
    - Extra Expense coverage is extended to apply to loss caused by the interruption of service to the described premises or Newly Acquired Locations caused by the direct physical loss or damage by a Covered Cause of Loss to utility services, communication supply services, or power supply services, as defined in the coverage form.
    - There is no coverage to loss to “perishable stock” caused by interruption of utility services.
    - The limit is $50,000 per occurrence.

B. Limits Of Insurance

- Language has been added to clarify how limits apply.

C. Deductible

- Language has been added that states that Windstorm, Hail or Hurricane percentage deductibles does not apply to Extra Expense coverage.

E. Definitions

- The following new definitions are added:
    - “Dependent property” (new for policies that were previously written as Peak)
    - “Perishable stock”
- The following definitions have been moved from elsewhere in the coverage form to the Definitions section:
    - “Dependent property” (relocated for policies that were previously written as Peak Extra) – this definition has been revised and relocated from the Dependent Properties – Extra Expense Additional Coverage. Additionally, the definition has been revised to specify that “dependent property” does not include roads, bridges, tunnels, waterways, airfields, pipelines or any similar areas or structures.
    - “Electronic data” – has been relocated from the “Additional Limitation – Interruption of Computer Operations” section.

SAFECO OPTIMUM PROPERTY™ BUSINESS INCOME (AND EXTRA EXPENSE) ACTUAL LOSS SUSTAINED COVERAGE FORM (CP 74 33) compared to BUSINESS INCOME (AND EXTRA EXPENSE) ACTUAL LOSS SUSTAINED COVERAGE FORM (CP 75 47) with PEAK PROGRAM TIME ELEMENT COVERAGE CHANGES (CP 75 34) for Peak or with PEAK PROGRAM TIME ELEMENT COVERAGE CHANGES (CP 75 34) and PEAK EXTRA BUSINESS INCOME COVERAGE EXTENSION ENDORSEMENT (CP 75 26) for Peak Extra

Changes apply to both Peak and Peak Extra, except as noted:

A.1. Business Income

- Language has been added to designate whether Business Income coverage applies to ‘Business Income Including “Rental Value”’, ‘Business Income Other Than “Rental Value”’, and/or ‘Rental Value’ only.

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A.4. Additional Limitation – Interruption Of Computer Operations

- Reference has been made to coverage being provided in the Coverage Extension for Electronic Data Processing found in the Building and Personal Property Coverage Form.
- The Definition of "electronic data" has been moved to the Definitions section.

A.5. Additional Coverages

- The following Additional Coverages have been revised:
  - **A.5.a. Civil Authority**
    - This Additional Coverage has been revised so that the coverage applies if the insured premises are not more than one mile from the damaged property; and the action of civil authority is taken in response to dangerous physical conditions resulting from the damage or continuation of the Covered Cause of Loss that caused the damage, or the action is taken to enable a civil authority to have unimpeded access to the damaged property.
    - The civil authority coverage period is extended from three weeks to 30 days.
  - **A.5.c. Extended Business Income**
    - For both Business Income Other Than "Rental Value" and "Rental Value", the coverage period for Peak previously ended on the date the insured could restore operations, with reasonable speed, to the level which would generate the business income amount that would have existed had their not been a loss or 30 days, whichever was earlier. For Safeco Optimum Property™, the reference to "30 days" has been replaced by "180 days".
    - For both Business Income Other Than "Rental Value" and "Rental Value", the coverage period for Peak Extra previously ended on the date the insured could restore operations, with reasonable speed, to the level which would generate the business income amount that would have existed had their not been a loss or 90 days, whichever was earlier. For Safeco Optimum Property™, the reference to "90 days" has been replaced by "180 days".
  - **A.5.d. Dependent Properties – Time Element** (revised for policies that were previously written as Peak Extra)
    - The definition of "dependent property" was previously built into the Additional Coverage. It has been moved to the Definitions section.
    - The per occurrence limit has been increased from $25,000 to $50,000, regardless of the number of dependent properties. The latter phrase, "regardless of the number of dependent properties", has been added.
  - **A.5.e. Ordinance Or Law – Increased Period Of Restoration** (revised for policies that were previously written as Peak Extra)
    - The limit has been increased from $25,000 to the amount of actual and necessary loss the insured sustains within 12 consecutive months after the date of direct physical loss.
- The following Additional Coverages have been added:
  - **A.5.d. Dependent Properties – Time Element** (new for policies that were previously written as Peak)
    - Extends Business Income and Extra Expense coverage to cover loss to a "dependent property" by a covered cause of loss.
    - Coverage is subject to the limitations and conditions built into the Additional Coverage.
    - The limit is $50,000 per occurrence regardless of the number of dependent properties.
  - **A.5.e. Ordinance Or Law – Increased Period Of Restoration** (new for policies that were previously written as Peak)

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- If a Covered Cause of Loss occurs, this Additional Coverage extends Business Income and Extra Expense coverage to include the amount of loss sustained during the increased period of suspension of "operations" caused by or resulting from the enforcement of an ordinance or law that regulates the construction or repair of the property, requires the tearing down of parts of the property not damaged by a Covered Cause of Loss, and is in force at the time of loss.
- Coverage is provided for the actual and necessary loss the insured sustains during the increased period of suspension of operations.

- **A.5.f. Transit – Business Income**
  - Extends Business Income coverage to apply to loss to property in transit by a Covered Cause of Loss while in or on a vehicle the insured owns, rents, or leases, in the custody of a public or contract trucker, in the custody of an air or rail carrier, or while waterborne or on inland waterways.
  - The limit is $50,000 in any one occurrence.

A.6. Coverage Extensions

- The following Coverage Extension has been revised:
  - **A.6.a. Newly Acquired Locations**
    - For Peak, the coverage period previously ended when the policy expired, 30 days expire after the insured acquired or began to construct the property, or the insured reported values. The reference to "30 days" has been replaced by "180 days".
    - For Peak Extra, the coverage period previously ended when the policy expired, 90 days expire after the insured acquired or began to construct the property, or the insured reported values. The reference to "90 days" has been replaced by "180 days".
  - **A.6.b. Spoilage Due To Power Outage, Mechanical Breakdown, Or Contamination – Time Element** (revised for policies that were previously written as Peak Extra)
    - The Spoilage Coverage Extension, includes Breakdown Or Contamination as a Covered Cause of Loss, previously described as changes in temperature or humidity resulting from "mechanical breakdown or failure" of refrigerating, cooling or humidity control apparatus or equipment. The word "mechanical" was intended to modify both breakdown and failure; we have added explicit reference to "mechanical failure" to be clear as to the intent.
    - The Business Income "period of restoration" begins 24 hours after the time of direct physical loss. Previously this Coverage Extension would have begun 72-hours after the time of direct physical loss, unless the policy had been endorsed to reduce or eliminate the waiting period.
    - The limit has been increased from $25,000 to $50,000 per occurrence.
  - **A.6.c. Utility Service – Time Element** (revised for policies that were previously written as Peak Extra)
    - The Business Income "period of restoration" begins 24 hours after the time of direct physical loss. Previously this Coverage Extension would have begun 72-hours after the time of direct physical loss, unless the policy had been endorsed to reduce or eliminate the waiting period.
    - The per occurrence limit has been increased from $25,000 to $50,000.
- The following Coverage Extensions have been added:
  - **A.6.b. Spoilage Due To Power Outage, Mechanical Breakdown, Or Contamination – Time Element** (new for policies that were previously written as Peak)
    - Business Income and Extra Expense coverage is extended to apply to loss caused by spoilage of "perishable stock" caused by breakdown, contamination, or power outage, as defined in the coverage form.

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    - Coverage is subject to the conditions built into the Coverage Extension.
    - The limit is $50,000 per occurrence.
  - **A.6.c. Utility Service – Time Element** (new for policies that were previously written as Peak)
    - Business Income and Extra Expense coverage is extended to apply to loss caused by the interruption of service to the described premises or Newly Acquired Locations caused by the direct physical loss or damage by a Covered Cause of Loss to utility services, communication supply services, or power supply services, as defined in the coverage form.
    - There is no coverage to loss to "perishable stock" caused by interruption of utility services.
    - The Business Income "period of restoration" begins 24 hours after the time of direct physical loss.
    - The limit is $50,000 per occurrence.

B. Deductible

- Language has been added that states that Windstorm, Hail or Hurricane percentage deductibles do not apply to Business Income or Extra Expense coverages.

D. Definitions

- The following new definitions are added:
  - "Antique"
  - "Dependent property" (new for policies that were previously written as Peak)
  - "Fine arts"
  - "Perishable stock"
- The following definitions have been moved from elsewhere in the coverage form to the Definitions section:
  - "Dependent property" (relocated for policies that were previously written as Peak Extra) – this definition has been revised and relocated from the Dependent Properties – Extra Expense Additional Coverage. Additionally, the definition has been revised to specify that "dependent property" does not include roads, bridges, tunnels, waterways, airfields, pipelines or any similar areas or structures.
  - "Electronic data" – has been relocated from the "Additional Limitation – Interruption of Computer Operations" section.

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SAFECO OPTIMUM PROPERTY FOR MANUFACTURERS™ – PROPERTY COVERAGE FORMS

SAFECO OPTIMUM PROPERTY™ FOR MANUFACTURERS BUILDING AND PERSONAL PROPERTY COVERAGE FORM (CP 74 38) compared to ISO BUILDING AND PERSONAL PROPERTY COVERAGE FORM (CP 00 10) with either PEAK PROPERTY ENDORSEMENT (CP 75 15) or with PEAK EXTRA PROPERTY ENDORSEMENT (CP 75 16)

All the changes previously mentioned for the Safeco Optimum Property BUILDING AND PERSONAL PROPERTY COVERAGE FORM (CP 74 30) apply. In addition, the following changes have been made (changes apply to both Peak and Peak Extra):

A.5.e. Electronic Data Processing

- The Equipment, Media And Data, Business Income, and Extra Expense coverages have been broadened to include "computerized production equipment and apparatus" in the description of "Hardware".

E.7. Valuation

- Finished stock the insured manufactures is valued at the selling price less discounts and expenses.

SAFECO OPTIMUM PROPERTY™ FOR MANUFACTURERS CAUSES OF LOSS – SPECIAL FORM (CP 74 39) compared to ISO CAUSES OF LOSS – SPECIAL FORM (CP 10 30) with PEAK PROPERTY ENDORSEMENT (CP 75 15) or with PEAK EXTRA PROPERTY ENDORSEMENT (CP 75 16)

All the changes previously mentioned for the Safeco Optimum Property CAUSES OF LOSS – SPECIAL FORM (CP 74 31) apply. In addition, the following changes have been made (changes apply to both Peak and Peak Extra except as noted):

C. Limitations (revised for policies that were previously written as Peak)

- In 3., special limits that apply to theft, the most we will pay for gold, silver, platinum, and other precious alloys or metals used as raw material in a manufacturing process is increased from $5,000 to $25,000.

SAFECO OPTIMUM PROPERTY™ FOR MANUFACTURERS BUSINESS INCOME (AND EXTRA EXPENSE) COVERAGE FORM (CP 74 40) compared to ISO BUSINESS INCOME (AND EXTRA EXPENSE) COVERAGE FORM (CP 00 30) and PEAK PROGRAM TIME ELEMENT COVERAGE CHANGES (CP 75 34) for Peak or with PEAK PROGRAM TIME ELEMENT COVERAGE CHANGES (CP 75 34) and PEAK EXTRA BUSINESS INCOME COVERAGE EXTENSION ENDORSEMENT (CP 75 26) for Peak Extra

All the changes previously mentioned for the Safeco Optimum Property BUSINESS INCOME (AND EXTRA EXPENSE) COVERAGE FORM (CP 74 36) apply.

SAFECO OPTIMUM PROPERTY™ FOR MANUFACTURERS BUSINESS INCOME (WITHOUT EXTRA EXPENSE) COVERAGE FORM (CP 74 41) compared to ISO BUSINESS INCOME (WITHOUT EXTRA EXPENSE) COVERAGE FORM (CP 00 32) and PEAK PROGRAM TIME ELEMENT COVERAGE CHANGES (CP 75 34) for Peak or with PEAK PROGRAM TIME

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ELEMENT COVERAGE CHANGES (CP 75 34) and PEAK EXTRA BUSINESS INCOME COVERAGE EXTENSION ENDORSEMENT (CP 75 26) for Peak Extra

All the changes previously mentioned for the Safeco Optimum Property BUSINESS INCOME (WITHOUT EXTRA EXPENSE) COVERAGE FORM (CP 74 35) apply.

SAFECO OPTIMUM PROPERTY™ FOR MANUFACTURERS EXTRA EXPENSE COVERAGE FORM (CP 74 42) compared to ISO EXTRA EXPENSE COVERAGE FORM (CP 00 50) and PEAK PROGRAM TIME ELEMENT COVERAGE CHANGES (CP 75 34) for Peak or with PEAK PROGRAM TIME ELEMENT COVERAGE CHANGES (CP 75 34) and PEAK EXTRA BUSINESS INCOME COVERAGE EXTENSION ENDORSEMENT (CP 75 26) for Peak Extra

All the changes previously mentioned for the Safeco Optimum Property EXTRA EXPENSE COVERAGE FORM (CP 74 32) apply.

SAFECO OPTIMUM PROPERTY™ FOR MANUFACTURERS BUSINESS INCOME (AND EXTRA EXPENSE) ACTUAL LOSS SUSTAINED COVERAGE FORM (CP 74 43) compared to BUSINESS INCOME (AND EXTRA EXPENSE) ACTUAL LOSS SUSTAINED COVERAGE FORM (CP 75 47) with PEAK PROGRAM TIME ELEMENT COVERAGE CHANGES (CP 75 34) for Peak or with PEAK PROGRAM TIME ELEMENT COVERAGE CHANGES (CP 75 34) and PEAK EXTRA BUSINESS INCOME COVERAGE EXTENSION ENDORSEMENT (CP 75 26) for Peak Extra

All the changes previously mentioned for the Safeco Optimum Property BUSINESS INCOME (AND EXTRA EXPENSE) ACTUAL LOSS SUSTAINED COVERAGE FORM (CP 74 33) apply.

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SAFECO OPTIMUM PROPERTY™ FOR RESTAURANTS BUILDING AND PERSONAL PROPERTY COVERAGE FORM (CP 74 59) compared to ISO BUILDING AND PERSONAL PROPERTY COVERAGE FORM (CP 00 10) with either ULTRA PEAK RESTAURANT PROPERTY ENDORSEMENT (CP 75 22) or with ULTRA PEAK EXTRA RESTAURANT ENDORSEMENT (CP 75 32)

All the changes previously mentioned for the Safeco Optimum Property BUILDING AND PERSONAL PROPERTY COVERAGE FORM (CP 74 30) apply. In addition, the following changes have been made (changes apply to both Peak and Peak Extra):

A.4. Additional Coverages

- The following Additional Coverages have been revised:
  - **4.e. Employee Theft (Including Customers' Property)**
    - The Employee Theft Coverage Extension has been named "Employee Theft (Including Customers' Property)".
    - Coverage is added under this Coverage Extension for the direct loss of or damage to "money", "securities" or "other property" sustained by the customer of the insured resulting directly from "theft" committed by an identified "employee". "Theft", insofar as this coverage is concerned, means the unlawful taking of property to the deprivation of the insured's customer. If the Employee Theft (Including Customers' Property) limit is increased from the basic $50,000 limit, the increase does not apply to this additional coverage for customers' property. The maximum we will pay for this coverage is $50,000 per "occurrence".
  - **4.i. Food Contamination Shutdown *(SAFECO OPTIMUM PROPERTY™ FOR RESTAURANTS BUILDING AND PERSONAL PROPERTY COVERAGE FORM (CP 74 59) compared to PEAK PROGRAM RESTAURANT FOOD CONTAMINATION SHUTDOWN COVERAGE (CP 75 24) – changes apply to both Peak and Peak Extra.***
    - Coverage is the same as was provided under the CP 75 24, except as noted:
      - The Food Contamination Shutdown coverage begins 24 hours after the closure of the business.
      - The $50,000 per occurrence limit applies regardless of the number of patrons involved.

A.5. Coverage Extensions

- The Coverage Extensions for Credit Card Coverage and Seasonal Increase have been deleted.

E.7. Valuation

- Bottled wine is valued at the price it could have been sold for at the time and place of loss or damage, if no loss or damage occurred.

SAFECO OPTIMUM PROPERTY™ FOR RESTAURANTS CAUSES OF LOSS – SPECIAL FORM (CP 74 60) compared to ISO CAUSES OF LOSS – SPECIAL FORM (CP 10 30) with either ULTRA PEAK RESTAURANT PROPERTY ENDORSEMENT (CP 75 22) or with ULTRA PEAK EXTRA RESTAURANT ENDORSEMENT (CP 75 32)

All the changes previously mentioned for the Safeco Optimum Property CAUSES OF LOSS – SPECIAL FORM (CP 74 31) apply.

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SAFECO OPTIMUM PROPERTY™ FOR RESTAURANTS BUSINESS INCOME (AND EXTRA EXPENSE) COVERAGE FORM (CP 74 61) compared to ISO BUSINESS INCOME (AND EXTRA EXPENSE) COVERAGE FORM (CP 00 30) and PEAK PROGRAM TIME ELEMENT COVERAGE CHANGES (CP 75 34) for Peak or with PEAK PROGRAM TIME ELEMENT COVERAGE CHANGES (CP 75 34) and PEAK EXTRA BUSINESS INCOME COVERAGE EXTENSION ENDORSEMENT (CP 75 26) for Peak Extra

All the changes previously mentioned for the Safeco Optimum Property BUSINESS INCOME (AND EXTRA EXPENSE) COVERAGE FORM (CP 74 36) apply. In addition, the following changes have been made (changes apply to both Peak and Extra):

A. Coverage

- In the definition of Business Income, continuing normal operating expenses includes employee tips.

SAFECO OPTIMUM PROPERTY™ FOR RESTAURANTS BUSINESS INCOME (WITHOUT EXTRA EXPENSE) COVERAGE FORM (CP 74 62) compared to ISO BUSINESS INCOME (WITHOUT EXTRA EXPENSE) COVERAGE FORM (CP 00 32) and PEAK PROGRAM TIME ELEMENT COVERAGE CHANGES (CP 75 34) for Peak or with PEAK PROGRAM TIME ELEMENT COVERAGE CHANGES (CP 75 34) and PEAK EXTRA BUSINESS INCOME COVERAGE EXTENSION ENDORSEMENT (CP 75 26) for Peak Extra

All the changes previously mentioned for the Safeco Optimum Property BUSINESS INCOME (WITHOUT EXTRA EXPENSE) COVERAGE FORM (CP 74 35) apply. In addition, the following changes have been made (changes apply to both Peak and Extra):

A. Coverage

- In the definition of Business Income, continuing normal operating expenses includes employee tips.

SAFECO OPTIMUM PROPERTY™ FOR RESTAURANTS EXTRA EXPENSE COVERAGE FORM (CP 74 63) compared to ISO EXTRA EXPENSE COVERAGE FORM (CP 00 50) and PEAK PROGRAM TIME ELEMENT COVERAGE CHANGES (CP 75 34) for Peak or with PEAK PROGRAM TIME ELEMENT COVERAGE CHANGES (CP 75 34) and PEAK EXTRA BUSINESS INCOME COVERAGE EXTENSION ENDORSEMENT (CP 75 26) for Peak Extra

All the changes previously mentioned for the Safeco Optimum Property EXTRA EXPENSE COVERAGE FORM (CP 74 32) apply.

SAFECO OPTIMUM PROPERTY™ FOR RESTAURANTS BUSINESS INCOME (AND EXTRA EXPENSE) ACTUAL LOSS SUSTAINED COVERAGE FORM (CP 74 64) compared to BUSINESS INCOME (AND EXTRA EXPENSE) ACTUAL LOSS SUSTAINED COVERAGE FORM (CP 75 47) and PEAK PROGRAM TIME ELEMENT COVERAGE CHANGES (CP 75 34) for Peak or with PEAK PROGRAM TIME ELEMENT COVERAGE CHANGES (CP 75 34) and PEAK EXTRA BUSINESS INCOME COVERAGE EXTENSION ENDORSEMENT (CP 75 26) for Peak Extra

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All the changes previously mentioned for the Safeco Optimum Property BUSINESS INCOME (AND EXTRA EXPENSE) ACTUAL LOSS SUSTAINED COVERAGE FORM (CP 74 33) apply. In addition, the following changes have been made (changes apply to both Peak and Extra):

A. Coverage

- In the definition of Business Income, continuing normal operating expenses includes employee tips.

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SAFECO OPTIMUM PROPERTY™ FOR RELIGIOUS INSTITUTIONS – PROPERTY COVERAGE FORMS

SAFECO OPTIMUM PROPERTY™ FOR RELIGIOUS INSTITUTIONS BUILDING AND PERSONAL PROPERTY COVERAGE FORM (CP 74 52) compared to ISO BUILDING AND PERSONAL PROPERTY COVERAGE FORM (CP 00 10) with either ULTRA PEAK RELIGIOUS INSTITUTIONS PROPERTY ENDORSEMENT (CP 75 21) or with ULTRA PEAK EXTRA PROPERTY RELIGIOUS INSTITUTIONS ENDORSEMENT (CP 75 31)

All the changes previously mentioned for the Safeco Optimum Property BUILDING AND PERSONAL PROPERTY COVERAGE FORM (CP 74 30) apply. In addition, the following changes have been made (changes apply to both Peak and Peak Extra):

A.4. Additional Coverages

- The following Additional Coverages have been revised:
  - **4.a. Additional Living Expenses**
    - "Additional living expenses" was previously not defined. It is now defined to mean "any necessary increase in living expenses incurred so that the covered household can maintain its normal standard of living".
    - Coverage for additional living expenses is now limited to loss that occurs within 12 consecutive months after the date of direct physical loss or damage.
  - **4.d. Clergy House Of Residence Personal Property**
    - Language has been added to indicate that this Additional Coverage applies only if not otherwise covered by this policy. This Additional Coverage is not intended to duplicate coverage that is provided elsewhere in the policy.
  - **4.g. Employee Theft** – Employee Dishonesty has been deleted and is replaced by Employee Theft coverage:
    - The covered cause of loss is "employee theft".
    - The limit has been increased from $15,000 to $50,000.
    - ERISA coverage has been added.
  - **4.k. Lock And Key Replacement** – Lock Recalibration has been deleted and is replaced by Lock and Key Replacement. The per occurrence limit has been increased from $500 to $2,500.
  - **4.n. Money & Securities** – the Inside and Outside limits have been increased from $15,000 to $25,000. There is no doubling of limits for the four days before or after Easter, Thanksgiving, Christmas, and other designated day of choice.

SAFECO OPTIMUM PROPERTY™ FOR RELIGIOUS INSTITUTIONS CAUSES OF LOSS – SPECIAL FORM (CP 74 53) compared to ISO CAUSES OF LOSS – SPECIAL FORM (CP 10 30) with either ULTRA PEAK RELIGIOUS INSTITUTIONS PROPERTY ENDORSEMENT (CP 75 21) or with ULTRA PEAK EXTRA PROPERTY RELIGIOUS INSTITUTIONS ENDORSEMENT (CP 75 31)

All the changes previously mentioned for the Safeco Optimum Property CAUSES OF LOSS – SPECIAL FORM (CP 74 31) apply.

SAFECO OPTIMUM PROPERTY™ FOR RELIGIOUS INSTITUTIONS BUSINESS INCOME (AND EXTRA EXPENSE) COVERAGE FORM (CP 74 54) compared to ISO BUSINESS INCOME (AND EXTRA EXPENSE) COVERAGE FORM (CP 00 30) and PEAK PROGRAM TIME ELEMENT

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COVERAGE CHANGES (CP 75 34) for Peak or with PEAK PROGRAM TIME ELEMENT COVERAGE CHANGES (CP 75 34) and PEAK EXTRA BUSINESS INCOME COVERAGE EXTENSION ENDORSEMENT (CP 75 26) for Peak Extra

All the changes previously mentioned for the Safeco Optimum Property BUSINESS INCOME (AND EXTRA EXPENSE) COVERAGE FORM (CP 74 36) apply.

SAFECO OPTIMUM PROPERTY™ FOR RELIGIOUS INSTITUTIONS BUSINESS INCOME (WITHOUT EXTRA EXPENSE) COVERAGE FORM (CP 74 55) compared to ISO BUSINESS INCOME (WITHOUT EXTRA EXPENSE) COVERAGE FORM (CP 00 32) and PEAK PROGRAM TIME ELEMENT COVERAGE CHANGES (CP 75 34) for Peak or with PEAK PROGRAM TIME ELEMENT COVERAGE CHANGES (CP 75 34) and PEAK EXTRA BUSINESS INCOME COVERAGE EXTENSION ENDORSEMENT (CP 75 26) for Peak Extra

All the changes previously mentioned for the Safeco Optimum Property BUSINESS INCOME (WITHOUT EXTRA EXPENSE) COVERAGE FORM (CP 74 35) apply.

SAFECO OPTIMUM PROPERTY™ FOR RELIGIOUS INSTITUTIONS EXTRA EXPENSE COVERAGE FORM (CP 74 56) compared to ISO EXTRA EXPENSE COVERAGE FORM (CP 00 50) and PEAK PROGRAM TIME ELEMENT COVERAGE CHANGES (CP 75 34) for Peak or with PEAK PROGRAM TIME ELEMENT COVERAGE CHANGES (CP 75 34) and PEAK EXTRA BUSINESS INCOME COVERAGE EXTENSION ENDORSEMENT (CP 75 26) for Peak Extra

All the changes previously mentioned for the Safeco Optimum Property EXTRA EXPENSE COVERAGE FORM (CP 74 32) apply.

SAFECO OPTIMUM PROPERTY™ FOR RELIGIOUS INSTITUTIONS BUSINESS INCOME (AND EXTRA EXPENSE) ACTUAL LOSS SUSTAINED COVERAGE FORM (CP 74 57) compared to BUSINESS INCOME (AND EXTRA EXPENSE) ACTUAL LOSS SUSTAINED COVERAGE FORM (CP 75 47) with PEAK PROGRAM TIME ELEMENT COVERAGE CHANGES (CP 75 34) for Peak or with PEAK PROGRAM TIME ELEMENT COVERAGE CHANGES (CP 75 34) and PEAK EXTRA BUSINESS INCOME COVERAGE EXTENSION ENDORSEMENT (CP 75 26) for Peak Extra

All the changes previously mentioned for the Safeco Optimum Property BUSINESS INCOME (AND EXTRA EXPENSE) ACTUAL LOSS SUSTAINED COVERAGE FORM (CP 74 33) apply.

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SAFECO OPTIMUM PROPERTY™ FOR GOLF AND COUNTRY CLUBS – PROPERTY COVERAGE FORMS

SAFECO OPTIMUM PROPERTY™ FOR GOLF AND COUNTRY CLUBS BUILDING AND PERSONAL PROPERTY COVERAGE FORM (CP 74 45) compared to ISO BUILDING AND PERSONAL PROPERTY COVERAGE FORM (CP 00 10) with either ULTRA PEAK GOLF AND COUNTRY CLUB PROPERTY ENDORSEMENT (CP 75 23) or with ULTRA PEAK EXTRA GOLF AND COUNTRY CLUB PROPERTY ENDORSEMENT (CP 75 33)

All the changes previously mentioned for the Safeco Optimum Property BUILDING AND PERSONAL PROPERTY COVERAGE FORM (CP 74 30) apply. In addition, the following changes have been made (changes apply to both Peak and Peak Extra):

A.4. Additional Coverages

- The following Additional Coverages have been revised:
  - **4.e. Debris Removal**
    - Debris Removal does not apply to costs to remove debris of outdoor trees, shrubs and plants except to remove such debris from covered buildings or personal property, or as is provided under the Coverage Extension for Golf Course Property; Greens, Tees, Cut Fairways And Lawns, or the Coverage Extension for or Outdoor Trees, Shrubs And Plants.
  - **4.k. Hole-In-One**
    - This Additional Coverage has been renamed “Hole-In-One” coverage. There is no change to the coverage.
- The following Additional Coverage has been added:
  - **4.i. Food Contamination Shutdown**
    - In the event the Board of Health or other governmental body orders an insured premises closed because of the discovery or suspicion of “food contamination”, we will pay up to $50,000 per occurrence (regardless of the number of patrons involved) for the loss of business income the insured sustains due to the closure. Coverage begins 24 hours after the closure of the business. No deductible applies to this coverage.
    - We will also pay up to $5,000 for various extra costs (enumerated in the coverage form), such as costs to clean equipment, costs to replace food, medical tests and vaccines for employees, reimbursement for expenses the insured paid to infected patrons for medical expenses (if not covered by other insurance), and extra advertising expenses. Coverage for these extra costs begins immediately after the closure. No deductible applies to this coverage.
    - Coverage is subject to the exclusions and conditions built into the Additional Coverage.

A.5. Coverage Extensions

- The following Coverage Extensions have been revised:
  - **5.h. Golf Carts And Grounds Maintenance Equipment**
    - The limit at each described premises has been increased from $5,000 to $10,000.
    - The deductible in any one occurrence has been increased from $100 to $250.
  - **5.i. Golf Course Property**
    - Language has been added to clarify that this Coverage Extension does not cover trees, shrubs, plants, sod or lawns.
    - The deductible in any one occurrence has been increased from $100 to $500.
  - **5.j. Greens, Tees, Cut Fairways, And Lawns**

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    - This Coverage Extension has been renamed “Greens, Tees, Cut Fairways, And Lawns”. It was previously “Lawns”.
    - The limit at each described premises for greens, tees, and cut fairways has been increased from $50,000 to $100,000.
    - The limit at each described premises for lawns that are not part of greens, tees, or cut fairways has been increased from $2,000 to $5,000.
    - Language has been added to clarify that these limits include the expense to remove debris of trees, shrubs or plants. Debris removal expense to removed debris of trees, shrubs or plants from greens, tees, cut fairways, or lawns is not covered under the Debris Removal Additional Coverage.
    - Language has been added to clarify that if the limit for greens, tees, or cut fairways is increased, the most we will pay for the expense to remove debris of trees, shrubs or plants from greens, tees and cut fairways is $100,000 per premises, not to exceed the actual cost to remove the debris.
  - **5.o. Outdoor Trees, Shrubs And Plants**
    - This Coverage Extension has been renamed “Outdoor Trees, Shrubs And Plants”.
    - Language has been added to clarify that there is no coverage under this Coverage Extension for sod or lawns.
- The Coverage Extensions for Credit Card Coverage and Seasonal Increase have been deleted.

A.6. Flex Additional Coverage – Blanket Limit Of Insurance

- Flex Additional Coverage – Blanket Limit Of Insurance is a new additional coverage
  - Provides an additional $250,000 per occurrence limit in the event covered loss or damage exceeds the specific Coverage Extension limits (plus any applicable deductible) for:
    - Accounts Receivable (coverage limited to premises described in the Declarations).
    - Brands And Labels.
    - Non-owned Detached Trailers.
    - Personal Effects.
    - Valuable Papers And Records (coverage limited to premises described in the Declarations).
  - Coverage is in excess of the specific Coverage Extension limit plus any deductible applying to the aforementioned coverages.

E.7. Valuation

- Bottled wine is valued at the price it could have been sold for at the time and place of loss or damage, if no loss or damage occurred.

SAFECO OPTIMUM PROPERTY™ FOR GOLF AND COUNTRY CLUBS CAUSES OF LOSS – SPECIAL FORM (CP 74 46) compared to ISO CAUSES OF LOSS – SPECIAL FORM (CP 10 30) with either ULTRA PEAK GOLF AND COUNTRY CLUB PROPERTY ENDORSEMENT (CP 75 23) or with ULTRA PEAK EXTRA GOLF AND COUNTRY CLUB PROPERTY ENDORSEMENT (CP 75 33)

All the changes previously mentioned for the Safeco Optimum Property CAUSES OF LOSS – SPECIAL FORM (CP 74 31) apply.

SAFECO OPTIMUM PROPERTY™ FOR GOLF AND COUNTRY CLUBS BUSINESS INCOME (AND EXTRA EXPENSE) COVERAGE FORM (CP 74 47) compared to ISO BUSINESS INCOME

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(AND EXTRA EXPENSE) COVERAGE FORM (CP 00 30) and PEAK PROGRAM TIME ELEMENT COVERAGE CHANGES (CP 75 34) for Peak or with PEAK PROGRAM TIME ELEMENT COVERAGE CHANGES (CP 75 34) and PEAK EXTRA BUSINESS INCOME COVERAGE EXTENSION ENDORSEMENT (CP 75 26) for Peak Extra

All the changes previously mentioned for the Safeco Optimum Property BUSINESS INCOME (AND EXTRA EXPENSE) COVERAGE FORM (CP 74 36) apply. In addition, the following changes have been made (changes apply to both Peak and Extra):

A. Coverage

- In the definition of Business Income, continuing normal operating expenses includes employee tips.

SAFECO OPTIMUM PROPERTY™ FOR GOLF AND COUNTRY CLUBS BUSINESS INCOME (WITHOUT EXTRA EXPENSE) COVERAGE FORM (CP 74 48) compared to ISO BUSINESS INCOME (WITHOUT EXTRA EXPENSE) COVERAGE FORM (CP 00 32) and PEAK PROGRAM TIME ELEMENT COVERAGE CHANGES (CP 75 34) for Peak or with PEAK PROGRAM TIME ELEMENT COVERAGE CHANGES (CP 75 34) and PEAK EXTRA BUSINESS INCOME COVERAGE EXTENSION ENDORSEMENT (CP 75 26) for Peak Extra

All the changes previously mentioned for the Safeco Optimum Property BUSINESS INCOME (WITHOUT EXTRA EXPENSE) COVERAGE FORM (CP 74 35) apply. In addition, the following changes have been made (changes apply to both Peak and Extra):

A. Coverage

- In the definition of Business Income, continuing normal operating expenses includes employee tips.

SAFECO OPTIMUM PROPERTY™ FOR GOLF AND COUNTRY CLUBS EXTRA EXPENSE COVERAGE FORM (CP 74 49) compared to ISO EXTRA EXPENSE COVERAGE FORM (CP 00 50) and PEAK PROGRAM TIME ELEMENT COVERAGE CHANGES (CP 75 34) for Peak or with PEAK PROGRAM TIME ELEMENT COVERAGE CHANGES (CP 75 34) and PEAK EXTRA BUSINESS INCOME COVERAGE EXTENSION ENDORSEMENT (CP 75 26) for Peak Extra

All the changes previously mentioned for the Safeco Optimum Property EXTRA EXPENSE COVERAGE FORM (CP 74 32) apply.

SAFECO OPTIMUM PROPERTY™ FOR GOLF AND COUNTRY CLUBS BUSINESS INCOME (AND EXTRA EXPENSE) ACTUAL LOSS SUSTAINED COVERAGE FORM (CP 74 50) compared to BUSINESS INCOME (AND EXTRA EXPENSE) ACTUAL LOSS SUSTAINED COVERAGE FORM (CP 75 47) and PEAK PROGRAM TIME ELEMENT COVERAGE CHANGES (CP 75 34) for Peak or with PEAK PROGRAM TIME ELEMENT COVERAGE CHANGES (CP 75 34) and PEAK EXTRA BUSINESS INCOME COVERAGE EXTENSION ENDORSEMENT (CP 75 26) for Peak Extra

All the changes previously mentioned for the Safeco Optimum Property BUSINESS INCOME (AND EXTRA EXPENSE) ACTUAL LOSS SUSTAINED COVERAGE FORM (CP 74 33) apply. In addition, the following changes have been made (changes apply to both Peak and Extra):

A. Coverage

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- In the definition of Business Income, continuing normal operating expenses includes employee tips.

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SAFECO OPTIMUM PROPERTY™ FOR AUTOMOBILE SERVICE BUSINESSES – PROPERTY COVERAGE FORMS

SAFECO OPTIMUM PROPERTY™ FOR AUTOMOBILE SERVICE BUSINESSES BUILDING AND PERSONAL PROPERTY COVERAGE FORM (CP 74 75) compared to ISO BUILDING AND PERSONAL PROPERTY COVERAGE FORM (CP 00 10) with any one of the following endorsements: ULTRA PEAK AUTOMOBILE SERVICE STATIONS PROPERTY ENDORSEMENT (CP 75 18), ULTRA PEAK AUTOMOBILE SPECIALTY SHOPS PROPERTY ENDORSEMENT (CP 75 19), ULTRA PEAK EXTRA PROPERTY AUTOMOBILE SERVICE STATIONS ENDORSEMENT (CP 75 28) or ULTRA PEAK EXTRA PROPERTY AUTOMOBILE SPECIALTY SHOPS ENDORSEMENT (CP 75 29)

All the changes previously mentioned for the Safeco Optimum Property BUILDING AND PERSONAL PROPERTY COVERAGE FORM (CP 74 30) apply.

SAFECO OPTIMUM PROPERTY™ FOR AUTOMOBILE SERVICE BUSINESSES CAUSES OF LOSS – SPECIAL FORM (CP 74 76) compared to ISO CAUSES OF LOSS – SPECIAL FORM (CP 10 30) with ULTRA PEAK AUTOMOBILE SERVICE STATIONS PROPERTY ENDORSEMENT (CP 75 18), ULTRA PEAK AUTOMOBILE SPECIALTY SHOPS PROPERTY ENDORSEMENT (CP 75 19), ULTRA PEAK EXTRA PROPERTY AUTOMOBILE SERVICE STATIONS ENDORSEMENT (CP 75 28) or ULTRA PEAK EXTRA PROPERTY AUTOMOBILE SPECIALTY SHOPS ENDORSEMENT (CP 75 29)

All the changes previously mentioned for the Safeco Optimum Property CAUSES OF LOSS – SPECIAL FORM (CP 74 31) apply.

SAFECO OPTIMUM PROPERTY™ FOR AUTOMOBILE SERVICE BUSINESSES BUSINESS INCOME (AND EXTRA EXPENSE) COVERAGE FORM (CP 74 77) compared to ISO BUSINESS INCOME (AND EXTRA EXPENSE) COVERAGE FORM (CP 00 30) and PEAK PROGRAM TIME ELEMENT COVERAGE CHANGES (CP 75 34) for Peak or with PEAK PROGRAM TIME ELEMENT COVERAGE CHANGES (CP 75 34) and PEAK EXTRA BUSINESS INCOME COVERAGE EXTENSION ENDORSEMENT (CP 75 26) for Peak Extra

All the changes previously mentioned for the Safeco Optimum Property BUSINESS INCOME (AND EXTRA EXPENSE) COVERAGE FORM (CP 74 36) apply.

SAFECO OPTIMUM PROPERTY™ FOR AUTOMOBILE SERVICE BUSINESSES BUSINESS INCOME (WITHOUT EXTRA EXPENSE) COVERAGE FORM (CP 74 78) compared to ISO BUSINESS INCOME (WITHOUT EXTRA EXPENSE) COVERAGE FORM (CP 00 32) and PEAK PROGRAM TIME ELEMENT COVERAGE CHANGES (CP 75 34) for Peak or with PEAK PROGRAM TIME ELEMENT COVERAGE CHANGES (CP 75 34) and PEAK EXTRA BUSINESS INCOME COVERAGE EXTENSION ENDORSEMENT (CP 75 26) for Peak Extra

All the changes previously mentioned for the Safeco Optimum Property BUSINESS INCOME (WITHOUT EXTRA EXPENSE) COVERAGE FORM (CP 74 35) apply, except for the following (applies to both Peak and Peak Extra):

A.5. Coverage Extensions

- The Coverage Extension for Credit Card Coverage has been deleted.

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SAFECO OPTIMUM PROPERTY™ FOR AUTOMOBILE SERVICE BUSINESSES EXTRA EXPENSE COVERAGE FORM (CP 74 79) compared to ISO EXTRA EXPENSE COVERAGE FORM (CP 00 50) and PEAK PROGRAM TIME ELEMENT COVERAGE CHANGES (CP 75 34) for Peak or with PEAK PROGRAM TIME ELEMENT COVERAGE CHANGES (CP 75 34) and PEAK EXTRA BUSINESS INCOME COVERAGE EXTENSION ENDORSEMENT (CP 75 26) for Peak Extra

All the changes previously mentioned for the Safeco Optimum Property EXTRA EXPENSE COVERAGE FORM (CP 74 32) apply.

SAFECO OPTIMUM PROPERTY™ FOR AUTOMOBILE SERVICE BUSINESSES BUSINESS INCOME (AND EXTRA EXPENSE) ACTUAL LOSS SUSTAINED COVERAGE FORM (CP 74 80) compared to BUSINESS INCOME (AND EXTRA EXPENSE) ACTUAL LOSS SUSTAINED COVERAGE FORM (CP 75 47) with PEAK PROGRAM TIME ELEMENT COVERAGE CHANGES (CP 75 34) for Peak or with PEAK PROGRAM TIME ELEMENT COVERAGE CHANGES (CP 75 34) and PEAK EXTRA BUSINESS INCOME COVERAGE EXTENSION ENDORSEMENT (CP 75 26) for Peak Extra

All the changes previously mentioned for the Safeco Optimum Property BUSINESS INCOME (AND EXTRA EXPENSE) ACTUAL LOSS SUSTAINED COVERAGE FORM (CP 74 33) apply.

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SAFECO OPTIMUM PROPERTY™ FOR APARTMENTS BUILDING AND PERSONAL PROPERTY COVERAGE FORM (CP 74 66) compared to ISO BUILDING AND PERSONAL PROPERTY COVERAGE FORM (CP 00 10) with either ULTRA PEAK APARTMENT PROPERTY ENDORSEMENT (CP 75 17) or ULTRA PEAK EXTRA PROPERTY APARTMENT ENDORSEMENT (CP 75 27)

All the changes previously mentioned for the Safeco Optimum Property BUILDING AND PERSONAL PROPERTY COVERAGE FORM (CP 74 30) apply, except for the following (applies to both Peak and Peak Extra):

A.4. Additional Coverages

- The Additional Coverage for Additional Living Expenses has been deleted.

A.5. Coverage Extensions

- The following Coverage Extension is not included: **Theft Damage To Buildings For Tenants**.

SAFECO OPTIMUM PROPERTY™ FOR APARTMENTS CAUSES OF LOSS – SPECIAL FORM (CP 74 67) compared to ISO CAUSES OF LOSS – SPECIAL FORM (CP 10 30) with either ULTRA PEAK APARTMENT PROPERTY ENDORSEMENT (CP 75 17) or ULTRA PEAK EXTRA PROPERTY APARTMENT ENDORSEMENT (CP 75 27)

All the changes previously mentioned for the Safeco Optimum Property CAUSES OF LOSS – SPECIAL FORM (CP 74 31) apply.

SAFECO OPTIMUM PROPERTY™ FOR APARTMENTS BUSINESS INCOME (AND EXTRA EXPENSE) COVERAGE FORM (CP 74 68) compared to ISO BUSINESS INCOME (AND EXTRA EXPENSE) COVERAGE FORM (CP 00 30) and PEAK PROGRAM TIME ELEMENT COVERAGE CHANGES (CP 75 34) for Peak or with PEAK PROGRAM TIME ELEMENT COVERAGE CHANGES (CP 75 34) and PEAK EXTRA BUSINESS INCOME COVERAGE EXTENSION ENDORSEMENT (CP 75 26) for Peak Extra

All the changes previously mentioned for the Safeco Optimum Property BUSINESS INCOME (AND EXTRA EXPENSE) COVERAGE FORM (CP 74 36) apply.

SAFECO OPTIMUM PROPERTY™ FOR APARTMENTS BUSINESS INCOME (WITHOUT EXTRA EXPENSE) COVERAGE FORM (CP 74 69) compared to ISO BUSINESS INCOME (WITHOUT EXTRA EXPENSE) COVERAGE FORM (CP 00 32) and PEAK PROGRAM TIME ELEMENT COVERAGE CHANGES (CP 75 34) for Peak or with PEAK PROGRAM TIME ELEMENT COVERAGE CHANGES (CP 75 34) and PEAK EXTRA BUSINESS INCOME COVERAGE EXTENSION ENDORSEMENT (CP 75 26) for Peak Extra

All the changes previously mentioned for the Safeco Optimum Property BUSINESS INCOME (WITHOUT EXTRA EXPENSE) COVERAGE FORM (CP 74 35) apply.

SAFECO OPTIMUM PROPERTY™ FOR APARTMENTS EXTRA EXPENSE COVERAGE FORM (CP 74 70) compared to ISO EXTRA EXPENSE COVERAGE FORM (CP 00 50) and PEAK PROGRAM TIME ELEMENT COVERAGE CHANGES (CP 75 34) for Peak or with PEAK

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PROGRAM TIME ELEMENT COVERAGE CHANGES (CP 75 34) and PEAK EXTRA BUSINESS INCOME COVERAGE EXTENSION ENDORSEMENT (CP 75 26) for Peak Extra

All the changes previously mentioned for the Safeco Optimum Property EXTRA EXPENSE COVERAGE FORM (CP 74 32) apply.

Safeco Optimum Property™ for Apartments BUSINESS INCOME (AND EXTRA EXPENSE) ACTUAL LOSS SUSTAINED COVERAGE FORM (CP 74 71) compared to BUSINESS INCOME (AND EXTRA EXPENSE) ACTUAL LOSS SUSTAINED COVERAGE FORM (CP 75 47) with PEAK PROGRAM TIME ELEMENT COVERAGE CHANGES (CP 75 34) for Peak or with PEAK PROGRAM TIME ELEMENT COVERAGE CHANGES (CP 75 34) and PEAK EXTRA BUSINESS INCOME COVERAGE EXTENSION ENDORSEMENT (CP 75 26) for Peak Extra

All the changes previously mentioned for the Safeco Optimum Property BUSINESS INCOME (AND EXTRA EXPENSE) ACTUAL LOSS SUSTAINED COVERAGE FORM (CP 74 33) apply.

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SAFECO OPTIMUM PROPERTY™ FOR CONDOMINIUM ASSOCIATIONS – PROPERTY COVERAGE FORMS

SAFECO OPTIMUM PROPERTY™ FOR CONDOMINIUM ASSOCIATIONS BUILDING AND PERSONAL PROPERTY COVERAGE FORM (CP 74 83) compared to ISO BUILDING AND PERSONAL PROPERTY COVERAGE FORM (CP 00 10) with either ULTRA PEAK CONDOMINIUM PROPERTY ENDORSEMENT (CP 75 20) or ULTRA PEAK EXTRA PROPERTY CONDOMINIUM ENDORSEMENT (CP 75 30)

All the changes previously mentioned for the Safeco Optimum Property BUILDING AND PERSONAL PROPERTY COVERAGE FORM (CP 74 30) apply, except for the following (applies to both Peak and Peak Extra):

A.4. Additional Coverages

- The Additional Coverage for Additional Living Expenses has been deleted.

A.5. Coverage Extensions

- The following Coverage Extension is not included: **Theft Damage To Buildings For Tenants**.

SAFECO OPTIMUM PROPERTY™ FOR CONDOMINIUM ASSOCIATIONS CAUSES OF LOSS – SPECIAL FORM (CP 74 84) compared to ISO CAUSES OF LOSS – SPECIAL FORM (CP 10 30) with either ULTRA PEAK CONDOMINIUM PROPERTY ENDORSEMENT (CP 75 20) or ULTRA PEAK EXTRA PROPERTY CONDOMINIUM ENDORSEMENT (CP 75 30)

All the changes previously mentioned for the Safeco Optimum Property CAUSES OF LOSS – SPECIAL FORM (CP 74 31) apply.

SAFECO OPTIMUM PROPERTY™ FOR CONDOMINIUM ASSOCIATIONS BUSINESS INCOME (AND EXTRA EXPENSE) COVERAGE FORM (CP 74 85) compared to ISO BUSINESS INCOME (AND EXTRA EXPENSE) COVERAGE FORM (CP 00 30) and PEAK PROGRAM TIME ELEMENT COVERAGE CHANGES (CP 75 34) for Peak or with PEAK PROGRAM TIME ELEMENT COVERAGE CHANGES (CP 75 34) and PEAK EXTRA BUSINESS INCOME COVERAGE EXTENSION ENDORSEMENT (CP 75 26) for Peak Extra

All the changes previously mentioned for the Safeco Optimum Property BUSINESS INCOME (AND EXTRA EXPENSE) COVERAGE FORM (CP 74 36) apply.

SAFECO OPTIMUM PROPERTY™ FOR CONDOMINIUM ASSOCIATIONS BUSINESS INCOME (WITHOUT EXTRA EXPENSE) COVERAGE FORM (CP 74 86) compared to ISO BUSINESS INCOME (WITHOUT EXTRA EXPENSE) COVERAGE FORM (CP 00 32) and PEAK PROGRAM TIME ELEMENT COVERAGE CHANGES (CP 75 34) for Peak or with PEAK PROGRAM TIME ELEMENT COVERAGE CHANGES (CP 75 34) and PEAK EXTRA BUSINESS INCOME COVERAGE EXTENSION ENDORSEMENT (CP 75 26) for Peak Extra

All the changes previously mentioned for the Safeco Optimum Property BUSINESS INCOME (WITHOUT EXTRA EXPENSE) COVERAGE FORM (CP 74 35) apply.

SAFECO OPTIMUM PROPERTY™ FOR CONDOMINIUM ASSOCIATIONS EXTRA EXPENSE COVERAGE FORM (CP 74 87) compared to ISO EXTRA EXPENSE COVERAGE FORM (CP 00

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50) and PEAK PROGRAM TIME ELEMENT COVERAGE CHANGES (CP 75 34) for Peak or with PEAK PROGRAM TIME ELEMENT COVERAGE CHANGES (CP 75 34) and PEAK EXTRA BUSINESS INCOME COVERAGE EXTENSION ENDORSEMENT (CP 75 26) for Peak Extra

All the changes previously mentioned for the Safeco Optimum Property EXTRA EXPENSE COVERAGE FORM (CP 74 32) apply.

SAFECO OPTIMUM PROPERTY™ FOR CONDOMINIUM ASSOCIATIONS BUSINESS INCOME (AND EXTRA EXPENSE) ACTUAL LOSS SUSTAINED COVERAGE FORM (CP 74 88) compared to BUSINESS INCOME (AND EXTRA EXPENSE) ACTUAL LOSS SUSTAINED COVERAGE FORM (CP 75 47) with PEAK PROGRAM TIME ELEMENT COVERAGE CHANGES (CP 75 34) for Peak or with PEAK PROGRAM TIME ELEMENT COVERAGE CHANGES (CP 75 34) and PEAK EXTRA BUSINESS INCOME COVERAGE EXTENSION ENDORSEMENT (CP 75 26) for Peak Extra

All the changes previously mentioned for the Safeco Optimum Property BUSINESS INCOME (AND EXTRA EXPENSE) ACTUAL LOSS SUSTAINED COVERAGE FORM (CP 74 33) apply.

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SAFECO OPTIMUM PROPERTY™ – PROPERTY ENDORSEMENTS

SAFECO OPTIMUM PROPERTY™ VALUE REPORTING FORM CHANGES (CP 92 04) compared to PEAK PROGRAM VALUE REPORTING FORM CHANGES (CP 75 35)

No change in coverage.

SAFECO OPTIMUM PROPERTY™ PEAK SEASON LIMIT OF INSURANCE (CP 92 05) compared to PEAK PROGRAM – PEAK SEASON LIMIT OF INSURANCE (CP 75 39)

No change in coverage.

SAFECO OPTIMUM PROPERTY™ FLOOD COVERAGE ENDORSEMENT (CP 92 06) compared to FLOOD ENDORSEMENT – PEAK PROGRAM (CP 75 25)

Changes apply to both Peak and Peak Extra:

B. Additional Covered Cause Of Loss

- Flood is now defined as meaning "a general and temporary condition of partial or complete inundation of normally dry land areas due to: 1. the overflow in land or tidal waters; 2. the unusual or rapid accumulation or runoff of surface waters from any source; or 3. mudslides or mudflows which are caused by flooding as defined in B.2. above.
- All flooding in a continuous or protracted event will constitute a single flood.

C. Exclusions, Limitations And Related Provisions

- Language has been added to clarify that to the extent that a part of the Water Exclusion might conflict with coverage provided under this endorsement, that part of the Water Exclusion does not apply.
- Language has been added to clarify that to the extent that a tsunami causes the overflow of tidal waters, the exclusion of earthquake, in the Earth Movement Exclusion does not apply.
- Language has been added to clarify that the Ordinance Or Law Exclusion continues to apply, except with respect to the Ordinance Or Law Additional Coverage.
- There is no coverage for loss or damage caused by or resulting from Flood that begins before or within 72 hours after the inception date of this endorsement.
- If a Flood is due to the overflow of inland or tidal waters, then the Flood is considered to begin when the water first overflows its banks.
- There is no coverage for loss or damage caused by or resulting from destabilization of land arising from the accumulation of water in subsurface land areas.
- There is no coverage for land, nor is the cost of excavations, grading, backfilling or filling. Coverage under this endorsement does not include the cost of restoring or remediating land due to the collapse or sinking of land caused by or resulting from Flood. However, coverage includes damage to the covered portions of the building and to covered personal property caused by collapse or sinking of land along the shore of a body of water as the result of erosion or undermining caused by waves or currents of water which exceed the cyclical levels and cause Flood.
- There is no coverage to personal property in the open, unless specified in the Declarations.
- Property Not Covered includes:
  - Any building or other property that is not eligible for flood insurance per the Coastal Barrier Resources Act and the Coastal Barrier Improvement Act of 1990.

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- Boat houses and open structures, and any property in or on the foregoing, if the structure is located on or over a body of water.
- Bulkheads, pilings, piers, wharves, docks, or retaining walls that are not part of a building, even if not included in Property Not Covered.

- There is no coverage for loss or damage caused by sewer back-up or overflow unless such back-up or overflow results from Flood and occurs within 72 hours after the flood recedes.

D. Additional Coverages And Coverage Extensions

- Debris Removal Additional Coverage:
  - The Debris Removal Additional Coverage will not pay to remove deposits of mud or earth from the grounds of the described premises.
  - Under the Debris Removal Additional Coverage, we will also pay the expense to remove debris of Covered Property that has floated or been hurled off the described premises by Flood.
- Newly Acquired Or Constructed Property:
  - There is no coverage for any building or structure that is not fully enclosed by walls and roof.
  - The maximum we will pay for loss or damage caused by Flood is 10% of the total of all Limits of Insurance for Flood Coverage as provided by this endorsement.
- Amounts payable under any Additional Coverages and Coverage Extensions, other than Debris Removal Additional Coverage and Newly Acquired Or Constructed Property, will not increase the Limit of Insurance for Flood.

E. Limit Of Insurance

- Language has been added to clarify that Flood coverage may be written at a Limit of Insurance that is equal to or less than the Limit which applies to other Causes of Loss.
- The Limit of Insurance for Flood is the most we will pay in a 12-month period, unless a separate amount is shown as the Annual Aggregate for Flood.
- Language has been added that if there is ensuing loss by another Covered Cause of Loss, the total we will pay for all loss or damage caused by flood and the other Covered Cause of Loss is the limit that applies to the other (not Flood) cause of loss. We will not pay the sum of the Flood and other limit. Examples are provided in the endorsement for how ensuing loss would be handled.

F. Deductible

- Language has been added that states that we will not pay that part of the loss that is attributable to any Deductible(s) in the National Flood Insurance Program policy.
- If Flood causes loss or damage by both Flood and another Covered Cause of Loss, only the higher deductible applies.

G. Other Insurance

- Language has been added that specifies that if a loss is also covered under a National Flood Insurance Program policy, or if it is eligible to be written under such a policy but there is no policy in effect, we will pay only for the amount of loss in excess of the maximum limit that can be purchased under that policy.

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Arkansas
Submitted Independent Forms

Submitting:

Form #	Edition	Title
CP 74 30	03 08	Safeco Optimum Property ™ Building and Personal Property Coverage Form
CP 74 31	03 08	Safeco Optimum Property ™ Causes of Loss – Special Form
CP 74 36	03 08	Safeco Optimum Property ™ Business Income (And Extra Expense) Coverage Form
CP 74 35	03 08	Safeco Optimum Property ™ Business Income (Without Extra Expense) Coverage Form
CP 74 32	03 08	Safeco Optimum Property ™ Extra Expense Coverage Form
CP 74 33	03 08	Safeco Optimum Property ™ Business Income (And Extra Expense) Actual Loss Sustained Coverage Form
CP 74 38	03 08	Safeco Optimum Property ™ for Manufacturers Building and Personal Property Coverage Form
CP 74 39	03 08	Safeco Optimum Property ™ for Manufacturers Causes of Loss – Special Form
CP 74 40	03 08	Safeco Optimum Property ™ for Manufacturers Business Income (And Extra Expense) Coverage Form
CP 74 41	03 08	Safeco Optimum Property ™ for Manufacturers Business Income (Without Extra Expense) Coverage Form
CP 74 42	03 08	Safeco Optimum Property ™ for Manufacturers Extra Expense Coverage Form
CP 74 43	03 08	Safeco Optimum Property ™ for Manufacturers Business Income (And Extra Expense) Actual Loss Sustained Coverage Form
CP 74 59	03 08	Safeco Optimum Property ™ for Restaurants Building and Personal Property Coverage Form
CP 74 60	03 08	Safeco Optimum Property ™ for Restaurants Causes of Loss – Special Form
CP 74 61	03 08	Safeco Optimum Property ™ for Restaurants Business Income (And Extra Expense) Coverage Form
CP 74 62	03 08	Safeco Optimum Property ™ for Restaurants Business Income (Without Extra Expense) Coverage Form
CP 74 63	03 08	Safeco Optimum Property ™ for Restaurants Extra Expense Coverage Form
CP 74 64	03 08	Safeco Optimum Property ™ for Restaurants Business Income (And Extra Expense) Actual Loss Sustained Coverage Form
CP 74 52	03 08	Safeco Optimum Property ™ for Religious Institutions Building and Personal Property Coverage Form
CP 74 53	03 08	Safeco Optimum Property ™ for Religious Institutions Causes of Loss – Special Form
CP 74 54	03 08	Safeco Optimum Property ™ for Religious Institutions Business Income (And Extra Expense) Coverage Form
CP 74 55	03 08	Safeco Optimum Property ™ for Religious Institutions Business Income (Without Extra Expense) Coverage Form
CP 74 56	03 08	Safeco Optimum Property ™ for Religious Institutions Extra Expense Coverage Form
CP 74 57	03 08	Safeco Optimum Property ™ for Religious Institutions Business Income (And Extra Expense) Actual Loss Sustained Coverage Form

Arkansas
Submitted Independent Forms

Submitting:

Form #	Edition	Title
CP 74 45	03 08	Safeco Optimum Property ™ for Golf and Country Clubs Building and Personal Property Coverage Form
CP 74 46	03 08	Safeco Optimum Property ™ for Golf and Country Clubs Causes of Loss – Special Form
CP 74 47	03 08	Safeco Optimum Property ™ for Golf and Country Clubs Business Income (And Extra Expense) Coverage Form
CP 74 48	03 08	Safeco Optimum Property ™ for Golf and Country Clubs Business Income (Without Extra Expense) Coverage Form
CP 74 49	03 08	Safeco Optimum Property ™ for Golf and Country Clubs Extra Expense Coverage Form
CP 74 50	03 08	Safeco Optimum Property ™ for Golf and Country Clubs Business Income (And Extra Expense) Actual Loss Sustained Coverage Form
CP 74 75	03 08	Safeco Optimum Property ™ for Automobile Service Businesses Building and Personal Property Coverage Form
CP 74 76	03 08	Safeco Optimum Property ™ for Automobile Service Businesses Causes of Loss – Special Form
CP 74 77	03 08	Safeco Optimum Property ™ for Automobile Service Businesses Business Income (And Extra Expense) Coverage Form
CP 74 78	03 08	Safeco Optimum Property ™ for Automobile Service Businesses Business Income (Without Extra Expense) Coverage Form
CP 74 79	03 08	Safeco Optimum Property ™ for Automobile Service Businesses Extra Expense Coverage Form
CP 74 80	03 08	Safeco Optimum Property ™ for Automobile Service Businesses Business Income (And Extra Expense) Actual Loss Sustained Coverage Form
CP 74 66	03 08	Safeco Optimum Property ™ for Apartments Building and Personal Property Coverage Form
CP 74 67	03 08	Safeco Optimum Property ™ for Apartments Causes of Loss – Special Form
CP 74 68	03 08	Safeco Optimum Property ™ for Apartments Business Income (And Extra Expense) Coverage Form
CP 74 69	03 08	Safeco Optimum Property ™ for Apartments Business Income (Without Extra Expense) Coverage Form
CP 74 70	03 08	Safeco Optimum Property ™ for Apartments Extra Expense Coverage Form
CP 74 71	03 08	Safeco Optimum Property ™ for Apartments Business Income (And Extra Expense) Actual Loss Sustained Coverage Form
CP 74 83	03 08	Safeco Optimum Property ™ for Condominium Associations Building and Personal Property Coverage Form
CP 74 84	03 08	Safeco Optimum Property ™ for Condominium Associations Causes of Loss – Special Form
CP 74 85	03 08	Safeco Optimum Property ™ for Condominium Associations Business Income (And Extra Expense) Coverage Form
CP 74 86	03 08	Safeco Optimum Property ™ for Condominium Associations Business Income (Without Extra Expense) Coverage Form
CP 74 87	03 08	Safeco Optimum Property ™ for Condominium Associations Extra Expense Coverage Form
CP 74 88	03 08	Safeco Optimum Property ™ for Condominium Associations Business Income (And Extra Expense) Actual Loss Sustained Coverage Form

Arkansas
Submitted Independent Forms

Submitting:

Form #	Edition	Title
CP 92 02	03 08	“Fungus”, Wet Rot, Dry Rot and Bacteria Coverage
CP 92 03	03 08	Ordinance Or Law Coverage
CP 92 04	03 08	Safeco Optimum Property ™ Value Reporting Form Changes
CP 92 05	03 08	Safeco Optimum Property ™ Peak Season Limit of Insurance
CP 92 06	03 08	Safeco Optimum Property ™ Flood Coverage Endorsement
CP 92 08	03 08	Arkansas Changes Business Income (And Extra Expense) Actual Loss Sustained Coverage Form

Arkansas
Submitted Independent Forms

Withdrawing:

Form #	Edition	Title
CP 75 15	11-02	Peak Property Endorsement
CP 75 16	11-02	Peak Extra Property Endorsement
CP 75 17	11-02	Ultra Peak Apartment Property Endorsement
CP 75 18	11-02	Ultra Peak Automobile Service Stations Property Endorsement
CP 75 19	11-02	Ultra Peak Automobile Specialty Shops Property Endorsement
CP 75 20	11-02	Ultra Peak Condominium Property Endorsement
CP 75 21	11-02	Ultra Peak Religious Institutions Property Endorsement
CP 75 22	11-02	Ultra Peak Restaurant Property Endorsement
CP 75 23	11-03	Ultra Peak Golf And Country Club Property Endorsement
CP 75 24	10-98	Peak Program Restaurant Food Contamination Shutdown Coverage
CP 75 25	10-98	Flood Endorsement – Peak Program
CP 75 26	12-02	Peak Extra Business Income Coverage Extension Endorsement
CP 75 27	11-02	Ultra Peak Extra Property Apartment Endorsement
CP 75 28	11-02	Ultra Peak Extra Property Automobile Service Stations Endorsement
CP 75 29	11-02	Ultra Peak Extra Property Automobile Specialty Shops Endorsement
CP 75 30	11-02	Ultra Peak Extra Property Condominium Endorsement
CP 75 31	11-02	Ultra Peak Extra Property Religious Institutions Endorsement
CP 75 32	11-02	Ultra Peak Extra Property Restaurant Endorsement
CP 75 33	11-03	Ultra Peak Extra Golf And Country Club Property Endorsement
CP 75 34	10-98	Peak Program Time Element Coverage Changes
CP 75 35	10-98	Peak Program Value Reporting Form Changes
CP 75 36	12-02	Peak Program Limits Summary
CP 75 39	10-98	Peak Program – Peak Season Limit Of Insurance
CP 75 40	12-02	Peak Extra Limits Summary
CP 75 77	10-00	Ordinance Or Law Coverage
CP 75 78	10-00	Ordinance Or Law Coverage
CM 78 70	10-98	Peak Program – Exhibition Risks Coverage Form
CM 78 71	10-98	Peak Program Commercial Inland Marine Endorsement

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Withdrawn Independent Forms

Withdrawing:

Form #	Edition	Title
CP 75 17	11-02	Ultra Peak Apartment Property Endorsement
CP 75 18	11-02	Ultra Peak Automobile Service Stations Property Endorsement
CP 75 19	11-02	Ultra Peak Automobile Specialty Shops Property Endorsement
CP 75 20	11-02	Ultra Peak Condominium Property Endorsement
CP 75 21	11-02	Ultra Peak Religious Institutions Property Endorsement
CP 75 22	11-02	Ultra Peak Restaurant Property Endorsement
CP 75 23	11-03	Ultra Peak Golf And Country Club Property Endorsement
CP 75 27	11-02	Ultra Peak Extra Property Apartment Endorsement
CP 75 28	11-02	Ultra Peak Extra Property Automobile Service Stations Endorsement
CP 75 29	11-02	Ultra Peak Extra Property Automobile Specialty Shops Endorsement
CP 75 30	11-02	Ultra Peak Extra Property Condominium Endorsement
CP 75 31	11-02	Ultra Peak Extra Property Religious Institutions Endorsement
CP 75 32	11-02	Ultra Peak Extra Property Restaurant Endorsement
CP 75 33	11-03	Ultra Peak Extra Golf And Country Club Property Endorsement