



Fulfilling the Promise Since 1876
April 24, 2020

8 MOUN 8650788 11 CO
MOUNTAIN WEST INSURANCE &
FINANCIAL SERVICES LLC
100 E VICTORY WAY
CRAIG, CO 81625-1914

PITCHFORK TOWNHOMES
ASSOCIATION INC
PO BOX 2776
CRESTED BUTTE, CO 81224-2776

Thank you for your business! Enclosed you will find information regarding your policy. If you have questions regarding the information provided, please contact your agent at (970)824-8185 .

We encourage you to sign up for our *myCentral* policyholder website and take advantage of convenient, easy-to-use account management options for your Central Insurance policy. Make payments, access policy information, check account balances, view auto ID cards, report a claim, and much more! Click on the "Create Account" link in the *myCentral* log in box on central-insurance.com and provide the following information to establish online access:

Policy Number 8650788
Policy Effective Date 05/24/2020
City CRESTED BUTTE
State CO
Zip Code 81224



If you have **Billing and Payment** questions, call 800-786-9052 or e-mail us at billing@central-insurance.com.

To **Report a Claim**, call 888-263-2924.

Central Insurance Companies embraces a culture based on our core values of Integrity, Relationships and Excellence. These values define who we are and what we do, as individuals and as a company. We take pride in partnering with agents who support these same values.

We appreciate the opportunity to provide your insurance needs.



THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.
MARGIN CLAUSE

This endorsement modifies insurance provided under the following:

COMMERCIAL PROPERTY COVERAGE PART

SCHEDULE *

Premises Address	Margin Clause %	Value
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*** (If no entry appears above, information required to complete this endorsement will be shown in the Declarations or Change Endorsement as applicable to this endorsement.)**

A. This endorsement applies to loss settlement on property that is subject to a Blanket Limit of Insurance. For purposes of this Margin Clause, a Blanket Limit of Insurance is a single Limit of Insurance that applies to any of the following as shown elsewhere in this policy:

1. Two or more buildings;
2. Two or more buildings and contents;

B. Margin Clause

With respect to building coverage that is subject to a Blanket Limit of Insurance, we will determine a maximum loss payable for each building. The maximum loss payable is determined by applying the applicable Margin Clause percentage indicated in the Schedule to the value of the building as shown in the latest statement of values or schedule of building values reported to us.

Actual loss payment will be determined based on the amount of loss or damage subject to all applicable policy provisions including the Limits of Insurance Condition, Coinsurance, Deductible and Valuation Conditions. But the actual loss payment for each building will not exceed the maximum loss payable as described above and will not exceed the Blanket Limit of Insurance.

The Margin Clause does not increase the Blanket Limit of Insurance.

C. Examples

In the following examples, the figures and Margin Clause percentages are used for illustrative purposes only and do not reflect your actual insurance.

EXAMPLE #1

Buildings #1 through #3 are covered under a Blanket Limit of Insurance of \$4,500,000. The combined value of these three buildings at the time of loss is \$5,000,000. The value stated for Building #1 is \$1,000,000. There is a Coinsurance requirement of 90% (.90 x \$5,000,000 = \$4,500,000); therefore no Coinsurance penalty.

The Margin Clause percentage is 125%. The maximum loss payable for Building #1 is \$1,250,000 (\$1,000,000 x 1.25).

Building #1 sustains a loss of \$1,100,000.

The Deductible is \$10,000.

Step (1): Amount of loss minus Deductible
 (\$1,100,000 - \$10,000 = \$1,090,000)

Step (2): Since \$1,090,000 is not more than the maximum loss payable, we will pay \$1,090,000.

EXAMPLE #2

Buildings #1 through #3 are covered under a Blanket Limit of Insurance of \$4,500,000. The coverage in this example is written without a Coinsurance requirement.

The value stated for Building #1 is \$1,000,000. **The Margin Clause percentage is 115%. The maximum loss payable for Building #1 is \$1,150,000 (\$1,000,000 x 1.15).**

Building #1 sustains a loss of \$1,300,000.
The Deductible is \$10,000.

- Step (1): Amount of loss minus Deductible
($\$1,300,000 - \$10,000 = \$1,290,000$)
- Step (2): The result of Step (1) exceeds the maximum loss payable. We will pay \$1,150,000, the maximum loss payable in accordance with the Margin Clause.

EXAMPLE #3

Buildings #1 through #3 are covered under a Blanket Limit of Insurance of \$4,000,000. The combined value of these three buildings at the time of loss is \$5,000,000. There is a Coinsurance requirement of 90%. ($.90 \times \$5,000,000 = \$4,500,000$); therefore **the Blanket is underinsured and there will be a Coinsurance penalty.**

The value stated for Building #1 is \$1,000,000. **The Margin Clause percentage is 125%. The maximum loss payable for Building #1 is \$1,250,000 ($\$1,000,000 \times 1.25$).**

Building #1 sustains a loss of \$1,250,000.
The Deductible is \$10,000.

- Step (1): Amount of Blanket Limit divided by Coinsurance requirement ($\$4,000,000 \div \$4,500,000 = .889$)
- Step (2): Amount of loss times Coinsurance penalty factor ($\$1,250,000 \times .889 = \$1,111,250$) is the adjusted amount of loss
- Step (3): Adjusted amount of loss minus Deductible ($\$1,111,250 - \$10,000 = \$1,101,250$)
- Step (4): We will pay \$1,101,250 (less than the maximum loss payable). The remainder of the loss, \$148,750, is not covered due to application of the Coinsurance penalty and Deductible.



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EXCLUSION OF LOSS DUE TO VIRUS OR BACTERIA ADVISORY NOTICE TO POLICYHOLDERS

This Notice does not form a part of your insurance contract. No coverage is provided by this Notice, nor can it be construed to replace any provisions of your policy (including its endorsements). If there is any conflict between this Notice and the policy (including its endorsements), the provisions of the policy (including its endorsements) shall prevail.

Carefully read your policy, including the endorsements attached to your policy.

This Notice provides information concerning the following endorsement, which applies to your new or renewal policy being issued by us:

Exclusion Of Loss Due To Virus Or Bacteria Endorsement

This endorsement makes an explicit statement regarding a risk that is not covered under your Commercial Property insurance. It points out that there is no coverage under such insurance for loss or damage caused by or resulting from any virus, bacterium or other microorganism that induces or is capable of inducing physical distress, illness or disease. The exclusion in this endorsement applies to all coverages provided by your Commercial Property insurance, including (if any) property damage and business income coverages.

Contact your agent if you have any questions regarding the content of this notice.



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IMPORTANT NOTICE TO POLICYHOLDERS

This notice describes changes in your insurance policy. This notice is not a part of your policy. For complete information on all coverages, terms, conditions and exclusions, please review your policy and its coverage summary. If there is any conflict between your policy and this notice, the provisions of the policy shall prevail.

Your equipment breakdown (boiler and machinery) coverage has been changed to our new Equipment Breakdown Coverage form. Please note the following differences between the old form and the new updated form:

BROADENINGS

- **Electronic Circuitry Impairment** – A new covered cause of loss has been added to cover electronics which suddenly lose their ability to function, requiring replacement of component, even when physical damage is undetectable. This coverage does not apply to coverages involving the equipment of third parties. Other limitations apply.
- **Off Premises Equipment Breakdown** – A new coverage has been added to pay for physical damage to transportable covered equipment damaged while not at a covered location.
- **Public Relations** – A new coverage has been added to pay for professional services to create and disseminate communications to the media, the public or your customers, clients or members, when needed due to an interruption of your business resulting in a covered Business Income loss.
- **Service Interruption** – Coverage provided has been broadened to extend Data Restoration coverage if loss, damage or expense is caused by a failure or disruption of service. The services covered have been broadened to include professional Cloud Computing services.

OTHER CHANGES

- **Definition of “Covered Equipment”** – The definition of “covered equipment” has been amended in order to be more explicit about the broad coverage intent which, in addition to equipment that uses conventional design and technology, includes equipment utilizing new or newly commercialized design and technology. The definition was also amended to remove the reference to air supported structures under what is not “covered equipment” to eliminate any confusion about the intent to cover the equipment associated with air supported structures.
- **Valuation** – A Valuation condition has been added to the Equipment Breakdown Coverage form.
- **Excluded Property Perils** – An exclusion specific to property perils has been added to the Equipment Breakdown Coverage form.
- Exclusions for defect, programming error, etc. and misalignment, miscalibration, etc. have been moved to the definition of “accident”. The intent of the coverage has not changed.



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DISCLOSURE FORM CLAIMS-MADE POLICY

IMPORTANT NOTICE TO POLICYHOLDER

THIS DISCLOSURE FORM IS NOT YOUR POLICY. IT DESCRIBES SOME OF THE MAJOR FEATURES OF OUR CLAIMS-MADE POLICY FORM. READ YOUR POLICY CAREFULLY TO DETERMINE RIGHTS, DUTIES, AND WHAT IS AND IS NOT COVERED. ONLY THE PROVISIONS OF YOUR POLICY DETERMINE THE SCOPE OF YOUR INSURANCE PROTECTION.

YOUR POLICY

Your policy is a claims-made policy. It provides coverage only for injury or damage occurring after the policy retroactive date (if any) shown on your policy and the incident is reported to your insurer prior to the end of the policy period. Upon termination of your claims-made policy an extended reporting period option is available from your insurer.

There is no difference in the kind of injury or damage covered by occurrence or claims-made policies. Claims for damages may be assigned to different policy periods, depending on which type of policy you have.

If you make a claim under your claims-made policy, the claim must be a demand for damages by an injured party and does not have to be in writing. Under most circumstances, a claim is considered made when it is received and recorded by you or by us. Sometimes, a claim may be deemed made at an earlier time. This can happen when another claim for the same injury or damage has already been made, or when the claim is received and recorded during an extended reporting period.

PRINCIPAL BENEFITS

This policy provides for _____ (insert brief description of coverage) up to the maximum dollar limit specified in the policy.

The principal benefits and coverages are explained in detail in your claims-made policy. Please read it carefully and consult your insurance producer about any questions you might have.

EXCEPTIONS, REDUCTIONS AND LIMITATIONS

Your claims-made policy contains certain exceptions, reductions and limitations. Please read them carefully and consult your insurance producer about any questions you might have.

RENEWALS AND EXTENDED REPORTING PERIODS

Your claims-made policy has some unique features relating to renewal, extended reporting periods and coverage for events with long periods of potential liability exposure. If there is a retroactive date in your policy, no event or occurrence prior to that date will be covered under the policy even if reported during the policy period. It is therefore important for you to be certain that there are no gaps in your insurance coverage. These gaps can occur in several ways. Among the most common are:

1. If you switch from an occurrence policy to a claims-made policy, the retroactive date in your claims-made policy should be no later than the expiration date of the occurrence policy.
2. When replacing a claims-made policy with a claims-made policy, you should consider the following:
 - a. The retroactive date in the replacement policy should extend far enough back in time to cover any events with long periods of liability exposure, or
 - b. If the retroactive date in the replacement policy does not extend far enough back in time to cover events with long periods of liability exposure, you should consider purchasing extended reporting period coverage under the old claims-made policy.
3. If you replace this claims-made policy with an occurrence policy, you may not have insurance coverage for a claim arising during the period of claims-made coverage unless you have purchased an extended reporting period under the claims-made policy. Extended reporting period coverage must be offered to you by law for at least one year after the expiration of the claims-made policy at a premium not to exceed 200% of your last policy premium.

CAREFULLY REVIEW YOUR POLICY REGARDING THE AVAILABLE EXTENDED REPORTING PERIOD COVERAGE, INCLUDING THE LENGTH OF COVERAGE, THE PRICE AND THE TIME PERIOD DURING WHICH YOU MUST PURCHASE OR ACCEPT ANY OFFER FOR EXTENDED REPORTING PERIOD COVERAGE.



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IMPORTANT INFORMATION ABOUT YOUR POLICY RENEWAL

Thank you -- for allowing us to renew your policy. We appreciate your business.

Please keep your existing policy forms. Be sure to review the enclosed renewal information carefully. To help control expenses, the only forms attached to this renewal are those forms which have been added or revised.

If you have any questions about your policy, or this renewal, please don't hesitate to check with your agent.



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NOTICE TO POLICYHOLDERS

DISCLOSURE PURSUANT TO TERRORISM RISK INSURANCE ACT

This notification is attached to and made part of your policy in response to the disclosure requirements of the Terrorism Risk Insurance Act. This notification does not grant any coverage or change the terms and conditions of any coverage under the policy.

A. Disclosure of Premium

In accordance with the federal Terrorism Risk Insurance Act, we are required to provide you with a notice disclosing the portion of your premium, if any, attributable to coverage for terrorist acts certified under the Terrorism Risk Insurance Act. The portion of your premium attributable to such coverage is shown in the policy Declarations.

B. Disclosure of Federal Participation In Payment Of Terrorism Losses

The United States Government, Department of the Treasury, will pay a share of terrorism losses insured under the federal program. The federal share equals a percentage of that portion of the amount of such insured losses that exceeds the applicable insurer retention.

Federal share of terrorism losses:

85% for calendar year 2015
 84% for calendar year 2016
 83% for calendar year 2017
 82% for calendar year 2018
 81% for calendar year 2019
 80% for calendar year 2020

However, if aggregate insured losses attributable to terrorist acts certified under the Terrorism Risk Insurance Act exceed \$100 billion in a calendar year, the Treasury shall not make any payment for any portion of the amount of such losses that exceeds \$100 billion.

C. Cap on Insurer Participation In Payment Of Terrorism Losses

If aggregate insured losses attributable to terrorist acts certified under the Terrorism Risk Insurance Act exceed \$100 billion in a calendar year, and we have met our insurer deductible under the Terrorism Risk Insurance Act, we shall not be liable for the payment of any portion of the amount of such losses that exceeds \$100 billion, and in such case insured losses up to that amount are subject to pro rata allocation in accordance with procedures established by the Secretary of the Treasury.

D. Definition of Terrorism

Coverage for acts of terrorism is included in your policy. You are hereby notified that under the Terrorism Risk Insurance Act, as amended in 2015, the definition of "act of terrorism" has changed. As defined in Section 102(1) of the Act, the term "act of terrorism" means:

- Any act or acts that are certified by the Secretary of the Treasury – in consultation with the Secretary of Homeland Security, and the Attorney General of the United States – to be an act of terrorism;
- To be a violent act or an act that is dangerous to human life, property, or infrastructure;

- To have resulted in damage within the United States, or outside the United States in the case of certain air carriers or vessels or the premises of a United States mission;
- And to have been committed by an individual or individuals as part of an effort to coerce the civilian population of the United States or to influence the policy or affect the conduct of the United States Government by coercion.

Under your coverage, any losses resulting from certified acts of terrorism may be partially reimbursed by the United States Government under a formula established by the Terrorism Risk Insurance Act, as amended. However, your policy may contain other exclusions which might affect your coverage, such as an exclusion for nuclear events.



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AVAILABLE PAY PLANS

The company offers.

- 1. EFT Plans (Electronic Funds Transfer): ** No service fees apply to any of the EFT plans. ****
 - a. Annual EFT – the premium is paid in one installment withdrawn on the effective date of the policy.
 - b. Semi-Annual EFT – the premium is paid in two installments, withdrawn six months apart.
 - c. Quarterly EFT – the premium is paid in four installments, withdrawn three months apart.
 - d. Monthly EFT – the premium is paid in twelve monthly withdrawals.
- 2. NON-EFT Plans:**
 - a. Annual – the premium is paid in one installment due on the effective date of the policy. No service fees apply.
 - b. Semi-Annual – the premium is paid in two installments due six months apart. Service fees apply.
 - c. Quarterly – the premium is paid in four installments due three months apart. Service fees apply.
 - d. Monthly – the premium is paid in twelve monthly installments. Service fees apply.

We offer account billing on each of the above plans which allows for multiple policies to be billed together on a single account. We require separate billing accounts for personal and commercial lines policies.

Please note, the above plans may not apply to all types of policies.



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NOTICE TO POLICYHOLDERS REGARDING NUCLEAR, BIOLOGICAL, CHEMICAL, OR RADIOLOGICAL EXCLUSION

Coverage for some acts of terrorism is included in your policy, as defined in Section 102(1) of the Terrorism Risk Insurance Acts. An act of terrorism could involve Nuclear (including radiation or radioactive contamination) or pathogenic or poisonous Biological or Chemical materials. An example of this would be the release of anthrax spores.

Your previous policy included a Nuclear exclusion (a mandatory form attached to all policies) and Pollution exclusions (mandatory coverage language) to exclude terrorism loss that was caused by nuclear, chemical or radiological means. There may have been a question of whether a biological event would be considered a pollutant and therefore excluded by the pollution exclusion.

Due to our reinsurance contracts containing an NBCR (Nuclear, Biological, Chemical, or Radiological) exclusion, your renewal policy now contains an NBCR exclusion, which makes it clear we will not cover any acts involving nuclear, biological, chemical or radiological terrorism.

Although we have chosen to exclude NBCR, we are still providing you with terrorism coverage for other acts.



CENTRAL MUTUAL INSURANCE COMPANY
800 S. WASHINGTON ST
VAN WERT, OHIO 45891-2357
www.central-insurance.com

CHANGE ENDORSEMENT # 001

THIS ENDORSEMENT FORMS A PART OF THE POLICY NUMBERED BELOW
ENDORSEMENT EFFECTIVE DATE 05/24/2020

POLICY NUMBER CLP 8650788 11

NAMED INSURED AND MAILING ADDRESS
PITCHFORK TOWNHOMES
ASSOCIATION INC
PO BOX 2776
CRESTED BUTTE, CO 81224-2776

AGENT VF98
MOUNTAIN WEST INSURANCE &
FINANCIAL SERVICES LLC
100 E VICTORY WAY
CRAIG, CO 81625-1914
(970)824-8185
www.mtnwst.com

POLICY PERIOD FROM 05/24/2020 TO 05/24/2021
AT 12:01 A.M. STANDARD TIME AT YOUR MAILING ADDRESS SHOWN ABOVE

POLICY CHANGE

THE BLANKET BUILDING LIMIT IS AMENDED FROM \$10,349,000 TO \$9,985,850.
PREMISES 1, BUILDING 1 ADDRESS IS AMENDED TO READ: 102 104 106 108
PITCHFORK RD, CRESTED BUTTE, CO 81224
PREMISES 2, BUILDING 1 ADDRESS IS AMENDED TO READ: 101 103 105 107
PITCHFORK DR, CRESTED BUTTE, CO 81224
PREMISES 3, BUILDING 1 ADDRESS IS AMENDED TO READ: 502 504 506 508
HORSEHORSE DR, CRESTED BUTTE, CO 81224
PREMISES 4, BUILDING 1 ADDRESS IS AMENDED TO READ: 505 507 HORSESHOE
DR, CRESTED BUTTE, CO 81224
PREMISES 5, BUILDING 1 ADDRESS IS AMENDED TO READ: 201 203 PITCHFORK
DR, CRESTED BUTTE, CO 81224
PREMISES 6, BUILDING 1 ADDRESS IS AMENDED TO READ: 107,109,111 BIG SKY
DR, CRESTED BUTTE, CO 81224
PREMISES 7, BUILDING 1 ADDRESS IS AMENDED TO READ: 101 103 105 BIG SKY
DR, CRESTED BUTTE, CO 81224

THE FOREGOING AMENDMENT RESULTS IN A RETURN PREMIUM OF \$638



PRESIDENT



SECRETARY

April 24, 2020

DATE

NAMED INSURED
PITCHFORK TOWNHOMES

POLICY NUMBER
CLP 8650788 11

FORMS AND ENDORSEMENTS APPLICABLE TO POLICY CLP 8650788 11 ON 05/24/2020

COMMON DECLARATIONS

FORM NBR EDITION FORM TITLE

IL0017	1198	COMMON POLICY CONDITIONS
IL0169	0907	CO-CHANGES - CONCEALMENT MISREPRESENTATION OR FRAUD
IL0228	0907	CO-CHANGES - CANCELLATION AND NONRENEWAL
IL0952	0115	CAP ON LOSSES FROM CERTIFIED ACTS OF TERRORISM
IL0986	0115	EXCLUSION OF CERTIFIED ACTS OF TERRORISM INVOLVING NUCLEAR, BIOLO
14-3181	0315	CW POLICYHOLDER NOTICE-LOSS DUE TO VIRUS OR BACTERIA
14-3712	0517	CO CLAIMS-MADE POLICY DISCLOSURE FORM NOTICE TO POLICYHOLDERS
20-1768	0891	MUTUAL POLICY CONDITIONS-APPLICABLE TO CENTRAL MUTUAL
20-1769	0891	PROVISIONS APPLICABLE TO CENTRAL MUTUAL & ALL AMERICA INS CO
20-1956	1194	IMPORTANT INFORMATION ABOUT YOUR POLICY RENEWAL
20-2118	0315	POLICYHOLDER DISCLOSURE NOTICE (TERRORISM INS & VIRUS)
20-2143	0614	AVAILABLE PAY PLANS
20-2375	0315	NOTICE TO POLICYHOLDERS - NBCR EXCLUSION

PROPERTY COVERAGE PART DECLARATIONS

FORM NBR EDITION FORM TITLE

CP0017	1012	CONDOMINIUM ASSOCIATION COVERAGE FORM
CP0090	0788	COML PROP CONDITIONS
CP0140	0706	EXCLUSION OF LOSS DUE TO VIRUS OR BACTERIA
CP0405	0917	ORDINANCE OR LAW COVERAGE
CP1030	0917	CAUSES OF LOSS - SPECIAL FORM
CP1034	1012	EXCLUSION OF LOSS DUE TO BY-PRODUCTS OF PRODUCTION OR PROCESSING
CP9903	1219	CANNABIS EXCLUSION
14-2012	1185	QUICK REF-COML PROPERTY COVERAGE PART
14-2986	1210	MARGIN CLAUSE
14-3049	0318	CENTRAL PREMIER PLUS(R) PROPERTY EXTENSIONS COVERAGE END
14-3064	1215	EQUIPMENT BREAKDOWN COVERAGE
14-3603	1215	POLICYHOLDER NOTICE - EQUIPMENT BREAKDOWN COVERAGE
* 14-3687	0517	CYBER SUITE COVERAGE FORM
14-3689	0517	CO-CYBER SUITE COVERAGE FORM

* DENOTES FORMS ATTACHED WITH THIS TRANSACTION

COMMON POLICY CONDITIONS

All Coverage Parts included in this policy are subject to the following conditions.

A. CANCELLATION

1. The first Named Insured shown in the Declarations or Change Endorsement may cancel this policy by mailing or delivering to us advance written notice of cancellation.
2. We may cancel this policy by mailing or delivering to the first Named Insured written notice of cancellation at least:
 - a. 10 days before the effective date of cancellation if we cancel for nonpayment of premium; or
 - b. 30 days before the effective date of cancellation if we cancel for any other reason.
3. We will mail or deliver our notice to the first Named Insured's last mailing address known to us.
4. Notice of cancellation will state the effective date of cancellation. The policy period will end on that date.
5. If this policy is cancelled, we will send the first Named Insured any premium refund due. If we cancel, the refund will be pro rata. If the first Named Insured cancels, the refund may be less than pro rata. The cancellation will be effective even if we have not made or offered a refund.
6. If notice is mailed, proof of mailing will be sufficient proof of notice.

B. CHANGES

This policy contains all the agreements between you and us concerning the insurance afforded. The first Named Insured shown in the Declarations or Change Endorsement is authorized to make changes in the terms of this policy with our consent. This policy's terms can be amended or waived only by endorsement issued by us and made a part of this policy.

C. EXAMINATION OF YOUR BOOKS AND RECORDS

We may examine and audit your books and records as they relate to this policy at any time during the policy period and up to three years afterward.

D. INSPECTIONS AND SURVEYS

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

E. PREMIUMS

The first Named Insured shown in the Declarations or Change Endorsement:

1. Is responsible for the payment of all premiums; and
2. Will be the payee for any return premiums we pay.

F. TRANSFER OF YOUR RIGHTS AND DUTIES UNDER THIS POLICY

Your rights and duties under this policy may not be transferred without our written consent except in the case of death of an individual named insured.

If you die, your rights and duties will be transferred to your legal representative but only while acting within the scope of duties as your legal representative. Until your legal representative is appointed, anyone having proper temporary custody of your property will have your rights and duties but only with respect to that property.

**Provisions Applicable To
CENTRAL MUTUAL INSURANCE COMPANY**

MUTUAL POLICY CONDITIONS

This policy is issued by a Mutual Company. We have special regulations that apply by law to our organization, membership, policies and contracts. The following forms a part of your policy:

This policy is nonassessable. You are not subject to any contingent liability nor liable for any assessment.

The Board of Directors, at their discretion, may determine and pay you any unused premiums (dividends).

NOTICE OF ANNUAL MEETING

You are hereby notified that by virtue of this policy, you are a member of the Central Mutual Insurance Company and are entitled to vote either in person or by proxy at any and all meetings of our Company. The annual meetings are held at our home office, Van Wert, Ohio, on the second Wednesday of May in each year at two o'clock P.M.

**PROVISIONS APPLICABLE TO CENTRAL MUTUAL AND
ALL AMERICA INSURANCE COMPANIES**

IN WITNESS WHEREOF, we have executed and attested this policy. If required by state law, this policy is not valid unless it is countersigned by our authorized representative.



President



Secretary

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

COLORADO CHANGES – CONCEALMENT, MISREPRESENTATION OR FRAUD

This endorsement modifies insurance provided under the following:

CAPITAL ASSETS PROGRAM (OUTPUT POLICY) COVERAGE PART
COMMERCIAL AUTOMOBILE COVERAGE PART
COMMERCIAL INLAND MARINE COVERAGE PART
COMMERCIAL PROPERTY COVERAGE PART
EQUIPMENT BREAKDOWN COVERAGE PART
FARM COVERAGE PART - FARM PROPERTY - OTHER FARM PROVISIONS FORM - ADDITIONAL
COVERAGES, CONDITIONS, DEFINITIONS
FARM COVERAGE PART - MOBILE AGRICULTURAL MACHINERY AND EQUIPMENT COVERAGE FORM
FARM COVERAGE PART - LIVESTOCK COVERAGE FORM

The **CONCEALMENT, MISREPRESENTATION OR FRAUD** Condition is replaced by the following:

CONCEALMENT, MISREPRESENTATION OR FRAUD

We will not pay for any loss or damage in any case of:

1. Concealment or misrepresentation of a material fact; or
2. Fraud;

committed by you or any other insured ("insured") at any time and relating to coverage under this policy.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

COLORADO CHANGES – CANCELLATION AND NONRENEWAL

This endorsement modifies insurance provided under the following:

CAPITAL ASSETS PROGRAM (OUTPUT POLICY) COVERAGE PART
 COMMERCIAL AUTOMOBILE COVERAGE PART
 COMMERCIAL GENERAL LIABILITY COVERAGE PART
 COMMERCIAL INLAND MARINE COVERAGE PART
 COMMERCIAL LIABILITY UMBRELLA COVERAGE PART
 COMMERCIAL PROPERTY COVERAGE PART
 CRIME AND FIDELITY COVERAGE PART
 EMPLOYMENT-RELATED PRACTICES LIABILITY COVERAGE PART
 EQUIPMENT BREAKDOWN COVERAGE PART
 FARM COVERAGE PART
 FARM UMBRELLA LIABILITY POLICY
 LIQUOR LIABILITY COVERAGE PART
 PRODUCTS/COMPLETED OPERATIONS LIABILITY COVERAGE PART

A. Paragraph 2. of the Cancellation Common Policy Condition is replaced by the following:

- 2.** If this policy has been in effect for less than 60 days, we may cancel this policy by mailing or delivering to the first Named Insured written notice of cancellation at least:
 - a.** 10 days before the effective date of cancellation if we cancel for nonpayment of premium; or
 - b.** 30 days before the effective date of cancellation if we cancel for any other reason.

B. The following is added to the Cancellation Common Policy Condition:

7. Cancellation Of Policies In Effect For 60 Days Or More

- a.** If this policy has been in effect for 60 days or more, or is a renewal of a policy we issued, we may cancel this policy by mailing through first-class mail to the first Named Insured written notice of cancellation:
 - 1)** Including the actual reason, at least 10 days before the effective date of cancellation, if we cancel for nonpayment of premium; or
 - 2)** At least 45 days before the effective date of cancellation if we cancel for any other reason.

We may only cancel this policy based on one or more of the following reasons:

- 1)** Nonpayment of premium;
- 2)** A false statement knowingly made by the insured on the application for insurance; or
- 3)** A substantial change in the exposure or risk other than that indicated in the application and underwritten as of the effective date of the policy unless the first Named Insured has notified us of the change and we accept such change.

C. The following is added and supersedes any other provision to the contrary:

NONRENEWAL

If we decide not to renew this policy, we will mail through first-class mail to the first Named Insured shown in the Declarations written notice of the nonrenewal at least 45 days before the expiration date, or its anniversary date if it is a policy written for a term of more than one year or with no fixed expiration date.

If notice is mailed, proof of mailing will be sufficient proof of notice.

D. The following condition is added:

INCREASE IN PREMIUM OR DECREASE IN COVERAGE

We will not increase the premium unilaterally or decrease the coverage benefits on renewal of this policy unless we mail through first-class mail written notice of our intention, including the actual reason, to the first Named Insured's last mailing address known to us, at least 45 days before the effective date.

Any decrease in coverage during the policy term must be based on one or more of the following reasons:

1. Nonpayment of premium;
2. A false statement knowingly made by the insured on the application for insurance; or
3. A substantial change in the exposure or risk other than that indicated in the application and underwritten as of the effective date of the policy unless the first Named Insured has notified us of the change and we accept such change.

If notice is mailed, proof of mailing will be sufficient proof of notice.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

CAP ON LOSSES FROM CERTIFIED ACTS OF TERRORISM

This endorsement modifies insurance provided under the following:

BOILER AND MACHINERY COVERAGE PART
COMMERCIAL INLAND MARINE COVERAGE PART
COMMERCIAL PROPERTY COVERAGE PART
EQUIPMENT BREAKDOWN COVERAGE PART
FARM COVERAGE PART
STANDARD PROPERTY POLICY

A. Cap On Certified Terrorism Losses

"Certified act of terrorism" means an act that is certified by the Secretary of the Treasury, in accordance with the provisions of the federal Terrorism Risk Insurance Act, to be an act of terrorism pursuant to such Act. The criteria contained in the Terrorism Risk Insurance Act for a "certified act of terrorism" include the following:

1. The act resulted in insured losses in excess of \$5 million in the aggregate, attributable to all types of insurance subject to the Terrorism Risk Insurance Act; and
2. The act is a violent act or an act that is dangerous to human life, property or infrastructure and is committed by an individual or individuals as part of an effort to coerce the civilian population of the United States or to influence the policy or affect the conduct of the United States Government by coercion.

If aggregate insured losses attributable to terrorist acts certified under the Terrorism Risk Insurance Act exceed \$100 billion in a calendar year and we have met our insurer deductible under the Terrorism Risk Insurance Act, we shall not be liable for the payment of any portion of the amount of such losses that exceeds \$100 billion, and in such case insured losses up to that amount are subject to pro rata allocation in accordance with procedures established by the Secretary of the Treasury.

B. Application Of Exclusions

The terms and limitations of any terrorism exclusion, or the inapplicability or omission of a terrorism exclusion, do not serve to create coverage for any loss which would otherwise be excluded under this Coverage Part or Policy, such as losses excluded by the Nuclear Hazard Exclusion or the War And Military Action Exclusion.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

**EXCLUSION OF CERTIFIED ACTS OF TERRORISM
INVOLVING NUCLEAR, BIOLOGICAL, CHEMICAL OR
RADIOLOGICAL TERRORISM; CAP ON COVERED
CERTIFIED ACTS LOSSES**

This endorsement modifies insurance provided under the following:

BOILER AND MACHINERY COVERAGE PART
COMMERCIAL INLAND MARINE COVERAGE PART
COMMERCIAL PROPERTY COVERAGE PART
CRIME AND FIDELITY COVERAGE PART
EQUIPMENT BREAKDOWN COVERAGE PART
FARM COVERAGE PART
STANDARD PROPERTY POLICY

SCHEDULE *

The **Exception Covering Certain Fire Losses** (Paragraph C) applies to property located in the following state(s), if covered under the indicated Coverage Form, Coverage Part or Policy:

State(s)	Coverage Form, Coverage Part Or Policy
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*** (Information required to complete this endorsement, if not shown above, will be shown in the Declarations or Change Endorsement.)**

A. The following definition is added with respect to the provisions of this endorsement:

"Certified act of terrorism" means an act that is certified by the Secretary of the Treasury, in accordance with the provisions of the federal Terrorism Risk Insurance Act, to be an act of terrorism pursuant to such Act. The criteria contained in the Terrorism Risk Insurance Act for a "certified act of terrorism" include the following:

1. The act resulted in insured losses in excess of \$5 million in the aggregate, attributable to all types of insurance subject to the Terrorism Risk Insurance Act; and
2. The act is a violent act or an act that is dangerous to human life, property or infrastructure and is committed by an individual or individuals as part of an effort to coerce the civilian population of the United States or to influence the policy or affect the conduct of the United States Government by coercion.

B. The following exclusion is added:

LIMITED EXCLUSION OF CERTIFIED ACTS OF TERRORISM

We will not pay for loss or damage caused directly or indirectly by a "certified act of terrorism". Such loss or damage is excluded regardless of any other cause or event that contributes concurrently or in any sequence to the loss. But this exclusion applies only when one or more of the following are attributed to such act:

1. The terrorism is carried out by means of the dispersal or application of radioactive material, or through the use of a nuclear weapon or device that involves or produces a nuclear reaction, nuclear radiation or radioactive contamination; or
2. Radioactive material is released, and it appears that one purpose of the terrorism was to release such material; or

3. The terrorism is carried out by means of the dispersal or application of pathogenic or poisonous biological or chemical material; or
4. Pathogenic or poisonous biological or chemical material is released, and it appears that one purpose of the terrorism was to release such material.

When this terrorism exclusion applies in accordance with the terms of Paragraph **B.1.** or **B.2.**, the terrorism exclusion applies without regard to the Nuclear Hazard Exclusion in this Coverage Part or Policy.

C. Exception Covering Certain Fire Losses

The following exception to the exclusion in Paragraph **B.** applies only if indicated and as indicated in the Schedule of this endorsement, Declarations or Change Endorsement.

If a "certified act of terrorism" excluded under Paragraph **B.** results in fire, we will pay for the loss or damage caused by that fire, subject to all applicable policy provisions including the Limit of Insurance on the affected property. Such coverage for fire applies only to direct loss or damage by fire to Covered Property. Therefore, for example, the coverage does not apply to insurance provided under Business Income and/or Extra Expense coverage forms or endorsements that apply to those coverage forms, or to the Legal Liability Coverage Form or the Leasehold Interest Coverage Form.

D. Cap On Certified Terrorism Losses

The following limitation applies to coverage for any one or more "certified acts of terrorism" that are not excluded by the terms of the exclusion in Paragraph **B.** and to any loss or damage that is covered and to which the exception in Paragraph **C.** applies:

If aggregate insured losses attributable to terrorist acts certified under the Terrorism Risk Insurance Act exceed \$100 billion in a calendar year and we have met our insurer deductible under the Terrorism Risk Insurance Act, we shall not be liable for the payment of any portion of the amount of such losses that exceeds \$100 billion, and in such case insured losses up to that amount are subject to pro rata allocation in accordance with procedures established by the Secretary of the Treasury.

This Paragraph, **D.**, does not apply to insurance provided under the Crime And Fidelity Coverage Part.

E. Application Of Exclusions

The terms and limitations of any terrorism exclusion, or the non-applicability or omission of a terrorism exclusion, do not serve to create coverage for any loss which would otherwise be excluded under this Coverage Part or Policy, such as losses excluded by the War And Military Action Exclusion.

QUICK REFERENCE COMMERCIAL PROPERTY COVERAGE PART

READ YOUR POLICY CAREFULLY

The Commercial Property Coverage Part in your policy consists of Declarations, one or more Coverage Forms, Commercial Property Conditions, Common Policy Conditions and Endorsements, if applicable. Following is a Quick Reference indexing of the principal provisions contained in each of the components making up this Coverage Part.

DECLARATIONS

- Named Insured and Mailing Address
- Policy Period
- Description of Business
- Coverage Provided and Limits of Insurance
- Optional Coverages
- Forms and Endorsements applying to the Coverage Part at time of issue

COVERAGE FORM(S)

COVERAGE

- Covered Property (If Applicable)
- Property Not Covered (If Applicable)
- Covered Causes of Loss (If Applicable)
- Additional Coverage (If Applicable)
- Coverage Extensions (If Applicable)

EXCLUSIONS

LIMITS OF INSURANCE

DEDUCTIBLE (If Applicable)

LOSS CONDITIONS (If Applicable)

ADDITIONAL CONDITIONS (If Applicable)

OPTIONAL COVERAGES (If Applicable)

DEFINITIONS (If Applicable)

CAUSES OF LOSS FORM (If Applicable)

- Covered Causes of Loss
- Exclusions
- Limitations (If Applicable)
- Additional Coverage (If Applicable)

COMMERCIAL PROPERTY CONDITIONS (CP0090)

- Concealment, Misrepresentation and Fraud
- Control of Property
- Insurance Under Two or More Coverages
- Legal Action Against Us
- Liberalization
- No Benefit to Bailee
- Other Insurance
- Policy Period, Coverage Territory
- Transfer of Rights of Recovery Against Others to Us

COMMON POLICY CONDITIONS (IL0017) - See Common Declarations

- Cancellation
- Changes
- Examination of Your Books and Records
- Inspections and Surveys
- Premiums
- Transfer of Your Rights and Duties Under This Policy

ENDORSEMENTS (If Any)

CONDOMINIUM ASSOCIATION 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) Completed additions;
- (2) Fixtures, outside of individual units, including outdoor fixtures;
- (3) Permanently installed:
 - (a) Machinery; and
 - (b) Equipment;
- (4) Personal property owned by you that is used to maintain or service the building or structure or its premises, including:
 - (a) Fire-extinguishing equipment;
 - (b) Outdoor furniture;
 - (c) Floor coverings; and
 - (d) Appliances used for refrigerating, ventilating, cooking, dishwashing or laundering that are not contained within individual units;
- (5) If not covered by other insurance:
 - (a) Additions under construction, alterations and repairs to the building or structure;
 - (b) Materials, equipment, supplies, and temporary structures, on or within 100 feet of the described premises, used for making additions, alterations or repairs to the building or structure; and
- (6) 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.

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.(6)** above.

b. Your Business Personal Property located in or on the building or structure described in the Declarations or in the open (or in a vehicle) within 100 feet of the described premises, consisting of the following:

- (1) Personal property owned by you or owned indivisibly by all unit-owners;
- (2) Your interest in the labor, materials or services furnished or arranged by you on personal property of others; and
- (3) Leased personal property for which you have a contractual responsibility to insure, unless otherwise provided for under Personal Property Of Others.

But Your Business Personal Property does not include personal property owned only by a unit-owner.

c. Personal Property Of Others that is:

- (1) In your care, custody or control; and
- (2) Located in or on the building or structure described in the Declarations or in the open (or in a vehicle) within 100 feet of the described premises.

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

2. Property Not Covered

Covered Property does not include:

- a. Accounts, bills, currency, food stamps or other evidences of debt, money, notes or securities. Lottery tickets held for sale are not securities;
- b. Animals, unless owned by others and boarded by you;
- c. Automobiles held for sale;
- d. Bridges, roadways, walks, patios or other paved surfaces;
- e. Contraband, or property in the course of illegal transportation or trade;
- f. The cost of excavations, grading, backfilling or filling;
- g. Foundations of buildings, structures, machinery or boilers if their foundations are below:
 - (1) The lowest basement floor; or
 - (2) The surface of the ground if there is no basement;
- h. Land (including land on which the property is located), water, growing crops or lawns (other than lawns which are part of a vegetated roof);
- i. Personal property while airborne or waterborne;
- j. Bulkheads, pilings, piers, wharves or docks;
- k. Property that is covered under this or any other policy in which it is more specifically described, except for the excess of the amount due (whether you can collect on it or not) from that other insurance;
- l. Retaining walls that are not part of a building;
- m. Underground pipes, flues or drains;
- n. Electronic data, except as provided under the Additional Coverage, Electronic Data. Electronic data means information, facts or computer programs stored as or on, created or used on, or transmitted to or from computer software (including systems and applications software), on hard or floppy disks, CD-ROMs, tapes, drives, cells, data processing devices or any other repositories of computer software which are used with electronically controlled equipment. The term computer programs, referred to in the foregoing description of electronic data, means a set of related electronic instructions which direct the operations and functions of a computer or device connected to it, which enable the computer or device to receive, process, store, retrieve or send data. This paragraph, **n.**, does not apply to electronic data which is integrated in and operates or controls the building's elevator, lighting, heating, ventilation, air conditioning or security system;
- o. The cost to replace or restore the information on valuable papers and records, including those which exist as electronic data. Valuable papers and records include but are not limited to proprietary information, books of account, deeds, manuscripts, abstracts, drawings and card index systems. Refer to the Coverage Extension for Valuable Papers And Records (Other Than Electronic Data) for limited coverage for valuable papers and records other than those which exist as electronic data;
- p. Vehicles or self-propelled machines (including aircraft or watercraft) that:
 - (1) Are licensed for use on public roads; or
 - (2) Are operated principally away from the described premises.

This paragraph does not apply to:

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

q. The following property while outside of buildings:

- (1) Grain, hay, straw or other crops; or
- (2) Fences, radio or television antennas (including satellite dishes) and their lead-in wiring, masts or towers, trees, shrubs or plants (other than trees, shrubs or plants which are "stock" or are part of a vegetated roof), all except as provided in the Coverage Extensions.

3. Covered Causes Of Loss

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

4. Additional Coverages

a. Debris Removal

- (1) Subject to Paragraphs (2), (3) and (4), 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 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) Remove debris of property of yours that is not insured under this policy, or property in your possession that is not Covered Property;
 - (b) Remove any property that is Property Not Covered, including property addressed under the Outdoor Property Coverage Extension;
 - (c) Remove property of others of a type that would not be Covered Property under this Coverage Form;
 - (d) Remove deposits of mud or earth from the grounds of the described premises;
 - (e) Extract "pollutants" from land or water; or
 - (f) Remove, restore or replace polluted land or water.
- (3) Subject to the exceptions in Paragraph (4), the following provisions apply:
 - (a) The most we will pay for the total of direct physical loss or damage plus debris removal expense is the Limit of Insurance applicable to the Covered Property that has sustained loss or damage.
 - (b) Subject to (a) above, the amount we will pay for debris removal expense is limited to 25% of the sum of the deductible plus the amount that we pay for direct physical loss or damage to the Covered Property that has sustained loss or damage. However, if no Covered Property has sustained direct physical loss or damage, the most we will pay for removal of debris of other property (if such removal is covered under this Additional Coverage) is \$5,000 at each location.
- (4) We will pay up to an additional \$25,000 for debris removal expense, for each location, in any one occurrence of physical loss or damage to Covered Property, if one or both of the following circumstances apply:
 - (a) The total of the actual debris removal expense plus the amount we pay for direct physical loss or damage exceeds the Limit of Insurance on the Covered Property that has sustained loss or damage.
 - (b) The actual debris removal expense exceeds 25% of the sum of the deductible plus the amount that we pay for direct physical loss or damage to the Covered Property that has sustained loss or damage.

Therefore, if (4)(a) and/or (4)(b) applies, 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 \$25,000.

(5) Examples

The following examples assume that there is no Coinsurance penalty.

Example 1

Limit of Insurance:	\$ 90,000
Amount of Deductible:	\$ 500
Amount of Loss:	\$ 50,000
Amount of Loss Payable:	\$ 49,500
	(\$50,000 – \$500)
Debris Removal Expense:	\$ 10,000
Debris Removal Expense Payable:	\$ 10,000

(\$10,000 is 20% of \$50,000.)

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

Example 2

Limit of Insurance:	\$ 90,000
Amount of Deductible:	\$ 500
Amount of Loss:	\$ 80,000
Amount of Loss Payable:	\$ 79,500
	(\$80,000 – \$500)
Debris Removal Expense:	\$ 40,000
Debris Removal Expense Payable	
Basic Amount:	\$ 10,500
Additional Amount:	\$ 25,000

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

The additional amount payable for debris removal expense is provided in accordance with the terms of Paragraph **(4)**, because the debris removal expense (\$40,000) exceeds 25% of the loss payable plus the deductible (\$40,000 = 50% of \$80,000), and because the sum of the loss payable and debris removal expense (\$79,500 + \$40,000 = \$119,500) would exceed the Limit of Insurance (\$90,000). The additional amount of covered debris removal expense is \$25,000, the maximum payable under Paragraph **(4)**. Thus, the total payable for debris removal expense in this example is \$35,500; \$4,500 of the debris removal expense is not covered.

b. Preservation Of Property

If it is necessary for you 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 30 days after the property is first moved.

c. Fire Department Service Charge

When the fire department is called to save or protect Covered Property from a Covered Cause of Loss, we will pay up to \$1,000 for service at each premises described in the Declarations unless a higher limit is shown in the Declarations. Such limit is the most we will pay regardless of the number of responding fire departments or fire units, and regardless of the number or type of services performed.

This Additional Coverage applies to 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.

d. Pollutant Clean-up And Removal

We will pay your expense to extract "pollutants" from land or water at the described premises if the discharge, dispersal, seepage, migration, release or escape of the "pollutants" is caused by or results from a Covered Cause of Loss that occurs during the policy period. The expenses will be paid only if they are reported to us in writing within 180 days of the date on which the Covered Cause of Loss occurs.

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

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

e. Increased Cost Of Construction

- (1)** This Additional Coverage applies only to buildings to which the Replacement Cost Optional Coverage applies.
- (2)** In the event of damage by a Covered Cause of Loss to a building that is Covered Property, we will pay the increased costs incurred to comply with the minimum standards of an ordinance or law in the course of repair, rebuilding or replacement of damaged parts of that property, subject to the limitations stated in **e.(3)** through **e.(9)** of this Additional Coverage.
- (3)** The ordinance or law referred to in **e.(2)** of this Additional Coverage is an ordinance or law that regulates the construction or repair of buildings or establishes zoning or land use requirements at the described premises and is in force at the time of loss.
- (4)** Under this Additional Coverage, we will not pay any costs due to an ordinance or law that:
 - (a)** You were required to comply with before the loss, even when the building was undamaged; and
 - (b)** You failed to comply with.
- (5)** Under this Additional Coverage, we will not pay for:
 - (a)** The enforcement of or compliance with any ordinance or law which requires 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)** Any costs associated with the enforcement of or compliance with an 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.
- (6)** The most we will pay under this Additional Coverage, for each described building insured under this Coverage Form, is \$10,000 or 5% of the Limit of Insurance applicable to that building, whichever is less. If a damaged building is covered under a blanket Limit of Insurance which applies to more than one building or item of property, then the most we will pay under this Additional Coverage, for that damaged building, is the lesser of \$10,000 or 5% times the value of the damaged building as of the time of loss times the applicable Coinsurance percentage.

The amount payable under this Additional Coverage is additional insurance.

- (7)** With respect to this Additional Coverage:
 - (a)** We will not pay for the Increased Cost of Construction:
 - (i)** Until the property is actually repaired or replaced, at the same or another premises; and
 - (ii)** Unless the repair or replacement is 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.
 - (b)** 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, subject to the provisions of **e.(6)** of this Additional Coverage, is the increased cost of construction at the same premises.
 - (c)** If the ordinance or law requires relocation to another premises, the most we will pay for the Increased Cost of Construction, subject to the provisions of **e.(6)** of this Additional Coverage, is the increased cost of construction at the new premises.
- (8)** This Additional Coverage is not subject to the terms of the Ordinance Or Law Exclusion to the extent that such Exclusion would conflict with the provisions of this Additional Coverage.
- (9)** The costs addressed in the Loss Payment and Valuation Conditions and the Replacement Cost

Optional Coverage, in this Coverage Form, do not include the increased cost attributable to enforcement of or compliance with an ordinance or law. The amount payable under this Additional Coverage, as stated in **e.(6)** of this Additional Coverage, is not subject to such limitation.

f. Electronic Data

- (1) Under this Additional Coverage, electronic data has the meaning described under Property Not Covered, Electronic Data. This Additional Coverage does not apply to electronic data which is integrated in and operates or controls the building's elevator, lighting, heating, ventilation, air conditioning or security system.
- (2) Subject to the provisions of this Additional Coverage, we will pay for the cost to replace or restore electronic data which has been destroyed or corrupted by a Covered Cause of Loss. To the extent that electronic data is not replaced or restored, the loss will be valued at the cost of replacement of the media on which the electronic data was stored, with blank media of substantially identical type.
- (3) The Covered Causes of Loss applicable to Your Business Personal Property apply to this Additional Coverage, Electronic Data, subject to the following:
 - (a) If the Causes Of Loss – Special Form applies, coverage under this Additional Coverage, Electronic Data, is limited to the "specified causes of loss" as defined in that form and Collapse as set forth in that form.
 - (b) If the Causes Of Loss – Broad Form applies, coverage under this Additional Coverage, Electronic Data, includes Collapse as set forth in that form.
 - (c) If the Causes Of Loss form is endorsed to add a Covered Cause of Loss, the additional Covered Cause of Loss does not apply to the coverage provided under this Additional Coverage, Electronic Data.
 - (d) The Covered Causes of Loss include a virus, harmful code or similar instruction introduced into or enacted on a computer system (including electronic data) or a network to which it is connected, designed to damage or destroy any part of the system or disrupt its normal operation. But there is no coverage for loss or damage caused by or resulting from manipulation of a computer system (including electronic data) by any employee, including a temporary or leased employee, or by an entity retained by you or for you to inspect, design, install, modify, maintain, repair or replace that system.
- (4) The most we will pay under this Additional Coverage, Electronic Data, is \$2,500 (unless a higher limit is shown in the Declarations) for all loss or damage sustained in any one policy year, regardless of the number of occurrences of loss or damage or the number of premises, locations or computer systems involved. If loss payment on the first occurrence does not exhaust this amount, then the balance is available for subsequent loss or damage sustained in but not after that policy year. With respect to an occurrence which begins in one policy year and continues or results in additional loss or damage in a subsequent policy year(s), all loss or damage is deemed to be sustained in the policy year in which the occurrence began.

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 100 feet of the described premises.

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

a. Newly Acquired Or Constructed Property

(1) Buildings

You may extend the insurance that applies to Building 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 \$250,000 at each building.

(2) Your Business Personal Property

- (a) If this policy covers Your Business Personal Property, you may extend that insurance to apply to:

- (i) Business personal property, including such property that you newly acquire, at any location you acquire other than at fairs, trade shows or exhibitions; or
- (ii) Business personal property, including such property that you newly acquire, located at your newly constructed or acquired buildings at the location described in the Declarations.

The most we will pay for loss or damage under this Extension is \$100,000 at each building.

(b) This Extension does not apply to:

- (i) Personal property of others that is temporarily in your possession in the course of installing or performing work on such property; or
- (ii) Personal property of others that is temporarily in your possession in the course of your manufacturing or wholesaling activities.

(3) Period Of Coverage

With respect to insurance provided under this Coverage Extension for Newly Acquired Or Constructed Property, coverage will end when any of the following first occurs:

- (a) This policy expires;
- (b) 30 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.

b. Personal Effects And Property Of Others

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

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

The most we will pay for loss or damage under this Extension is \$2,500 at each described premises. Our payment for loss of or damage to personal property of others will only be for the account of the owner of the property.

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

- (1) You may extend the insurance that applies to Your Business Personal Property to apply to the cost to replace or restore the lost information on valuable papers and records for which duplicates do not exist. But this Extension does not apply to valuable papers and records which exist as electronic data. Electronic data has the meaning described under Property Not Covered, Electronic Data.
- (2) If the Causes Of Loss – Special Form applies, coverage under this Extension is limited to the "specified causes of loss" as defined in that form and Collapse as set forth in that form.
- (3) If the Causes Of Loss – Broad Form applies, coverage under this Extension includes Collapse as set forth in that form.
- (4) Under this Extension, the most we will pay to replace or restore the lost information is \$2,500 at each described premises, unless a higher limit is shown in the Declarations. Such amount is additional insurance. We will also pay for the cost of blank material for reproducing the records (whether or not duplicates exist) and (when there is a duplicate) for the cost of labor to transcribe or copy the records. The costs of blank material and labor are subject to the applicable Limit of Insurance on Your Business Personal Property and, therefore, coverage of such costs is not additional insurance.

d. Property Off-premises

- (1) You may extend the insurance provided by this Coverage Form to apply to your Covered Property while it is away from the described premises, if it is:
 - (a) Temporarily at a location you do not own, lease or operate;
 - (b) In storage at a location you lease, provided the lease was executed after the beginning of the current policy term; or
 - (c) At any fair, trade show or exhibition.
- (2) This Extension does not apply to property:

- (a) In or on a vehicle; or
 - (b) In the care, custody or control of your salespersons, unless the property is in such care, custody or control at a fair, trade show or exhibition.
- (3) The most we will pay for loss or damage under this Extension is \$10,000.

e. Outdoor Property

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

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

The most we will pay for loss or damage under this Extension is \$1,000, but not more than \$250 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.

Subject to all aforementioned terms and limitations of coverage, this Coverage Extension includes the expense of removing from the described premises the debris of trees, shrubs and plants which are the property of others.

f. Non-owned Detached Trailers

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

g. Business Personal Property Temporarily In Portable Storage Units

- (1) You may extend the insurance that applies to Your Business Personal Property to apply to such property while temporarily stored in a portable storage unit (including a detached trailer) located within 100 feet of the described premises.
- (2) If the applicable Covered Causes of Loss form or endorsement contains a limitation or exclusion concerning loss or damage from sand, dust, sleet, snow, ice or rain to property in a structure, such limitation or exclusion also applies to property in a portable storage unit.
- (3) Coverage under this Extension:
 - (a) Will end 90 days after the business personal property has been placed in the storage unit;
 - (b) Does not apply if the storage unit itself has been in use at the described premises for more than 90 consecutive days, even if the business personal property has been stored there for 90 or fewer days as of the time of loss or damage.
- (4) Under this Extension, the most we will pay for the total of all loss or damage to business personal property is \$10,000 (unless a higher limit is indicated in the Declarations for such Extension) regardless of the number of storage units. Such limit is part of, not in addition to, the applicable Limit of Insurance on Your Business Personal Property. Therefore, payment under this Extension will not increase the applicable Limit of Insurance on Your Business Personal Property.

- (5) This Extension does not apply to loss or damage otherwise covered under this Coverage Form or any endorsement to this Coverage Form or policy, and does not apply to loss or damage to the storage unit itself.

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

B. Exclusions And Limitations

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

C. Limits Of Insurance

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

The most we will pay for loss or damage to outdoor signs, whether or not the sign is attached to a building, is \$2,500 per sign in any one occurrence.

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

1. Fire Department Service Charge;
2. Pollutant Clean-up And Removal;
3. Increased Cost Of Construction; and
4. Electronic Data.

Payments under the Preservation Of Property Additional Coverage will not increase the applicable Limit of Insurance.

D. Deductible

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

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

Example 1

(This example assumes there is no Coinsurance penalty.)

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

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

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

\$	60,100
<u>–</u>	<u>250</u>
\$	59,850 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: \$59,850 + \$80,000 = \$139,850

Example 2

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

The Deductible and Limits of Insurance are the same as those in Example 1.

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

E. Loss Conditions

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

1. Abandonment

There can be no abandonment of any property to us.

2. Appraisal

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

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

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

3. Duties In The Event Of Loss Or Damage

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

- (1) Notify the police if a law may have been broken.
- (2) Give us prompt notice of the loss or damage. Include a description of the property involved.
- (3) As soon as possible, give us a description of how, when and where the loss or damage occurred.
- (4) Take all reasonable steps to protect the Covered Property from further damage, and keep a record of your expenses necessary to protect the Covered Property, for consideration in the settlement of the claim. This will not increase the Limit of Insurance. However, we will not pay for any subsequent loss or damage resulting from a cause of loss that is not a Covered Cause of Loss. Also, if feasible, set the damaged property aside and in the best possible order for examination.
- (5) At our request, give us complete inventories of the damaged and undamaged property. Include quantities, costs, values and amount of loss claimed.
- (6) As often as may be reasonably required, permit us to inspect the property proving the loss or damage and examine your books and records.
Also, permit us to take samples of damaged and undamaged property for inspection, testing and analysis, and permit us to make copies from your books and records.
- (7) Send us a signed, sworn proof of loss containing the information we request to investigate the claim. You must do this within 60 days after our request. We will supply you with the necessary forms.
- (8) Cooperate with us in the investigation or settlement of the claim.

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

4. Loss Payment

- a. In the event of loss or damage covered by this Coverage Form, at our option, we will either:
- (1) Pay the value of lost or damaged property;
 - (2) Pay the cost of repairing or replacing the lost or damaged property, subject to **b.** below;
 - (3) Take all or any part of the property at an agreed or appraised value; or
 - (4) Repair, rebuild or replace the property with other property of like kind and quality, subject to **b.** below.

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

- b. The cost to repair, rebuild or replace does not include the increased cost attributable to enforcement of or compliance with 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 to Covered Property 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 and Coinsurance Conditions and all other provisions of this Loss Payment Condition. Our payment under the provisions of this paragraph does not alter any right of subrogation we may have against any entity, including the owner or insurer of the adjoining building, and does not alter the terms of the Transfer Of Rights Of Recovery Against Others To Us Condition in this policy.

5. Recovered Property

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

6. 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 sublessee and used by the lessee or sublessee to conduct its customary operations; and/or
 - (ii) Used by the building owner to conduct customary operations.
- (2) Buildings under construction or renovation are not considered vacant.

b. Vacancy Provisions

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

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

8. Valuation

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

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

The cost of building repairs or replacement does not include the increased cost attributable to enforcement of or compliance with any ordinance or law regulating the construction, use or repair of any property. However, the following property will be valued at the actual cash value, even when attached to the building:

- (1) Awnings or floor coverings;
- (2) Appliances for refrigerating, ventilating, cooking, dishwashing or laundering; or
- (3) Outdoor equipment or furniture.

- c. 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 Conditions

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

1. Coinsurance

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

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

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

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

We will pay the amount determined in Step (4) or the Limit of Insurance, whichever is less. For the remainder,

you will either have to rely on other insurance or absorb the loss yourself.

Example 1 (Underinsurance)

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

Step (1): \$250,000 x 80% = \$200,000

(the minimum amount of insurance to meet your Coinsurance requirements)

Step (2): \$100,000 ÷ \$200,000 = .50

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

Step (4): \$20,000 – \$250 = \$19,750

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

Example 2 (Adequate Insurance)

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

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

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

Example 3

When: The value of the property is:

Building at Location 1:	\$ 75,000
Building at Location 2:	\$ 100,000
Personal Property at Location 2:	\$ 75,000
	\$ 250,000

The Coinsurance percentage
for it is: 90%

The Limit of Insurance for
Buildings and Personal Property
at Locations 1 and 2 is: \$ 180,000

The Deductible is: \$ 1,000

The amount of loss is:

Building at Location 2:	\$ 30,000
Personal Property at Location 2:	\$ 20,000
	\$ 50,000

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

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

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

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

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

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

2. Mortgageholders

- a. The term mortgageholder includes trustee.
- b. We will pay for covered loss of or damage to buildings or structures to each mortgageholder shown in the Declarations in their order of precedence, as interests may appear.
- c. The mortgageholder has the right to receive loss payment even if the mortgageholder has started foreclosure or similar action on the building or structure.
- d. If we deny your claim because of your acts or because you have failed to comply with the terms of this Coverage Part, the mortgageholder will still have the right to receive loss payment if the mortgageholder:
 - (1) Pays any premium due under this Coverage Part at our request if you have failed to do so;
 - (2) Submits a signed, sworn proof of loss within 60 days after receiving notice from us of your failure to do so; and
 - (3) Has notified us of any change in ownership, occupancy or substantial change in risk known to the mortgageholder.All of the terms of this Coverage Part will then apply directly to the mortgageholder.
- e. If we pay the mortgageholder for any loss or damage and deny payment to you because of your acts or because you have failed to comply with the terms of this Coverage Part:
 - (1) The mortgageholder's rights under the mortgage will be transferred to us to the extent of the amount we pay; and
 - (2) The mortgageholder's right to recover the full amount of the mortgageholder's claim will not be impaired.At our option, we may pay to the mortgageholder the whole principal on the mortgage plus any accrued interest. In this event, your mortgage and note will be transferred to us and you will pay your remaining mortgage debt to us.
- f. If we cancel this policy, we will give written notice to the mortgageholder at least:
 - (1) 10 days before the effective date of cancellation if we cancel for your nonpayment of premium; or
 - (2) 30 days before the effective date of cancellation if we cancel for any other reason.
- g. If we elect not to renew this policy, we will give written notice to the mortgageholder at least 10 days before the expiration date of this policy.

G. Optional Coverages

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

1. Agreed Value

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

- (2) Before the Agreed Value expiration date shown in the Declarations or the policy expiration date, whichever occurs first.

2. Inflation Guard

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

Example

If: The applicable Limit of Insurance is: \$ 100,000

The annual percentage increase is: 8%

The number of days since the

beginning of the policy year

(or last policy change) is: 146

The amount of increase is:

$\$100,000 \times .08 \times 146 \div 365 =$ \$ 3,200

3. Replacement Cost

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

Under the terms of this Replacement Cost Optional Coverage, personal property owned indivisibly by all unit-owners, and the property covered under Paragraph **A.1.a.(6)** of this Coverage Form, are not considered to be the personal property of others.

- c. You may make a claim for loss or damage covered by this insurance on an actual cash value basis instead of on a replacement cost basis. In the event you elect to have loss or damage settled on an actual cash value basis, you may still make a claim for the additional coverage this Optional Coverage provides if you notify us of your intent to do so within 180 days after the loss or damage.
- d. We will not pay on a replacement cost basis for any loss or damage:
- (1) Until the lost or damaged property is actually repaired or replaced; and
 - (2) Unless the repair or replacement is made as soon as reasonably possible after the loss or damage.
- e. We will not pay more for loss or damage on a replacement cost basis than the least of **(1)**, **(2)** or **(3)**, subject to **f.** below:
- (1) The Limit of Insurance applicable to the lost or damaged property;
 - (2) The cost to replace the lost or damaged property with other property:
 - (a) Of comparable material and quality; and
 - (b) Used for the same purpose; or
 - (3) The amount actually spent that is necessary to repair or replace the lost or damaged property.
- If a building is rebuilt at a new premises, the cost described in **e.(2)** above is limited to the cost which would have been incurred if the building had been rebuilt at the original premises.
- f. The cost of repair or replacement does not include the increased cost attributable to enforcement of or compliance with any ordinance or law regulating the construction, use or repair of any property.

4. Extension Of Replacement Cost To Personal Property Of Others

- a.** If the Replacement Cost Optional Coverage is shown as applicable in the Declarations, then this Extension may also be shown as applicable. If the Declarations show this Extension as applicable, then Paragraph **3.b.(1)** of the Replacement Cost Optional Coverage is deleted and all other provisions of the Replacement Cost Optional Coverage apply to replacement cost on personal property of others.
- b.** With respect to replacement cost on the personal property of others, the following limitation applies:
If an item(s) of personal property of others is subject to a written contract which governs your liability for loss or damage to that item(s), then valuation of that item(s) will be based on the amount for which you are liable under such contract, but not to exceed the lesser of the replacement cost of the property or the applicable Limit of Insurance.

H. Definitions

- 1.** "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.** "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.
- 3.** "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.

COMMERCIAL PROPERTY CONDITIONS

This Coverage Part is subject to the following conditions, the Common Policy Conditions and applicable Loss Conditions and Additional Conditions in Commercial Property Coverage Forms.

A. CONCEALMENT, MISREPRESENTATION OR FRAUD

This Coverage Part is void in any case of fraud by you as it relates to this Coverage Part at any time. It is also void if you or any other insured, at any time, intentionally conceal or misrepresent a material fact concerning:

1. This Coverage Part;
2. The Covered Property;
3. Your interest in the Covered Property; or
4. A claim under this Coverage Part.

B. CONTROL OF PROPERTY

Any act or neglect of any person other than you beyond your direction or control will not affect this insurance.

The breach of any condition of this Coverage Part at any one or more locations will not affect coverage at any location where, at the time of loss or damage, the breach of condition does not exist.

C. INSURANCE UNDER TWO OR MORE COVERAGES

If two or more of this policy's coverages apply to the same loss or damage, we will not pay more than the actual amount of the loss or damage.

D. LEGAL ACTION AGAINST US

No one may bring a legal action against us under this Coverage Part unless:

1. There has been full compliance with all of the terms of this Coverage Part; and
2. The action is brought within 2 years after the date on which the direct physical loss or damage occurred.

E. LIBERALIZATION

If we adopt any revision that would broaden the coverage under this Coverage Part without additional premium within 45 days prior to or during the policy period, the broadened coverage will immediately apply to this Coverage Part.

F. NO BENEFIT TO BAILEE

No person or organization, other than you, having custody of Covered Property will benefit from this insurance.

G. OTHER INSURANCE

1. You may have other insurance subject to the same plan, terms, conditions and provisions as the insurance under this Coverage Part. If you do, we will pay our share of the covered loss or damage. Our share is the proportion that the applicable Limit of Insurance under this Coverage Part bears to the Limits of Insurance of all insurance covering on the same basis.
2. If there is other insurance covering same loss or damage, other than that described in 1. above, we will pay only for the amount of covered loss or damage in excess of the amount due from that other insurance, whether you can collect on it or not. But we will not pay more than the applicable Limit of Insurance.

H. POLICY PERIOD, COVERAGE TERRITORY

Under this Coverage Part:

1. We cover loss or damage commencing:
 - a. During the policy period shown in the Declarations; and
 - b. Within the coverage territory.
2. The coverage territory is:
 - a. The United States of America (including its territories and possessions);
 - b. Puerto Rico; and
 - c. Canada.

I. TRANSFER OF RIGHTS OF RECOVERY AGAINST OTHERS TO US

If any person or organization to or for whom we make payment under this Coverage Part has rights to recover damages from another, those rights are transferred to us to the extent of our payment. That person or organization must do everything necessary to secure our rights and must do nothing after loss to impair them. But you may waive your rights against another party in writing:

1. Prior to a loss to your Covered Property or Covered Income.
2. After a loss to your Covered Property or Covered Income only if, at time of loss, that party is one of the following:
 - a. Someone insured by this insurance;
 - b. A business firm:
 - 1) Owned or controlled by you; or
 - 2) That owns or controls you; or
 - c. Your tenant.

This will not restrict your insurance.

CAUSES OF LOSS – SPECIAL FORM

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

A. Covered Causes Of Loss

When Special is shown in the Declarations, Covered Causes of Loss means direct physical loss unless the loss is excluded or limited in this policy.

B. Exclusions

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

a. Ordinance Or Law

The enforcement of or compliance with 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 tremors and aftershocks and 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.

With respect to coverage for Volcanic Action as set forth in **(5)(a)**, **(5)(b)** and **(5)(c)**, 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.

This exclusion applies regardless of whether any of the above, in Paragraphs **(1)** through **(5)**, is caused by an act of nature or is otherwise caused.

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)** Flood, surface water, waves (including tidal wave and tsunami), tides, tidal water, overflow of any body of water, or spray from any of these, all whether or not driven by wind (including storm surge);
- (2)** Mudslide or mudflow;
- (3)** Water that backs up or overflows or is otherwise discharged from a sewer, drain, sump, sump pump or related equipment;
- (4)** Water under the ground surface pressing on, or flowing or seeping through:

- (a) Foundations, walls, floors or paved surfaces;
- (b) Basements, whether paved or not; or
- (c) Doors, windows or other openings; or
- (5) Waterborne material carried or otherwise moved by any of the water referred to in Paragraph (1), (3) or (4), or material carried or otherwise moved by mudslide or mudflow.

This exclusion applies regardless of whether any of the above, in Paragraphs (1) through (5), is caused by an act of nature or is otherwise caused. An example of a situation to which this exclusion applies is the situation where a dam, levee, seawall or other boundary or containment system fails in whole or in part, for any reason, to contain the water.

But if any of the above, in Paragraphs (1) through (5), results in fire, explosion or sprinkler leakage, we will pay for the loss or damage caused by that fire, explosion or sprinkler leakage (if sprinkler leakage is a Covered Cause of Loss).

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 result 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 result 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. 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:

- (a) Electrical current, including arcing;
- (b) Electrical charge produced or conducted by a magnetic or electromagnetic field;
- (c) Pulse of electromagnetic energy; or
- (d) Electromagnetic waves or microwaves.

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

b. Delay, loss of use or loss of market.

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

d. (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.** 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 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.** Water, other liquids, powder or molten material that leaks or flows from plumbing, heating, air conditioning or other equipment (except fire protective systems) caused by or resulting from freezing, unless:
 - (1)** You do your best to maintain heat in the building or structure; or
 - (2)** You drain the equipment and shut off the supply if the heat is not maintained.
- h.** Dishonest or criminal act (including theft) by you, any of your partners, members, officers, managers, employees (including temporary employees and leased workers), directors, trustees or authorized representatives, whether acting alone or in collusion with each other or with any other party; or theft by any person to whom you entrust the property for any purpose, whether acting alone or in collusion with any other party.

This exclusion:

- (1)** Applies whether or not an act occurs during your normal hours of operation;
- (2)** Does not apply to acts of destruction by your employees (including temporary employees and leased workers) or authorized representatives; but theft by your employees (including temporary employees and leased workers) or authorized representatives is not covered.
- i.** Voluntary parting with any property by you or anyone else to whom you have entrusted the property if induced to do so by any fraudulent scheme, trick, device or false pretense.
- j.** Rain, snow, ice or sleet to personal property in the open.
- k.** 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, **k.**, 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.

l. 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, **l.**, does not apply to damage to glass caused by chemicals applied to the glass.

m. 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. 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, including the failure to act or decide, of any person, group, organization or governmental body.

c. Faulty, inadequate or defective:

- (1) Planning, zoning, development, surveying, siting;
- (2) Design, specifications, workmanship, repair, construction, renovation, remodeling, grading, compaction;
- (3) Materials used in repair, construction, renovation or remodeling; or
- (4) Maintenance;

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

4. Special Exclusions

The following provisions apply only to the specified Coverage Forms:

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

We will not pay for:

(1) Any loss caused by or resulting from:

- (a) Damage or destruction of "finished stock"; or
- (b) The time required to reproduce "finished stock".

This exclusion does not apply to Extra Expense.

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

- (3) Any increase of loss caused by or resulting from:
 - (a) Delay in rebuilding, repairing or replacing the property or resuming "operations", due to interference at the location of the rebuilding, repair or replacement by strikers or other persons; or
 - (b) Suspension, lapse or cancellation of any license, lease or contract. But if the suspension, lapse or cancellation is directly caused by the "suspension" of "operations", we will cover such loss that affects your Business Income during the "period of restoration" and any extension of the "period of restoration" in accordance with the terms of the Extended Business Income Additional Coverage and the Extended Period Of Indemnity Optional Coverage or any variation of these.
- (4) Any Extra Expense caused by or resulting from suspension, lapse or cancellation of any license, lease or contract beyond the "period of restoration".
- (5) Any other consequential loss.

b. Leasehold Interest Coverage Form

- (1) 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 cancelling 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.** Building materials and supplies not attached as part of the building or structure, caused by or resulting from theft.

However, this limitation does not apply to:

 - (1)** Building materials and supplies held for sale by you, unless they are insured under the Builders Risk Coverage Form; or
 - (2)** Business Income Coverage or Extra Expense Coverage.
 - e.** 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.
 - f.** Property that has been transferred to a person or to a place outside the described premises on the basis of unauthorized instructions.
 - g.** Lawns, trees, shrubs or plants which are part of a vegetated roof, caused by or resulting from:
 - (1)** Dampness or dryness of atmosphere or of soil supporting the vegetation;
 - (2)** Changes in or extremes of temperature;
 - (3)** Disease;
 - (4)** Frost or hail; or
 - (5)** Rain, snow, ice or sleet.
- 2.** We will not pay for loss of or damage to the following types of property unless caused by the "specified causes of loss" or building glass breakage:
 - a.** Animals, and then only if they are killed or their destruction is made necessary.
 - b.** Fragile articles such as statuary, marbles, chinaware and porcelains, if broken. This restriction does not apply to:

- (1) Glass; or
- (2) Containers of property held for sale.
- c. Builders' machinery, tools and equipment owned by you or entrusted to you, provided such property is Covered Property.

However, this limitation does not apply:

- (1) If the property is located on or within 100 feet of the described premises, unless the premises is insured under the Builders Risk Coverage Form; or
 - (2) To Business Income Coverage or to Extra Expense Coverage.
3. The special limit shown for each category, **a.** through **d.**, is the total limit for loss of or damage to all property in that category. The special limit applies to any one occurrence of theft, regardless of the types or number of articles that are lost or damaged in that occurrence. The special limits are (unless a higher limit is shown in the Declarations):
- a. \$2,500 for furs, fur garments and garments trimmed with fur.
 - b. \$2,500 for jewelry, watches, watch movements, jewels, pearls, precious and semiprecious stones, bullion, gold, silver, platinum and other precious alloys or metals. This limit does not apply to jewelry and watches worth \$100 or less per item.
 - c. \$2,500 for patterns, dies, molds and forms.
 - d. \$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 are the result of one or more of the following causes that occur 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.

This Additional Coverage does not apply to lawns, trees, shrubs or plants which are part of a vegetated roof.

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 continue to be present or active, or recur, 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 cause 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 Extensions

1. Property In Transit

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

- a. You may extend the insurance provided by this Coverage Part to apply to your personal property (other than property in the care, custody or control of your salespersons) in transit more than 100 feet from the described premises. Property must be in or on a motor vehicle you own, lease or operate while between points in the coverage territory.
- b. Loss or damage must be caused by or result from one of the following causes of loss:
 - (1) Fire, lightning, explosion, windstorm or hail, riot or civil commotion, or vandalism.
 - (2) Vehicle collision, upset or overturn. Collision means accidental contact of your vehicle with another vehicle or object. It does not mean your vehicle's contact with the roadbed.
 - (3) Theft of an entire bale, case or package by forced entry into a securely locked body or compartment of the vehicle. There must be visible marks of the forced entry.
- c. The most we will pay for loss or damage under this Extension is \$5,000.

This Coverage Extension is additional insurance. The Additional Condition, Coinsurance, does not apply to this Extension.

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

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

3. Glass

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

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

G. Definitions

- 1. "Fungus" means any type or form of fungus, including mold or mildew, and any mycotoxins, spores, scents or by-products produced or released by fungi.
- 2. "Specified causes of loss" means the following: fire; lightning; explosion; windstorm or hail; smoke; aircraft or vehicles; riot or civil commotion; vandalism; leakage from fire-extinguishing equipment; sinkhole collapse; volcanic action; falling objects; weight of snow, ice or sleet; water damage.
 - 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:
- (1) 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; and
 - (2) Accidental discharge or leakage of water or waterborne material as the direct result of the breaking apart or cracking of a water or sewer pipe caused by wear and tear, when the pipe is located off the described premises and is connected to or is part of a potable water supply system or sanitary sewer system operated by a public or private utility service provider pursuant to authority granted by the state or governmental subdivision where the described premises are located.

But water damage does not include loss or damage otherwise excluded under the terms of the Water Exclusion. Therefore, for example, there is no coverage under this policy in the situation in which discharge or leakage of water results from the breaking apart or cracking of a pipe which was caused by or related to weather-induced flooding, even if wear and tear contributed to the breakage or cracking. As another example, and also in accordance with the terms of the Water Exclusion, there is no coverage for loss or damage caused by or related to weather-induced flooding which follows or is exacerbated by pipe breakage or cracking attributable to wear and tear.

To the extent that accidental discharge or leakage of water falls within the criteria set forth in **c.(1)** or **c.(2)** of this definition of "specified causes of loss," such water is not subject to the provisions of the Water Exclusion which preclude coverage for surface water or water under the surface of the ground.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

**EXCLUSION OF LOSS DUE TO BY-PRODUCTS OF PRODUCTION
OR PROCESSING OPERATIONS (RENTAL PROPERTIES)**

This endorsement modifies insurance provided under the following:

BUILDING AND PERSONAL PROPERTY COVERAGE FORM
BUSINESS INCOME (AND EXTRA EXPENSE) COVERAGE FORM
BUSINESS INCOME (WITHOUT EXTRA EXPENSE) COVERAGE FORM
EXTRA EXPENSE COVERAGE FORM
STANDARD PROPERTY POLICY

SCHEDULE *

Premises Number	Building Number	Description Of Rental Unit
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*** (If no entry appears above, information required to complete this endorsement will be shown in the Declarations or Change Endorsement as applicable to this endorsement.)**

- A.** The terms of this endorsement apply to the rental unit(s) described in the Schedule, Declarations or Change Endorsement, and to the building(s) in which such unit(s) is located, including any contents of such unit(s) and building(s), all of which constitute the described premises for the purpose of this endorsement.
- B.** We will not pay for loss or damage to the described premises, caused by or resulting from smoke, vapor, gas or any substance released in the course of production operations or processing operations performed at the rental unit(s) described in the Schedule, Declarations or Change Endorsement. This exclusion applies regardless of whether such operations are:
1. Legally permitted or prohibited;
 2. Permitted or prohibited under the terms of the lease; or
 3. Usual to the intended occupancy of the premises.

This exclusion does not apply to loss or damage by fire or explosion that results from the release of a by-product of the production or processing operation.

- C.** If the loss or damage described in Paragraph **B.** results in Business Income loss or Extra Expense, there is no coverage for such loss or expense under the business income and/or extra expense forms listed in this endorsement, or under any other business interruption insurance if provided under this policy.
- D.** The conduct of a tenant's production or processing operations will not be considered to be vandalism of the rental premises regardless of whether such operations are:
1. Legally permitted or prohibited;
 2. Permitted or prohibited under the terms of the lease; or
 3. Usual to the intended occupancy of the premises.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

EXCLUSION OF LOSS DUE TO VIRUS OR BACTERIA

This endorsement modifies insurance provided under the following:

COMMERCIAL PROPERTY COVERAGE PART
STANDARD PROPERTY POLICY

- A.** The exclusion set forth in Paragraph **B.** applies to all coverage under all forms and endorsements that comprise this Coverage Part or Policy, including but not limited to forms or endorsements that cover property damage to buildings or personal property and forms or endorsements that cover business income, extra expense or action of civil authority.
- B.** We will not pay for loss or damage caused by or resulting from any virus, bacterium or other microorganism that induces or is capable of inducing physical distress, illness or disease.

However, this exclusion does not apply to loss or damage caused by or resulting from "fungus," wet rot or dry rot. Such loss or damage is addressed in a separate exclusion in this Coverage Part or Policy.
- C.** With respect to any loss or damage subject to the exclusion in Paragraph **B.**, such exclusion supersedes any exclusion relating to "pollutants."
- D.** The following provisions in this Coverage Part or Policy are hereby amended to remove reference to bacteria:
 - 1. Exclusion of "Fungus," Wet Rot, Dry Rot And Bacteria; and
 - 2. Additional Coverage - Limited Coverage for "Fungus," Wet Rot, Dry Rot And Bacteria, including any endorsement increasing the scope or amount of coverage.
- E.** The terms of the exclusion in Paragraph **B.**, or the inapplicability of this exclusion to a particular loss, do not serve to create coverage for any loss that would otherwise be excluded under this Coverage Part or Policy.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

ORDINANCE OR LAW COVERAGE

This endorsement modifies insurance provided under the following:

BUILDING AND PERSONAL PROPERTY COVERAGE FORM
 CONDOMINIUM ASSOCIATION COVERAGE FORM
 STANDARD PROPERTY POLICY

SCHEDULE *

Building Number/ Premises Number	Coverage A	Coverage B Limit Of Insurance	Coverage C Limit Of Insurance	Coverage B And C Combined Limit Of Insurance
/	<input type="checkbox"/>	\$	\$	\$ **
/	<input type="checkbox"/>	\$	\$	\$ **
/	<input type="checkbox"/>	\$	\$	\$ **

Post-Loss Ordinance Or Law Option: Yes No

****Do not enter a Combined Limit of Insurance if individual Limits of Insurance are selected for Coverages B and C, or if one of these Coverages is not applicable.**

***(Information required to complete this endorsement, if not shown above, will be shown in the Declarations or Change Endorsement.)**

A. Each Coverage – Coverage **A**, Coverage **B** and Coverage **C** – is provided under this endorsement only if that Coverage(s) is chosen by entry in the above Schedule and then only with respect to the building identified for that Coverage(s) in the Schedule.

B. Application Of Coverage(s)

The Coverage(s) provided by this endorsement applies with respect to an ordinance or law that regulates the demolition, construction or repair of buildings, or establishes zoning or land use requirements at the described premises, subject to the following:

1. The requirements of the ordinance or law are in force at the time of loss. But if the Post-Loss Ordinance Or Law Option is indicated in the Schedule as being applicable, then Paragraph **B.2.** applies instead of this Paragraph **B.1.**
2. The requirements of the ordinance or law are in force at the time of loss; or the ordinance or law is promulgated or revised after the loss but prior to commencement of reconstruction or repair and provided that such ordinance or law requires compliance as a condition precedent to obtaining a building permit or certificate of occupancy.
3. Coverage under this endorsement 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 endorsement.
4. Coverage under this endorsement applies only if:
 - a. The building sustains only direct physical damage that is covered under this policy and as a result of such damage, you are required to comply with the ordinance or law; or

- b. 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 as a result of the building damage in its entirety, you are required to comply with the ordinance or law.

However, there is no coverage under this endorsement 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, even if the building has also sustained covered direct physical damage.

- 5. If coverage applies under this endorsement based on the terms of Paragraph **B.4.b.**, we will not pay the full amount of loss otherwise payable under the terms of Coverages **A**, **B**, and/or **C** of this endorsement. 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.

(Paragraph **F**. of this endorsement provides an example of this procedure.)

However, if the covered direct physical damage, alone, would have resulted in a requirement to comply with 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 endorsement.

- 6. We will not pay under this endorsement for:
 - a. Enforcement of or compliance with 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 or compliance with 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.
- 7. We will not pay under this endorsement for any loss in value or any cost incurred due to an ordinance or law that you were required to comply with before the time of the current loss, even in the absence of building damage, if you failed to comply.

C. Coverage

1. 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 a requirement to comply with an ordinance or law that requires demolition of undamaged parts of the same building.

Coverage **A** is included within the Limit Of Insurance applicable to such building as shown in the Declarations or addressed elsewhere in this policy. Coverage **A** does not increase the Limit of Insurance.

2. 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 a requirement to comply with an ordinance or law that requires demolition of such undamaged property.

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

3. Coverage C – Increased Cost Of Construction Coverage

- a. With respect to the building that has sustained covered direct physical damage, we will pay the increased cost to:
 - (1) Repair or reconstruct damaged portions of that building; and/or
 - (2) Reconstruct or remodel undamaged portions of that building, whether or not demolition is required;

when the increased cost is a consequence of a requirement to comply with the minimum standards of the ordinance or law.

However:

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

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

- b. When a building is damaged or destroyed and Coverage **C** applies to that building in accordance with Paragraph **C.3.a.** above, coverage for the increased cost of construction also applies to repair or reconstruction of the following, subject to the same conditions stated in Paragraph **C.3.a.:**
 - (1) The cost of excavations, grading, backfilling and filling;
 - (2) Foundation of the building;
 - (3) Pilings; and
 - (4) Underground pipes, flues and drains.

The items listed in **b.(1)** through **b.(4)** above are deleted from Property Not Covered, but only with respect to the coverage described in this provision, **3.b.**

D. Loss Payment

1. All following loss payment provisions, **D.2.** through **D.5.**, are subject to the apportionment procedures set forth in Paragraph **B.5.** of this endorsement.
2. 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:
 - a. If the Replacement Cost Coverage Option applies and such building is being repaired or replaced, on the same or another premises, we will not pay more than the lesser of:
 - (1) The amount you would actually spend to repair, rebuild or reconstruct such building, but not for more than the amount it would cost to restore the building on the same premises and to the same height, floor area, style and comparable quality of the original property insured; or
 - (2) The Limit Of Insurance applicable to such building as shown in the Declarations or addressed elsewhere in this policy. (If this policy is endorsed to cover Earthquake and/or Flood as a Covered Cause of Loss, the Limit of Insurance applicable to the building in the event of damage by such Covered Cause of Loss may be lower than the Limit of Insurance that otherwise would apply.)
 - b. If the Replacement Cost Coverage Option applies and such building is **not** repaired or replaced, or if the Replacement Cost Coverage Option does **not** apply, we will not pay more than the lesser of:
 - (1) The actual cash value of such building at the time of loss; or
 - (2) The Limit Of Insurance applicable to such building as shown in the Declarations or addressed elsewhere in this policy. (If this policy is endorsed to cover Earthquake and/or Flood as a Covered Cause of Loss, the Limit of Insurance applicable to the building in the event of damage by such Covered Cause of Loss may be lower than the Limit of Insurance that otherwise would apply.)
3. Unless Paragraph **D.5.** applies, loss payment under Coverage **B** – Demolition Cost Coverage will be determined as follows:

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

- a. The amount you actually spend to demolish and clear the site of the described premises; or
 - b. The applicable Limit Of Insurance shown for Coverage **B** in the Schedule.
4. Unless Paragraph **D.5.** applies, loss payment under Coverage **C** – Increased Cost Of Construction Coverage will be determined as follows:
- a. We will not pay under Coverage **C**:
 - (1) Until the building is actually repaired or replaced, at the same or another premises; and
 - (2) Unless the repair or replacement is 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.
 - b. If the building is repaired or replaced at the same premises, or if you elect to rebuild at another premises, the most we will pay under Coverage **C** is the lesser of:
 - (1) The increased cost of construction at the same premises; or
 - (2) The applicable Limit Of Insurance shown for Coverage **C** in the Schedule.
 - c. If the ordinance or law requires relocation to another premises, the most we will pay under Coverage **C** is the lesser of:
 - (1) The increased cost of construction at the new premises; or
 - (2) The applicable Limit Of Insurance shown for Coverage **C** in the Schedule.
5. If a Combined Limit Of Insurance is shown for Coverages **B** and **C** in the Schedule, Paragraphs **D.3.** and **D.4.** do not apply with respect to the building that is subject to the Combined Limit, and the following loss payment provisions apply instead:

The most we will pay, for the total of all covered losses for Demolition Cost and Increased Cost of Construction, is the Combined Limit Of Insurance shown for Coverages **B** and **C** in the Schedule. Subject to this Combined Limit of Insurance, the following loss payment provisions apply:

- a. For Demolition Cost, we will not pay more than the amount you actually spend to demolish and clear the site of the described premises.
 - b. With respect to the Increased Cost of Construction:
 - (1) We will not pay for the increased cost of construction:
 - (a) Until the building is actually repaired or replaced, at the same or another premises; and
 - (b) Unless the repair or replacement is 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.
 - (2) 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.
 - (3) 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.
- E.** The terms of this endorsement apply separately to each building to which this endorsement applies.
- F.** Example of proportionate loss payment for Ordinance Or Law Coverage Losses (procedure as set forth in Paragraph **B.5.**).

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.

$$\$30,000 \div \$100,000 = .30$$

Step 2: Apply that proportion to the Ordinance or Law loss.

$$\$60,000 \times .30 = \$18,000$$

In this example, the most we will pay under this endorsement for the Coverage **C** loss is \$18,000, subject to the applicable Limit of Insurance and any other applicable provisions.

Note: The same procedure applies to losses under Coverages **A** and **B** of this endorsement.

G. The following definition is added:

"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.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

CANNABIS EXCLUSION

This endorsement modifies insurance provided under the following:

COMMERCIAL PROPERTY COVERAGE PART
STANDARD PROPERTY POLICY

- A.** When this endorsement is attached to the Standard Property Policy, the terms Coverage Part and Coverage Form in this endorsement are replaced by the term Policy.
- B. Property Not Covered** is amended as follows:
"Cannabis" is added to **Property Not Covered**.
- C.** For the purpose of this endorsement, when Business Income (And Extra Expense) Coverage Form **CP 00 30**, Business Income (Without Extra Expense) Coverage Form **CP 00 32** and/or Extra Expense Coverage Form **CP 00 50** are indicated in the Declarations as being provided under this Policy, coverage under this Policy does not apply to that part of Business Income loss and/or Extra Expense incurred, due to a "suspension" of your "operations", which is attributable to the design, cultivation, manufacture, storage, processing, packaging, handling, testing, distribution, sale, serving, furnishing, possession or disposal of "cannabis".
- D.** For the purpose of this endorsement, the following definition is added:
"Cannabis":
- 1.** Means:
Any good or product that consists of or contains any amount of Tetrahydrocannabinol (THC) or any other cannabinoid, regardless of whether any such THC or cannabinoid is natural or synthetic.
 - 2.** Paragraph **D.1.** above includes, but is not limited to, any of the following containing such THC or cannabinoid:
 - a.** Any plant of the genus Cannabis L., or any part thereof, such as seeds, stems, flowers, stalks and roots; or
 - b.** Any compound, by-product, extract, derivative, mixture or combination, such as:
 - (1)** Resin, oil or wax;
 - (2)** Hash or hemp; or
 - (3)** Infused liquid or edible cannabis;whether or not derived from any plant or part of any plant set forth in Paragraph **D.2.a.**

THIS ENDORSEMENT AMENDS YOUR POLICY. PLEASE READ IT CAREFULLY.

CENTRAL PREMIER PLUS® PROPERTY EXTENSIONS COVERAGE ENDORSEMENT

This endorsement modifies the following forms:

BUILDING AND PERSONAL PROPERTY COVERAGE FORM
 CONDOMINIUM ASSOCIATION COVERAGE FORM
 CONDOMINIUM COMMERCIAL UNIT OWNERS COVERAGE FORM
 CAUSES OF LOSS - SPECIAL FORM

Coverage is amended by the following changes to Additional Coverages, Coverage Extensions, Condition and Exclusions. All other Limitations, Conditions and Exclusions apply.

SECTION I - BLANKET ADDITIONAL COVERAGES AND COVERAGE EXTENSIONS

SCHEDULE *

Blanket Limit of Insurance	\$ _____
Deductible	\$ <u>1,000</u>

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

The Blanket Limit of Insurance shown in the Schedule, Declarations or Change Endorsement applies over all Additional Coverages and Coverage Extensions shown below, subject to any sublimits specified in this endorsement. Unless otherwise stated, this Blanket Limit of Insurance applies separately at each covered premises shown in the Schedule, Declarations or Change Endorsement and is in addition to, not part of, the limits in the applicable coverage form.

At time of loss, the first Named Insured may elect to apportion this Blanket Limit of Insurance to one or any combination of the listed Additional Coverages and Coverage Extensions, but under no circumstance will the aggregate apportionment be permitted to exceed the Blanket Limit of Insurance shown in the Schedule, Declarations or Change Endorsement at any one covered premises. For the purpose of the application of the Blanket Limit of Insurance, all property at one premises shall constitute a single premises.

The coverages afforded in this Blanket Limit of Insurance are subject to the applicable coverage provisions which form a part of this policy.

Deductible

As respects coverage provided by this endorsement, we will not pay for loss or damage in any one occurrence until the amount of loss or damage exceeds the Deductible shown in the Schedule, Declarations or Change Endorsement. We will then pay the amount of loss or damage in excess of the Deductible, up to the Blanket Limit of Insurance.

If a loss is covered under this endorsement and also covered under insurance provided elsewhere in this policy, the loss amounts will be combined for purposes of applying a deductible and only the largest of the applicable deductibles will apply.

Additional Coverages and Coverage Extensions:

- Accounts Receivable
- Building Ordinance or Law
- *Business Income & Extra Expense with Service Interruption
- *Business Income from Dependent Properties
- Consequential Loss
- Crime Coverages
 - *Employee Theft
 - Forgery or Alteration
 - Theft of Money and Securities
 - *Computer and Funds Transfer Fraud
 - *Fraudulent Impersonation
 - Money Orders and Counterfeit Money
 - *Telephone Toll Fraud
- Disaster Rebuilding Expenses
- Electronic Data
- Fine Arts
- *Fire Department Service Charge
- Fire Protective Devices
- *Food Contamination
- *Inventory or Appraisal
- *Lessor's Additional Expenses
- Lost Key Consequential Loss
- Non-Owned Detached Trailers
- Outdoor Property
- *Outdoor Fences
- Outdoor Light Poles
- Outdoor Signs
- *Personal Effects – Property of Others
- Pollutant Clean Up and Removal
- Property off Premises
- *Property in Transit or Property in Custody of Salespersons
- *Reward
- *Sewer, Drain or Sump Back Up or Overflow
- Temperature-Humidity Change
- Valuable Papers and Records (Other Than Electronic Data)
- *Valuable Papers and Records (Other Than Electronic Data) at Storage Locations

* Coverages with sublimits.

A. Additional Coverages and Coverage Extensions as shown in the applicable Coverage Form are amended as shown below:

1. Accounts Receivable

- a. You may extend the insurance that applies to Your Business Personal Property to apply to your records of accounts receivable:
 - 1) At a described premises or in or on a vehicle in transit between described premises; or
 - 2) If the records must be removed from a described premises to protect them from the threat of a Covered Cause of Loss.
- b. The amount of your Accounts Receivable loss includes:
 - 1) Debt owed to you from your customers if you are unable to collect the debt as a direct result of a covered loss or damage to your accounts receivable records;
 - 2) Interest charges on debt you must borrow to offset your reduced cash flow;
 - 3) Additional collection costs, over and above your usual collection costs, made necessary because of loss or damage; and
 - 4) Reasonable expenses you must incur to re-establish your accounts receivable records.
- c. Accounts receivable loss payment will be determined as follows:
 - 1) When there is proof that a covered loss has occurred but you cannot accurately establish the amount of accounts receivable outstanding at the time of the loss, the amount of the loss will be computed as follows:
 - a) Determine the total of the average monthly amounts of accounts receivable for the 24 months immediately preceding the month in which the loss or damage occurs; and
 - b) Adjust the 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.

- 2) We will deduct from the established total amount of accounts receivable:
 - a) The amount of any accounts evidenced by records not lost or damaged;
 - b) Any other amounts you are able to establish or collect; and
 - c) An amount to allow for probable bad debts which you normally would have been unable to collect.
- 3) If you recover the amount of any accounts receivable that were in the amount of the paid loss, you will return the recovered amount to us, up to the total amount of the paid loss. You will keep the amount of any accounts receivable you recover in excess of the amount of the paid loss.

2. Building Ordinance or Law

You may extend the insurance provided by the applicable Coverage Form to apply to Building Ordinance or Law Coverage. The Blanket Limit of Insurance shown in the Schedule, Declarations or Change Endorsement is to be applied separately at each covered building shown in the Property Declarations or Change Endorsement.

- a. If there is an ordinance or law in effect at the time of loss (or the ordinance or law is promulgated or revised after the loss but prior to commencement of reconstruction or repair) that regulates zoning, land use or construction of a covered building, and if enforcement of that ordinance or law affects the repair of that building following damage by a Covered Cause of Loss, you may extend the insurance on Building to cover:
 - 1) The loss in value of the undamaged portions of the building as a consequence of a requirement that requires demolition of undamaged parts of the same building. This coverage is included within the Limit of Insurance shown in the Declarations or Change Endorsement as applicable to the covered building;
 - 2) The costs to demolish and clear the site of the undamaged portions of the building; and
 - 3) The increased cost to repair or rebuild the building with another building of the same size.
- b. We will not pay more under this Coverage Extension than if the repaired or replaced building was:
 - 1) Rebuilt at the same location, as soon as reasonably possible.
 - 2) To the same extent the law permits, of the same size as the one it replaces; and
 - 3) Designed for the same type of occupancy as the one it replaces, unless otherwise required by zoning or land use ordinance or law.

The increased building costs must be kept to the minimum needed to satisfy legal requirements.

- c. If you do not repair or replace the damaged building, we will pay under this Coverage Extension only to demolish and clear the site of the undamaged portions of the building.
- d. This Coverage Extension does not apply to the costs associated with the enforcement of any ordinance or law that:
 - 1) 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
 - 2) The costs associated with the enforcement of or compliance with 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.
- e. Under this endorsement we will not pay for loss due to any ordinance or law that:
 - 1) You were required to comply with before the loss, even if the building was undamaged; and
 - 2) You failed to comply with.

Exclusion **B.1.a.** of the CAUSES OF LOSS - SPECIAL FORM does not apply to this Coverage Extension.

3. Business Income and Extra Expense with Service Interruption

You may extend the insurance provided by the applicable Coverage Form for direct physical loss of or damage to Covered Property to apply to:

- a. The actual loss of Business Income you sustain due to the necessary suspension of your operations at the described premises as a result of covered direct loss or damage; and
- b. Necessary Extra Expenses you incur that you would not have incurred if there had been no such covered direct loss or damage.

This Extension only applies to the amount of loss incurred beginning 72 hours after the time of direct physical loss or damage to Covered Property at or within 1,000 feet of the property line of the described premises by a Covered Cause of Loss. It ends on the date when the property at the described premises be repaired, rebuilt or replaced with reasonable speed and similar quality, even if this is after the expiration date of this policy. This does not include any increased time needed due to enforcement of any ordinance or law regulating:

- a. Building or land usage, demolition or construction; or
- b. Environmental damage or restoration

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 necessarily incurred, including payroll.

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

Extra Expense means expense incurred:

- a. To avoid or minimize the suspension of business and to continue your operations at any location;
- b. To minimize the suspension of business if you cannot continue your operations; or
- c. To repair or replace any property or to research, replace or restore the information on damaged valuable papers and records, but only if those expenses reduce the amounts otherwise payable in this Extension.

The insurance provided by this additional coverage is extended to apply to loss caused by or resulting from a Covered Cause of Loss to equipment that is owned by a utility, landlord, or other supplier with whom you have a written agreement or contract to provide you with any of the following services: electrical power, communications, waste disposal, air conditioning, refrigeration, heating, gas, air, water or steam. Coverage provided by this extension applies regardless of the location of the equipment.

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

4. Business Income from Dependent Properties, Secondary Contributing Locations or Secondary Recipient Locations

You may extend the insurance provided by the Coverage form for direct loss of or damage to Covered Property to apply to the actual loss of Business Income you sustain due to the necessary suspension of your operations. The suspension must be caused by direct physical loss of or damage to “dependent property”, “secondary contributing location” or “secondary recipient location” caused by or resulting from a Covered Cause of Loss. However, coverage under this endorsement does not apply when the only loss to “dependent property”, “secondary contributing location” or “secondary recipient location” is loss or damage to electronic data including destruction or corruption of electronic data. If the “dependent property”, “secondary contributing location” or “secondary recipient location” sustains loss or damage to electronic data and other property, coverage under this endorsement will not continue once the other property is repaired, rebuilt or replaced. The term electronic data has the meaning set forth in the Coverage Form to which this endorsement applies.

This Extension only applies to the amount of loss incurred beginning 72 hours after the time of direct physical loss or damage caused by or resulting from any Covered Cause of Loss at the premises of the “dependent property”, “secondary contributing location” or “secondary recipient location” and ending on the date when the property at the premises of the “dependent property”, “secondary contributing location” or “secondary recipient location” should be repaired, rebuilt or replaced with reasonable speed and similar quality. This does not include any increased time needed due to enforcement of any ordinance or law regulating:

- a. Building or land usage, demolition or construction; or
- b. Environmental damage or restoration

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:

- a. Source of materials; or
- b. Outlet for your products.

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 necessarily incurred, including payroll.

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

"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. But any property which delivers any of the following services is not dependent property with respect to such services:
 - 1) Water supply services;
 - 2) Power supply services; or
 - 3) Communication supply services, including services relating to internet access or access to any electronic network;
- 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.

"Secondary contributing location" is an entity which:

- a. Is not owned or operated by a Dependent Property; and
- b. Delivers materials or services to a Dependent Property, which in turn are used by that Dependent Property in providing materials or services to you.

A road, bridge, tunnel, waterway, airfield, pipeline or any other similar area or structure is not a "secondary contributing location".

Any property which delivers any of the following services is not a "secondary contributing location" with respect to such services:

- 1) Water supply services;
- 2) Power supply services;
- 3) Wastewater removal services; or
- 4) Communication supply services, including services relating to Internet access or access to any electronic network.

"Secondary recipient location" is an entity which:

- a. Is not owned or operated by a Dependent Property; and
- b. Accepts materials or services from a Dependent Property identified in the Schedule, Declarations or Change Endorsement which in turn accepts your materials or services.

A road, bridge, tunnel, waterway, airfield, pipeline or any other similar area or structure is not a "secondary recipient location".

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

5. Consequential Loss

You may extend the insurance that applies to Your Business Personal Property to pay the reduction in value of the remaining parts of "stock" in process of manufacture when the reduction is caused by direct physical loss or damage from a Covered Cause of Loss to other parts of "stock" in the process of manufacture at the described premises and the remaining parts cannot be used in conjunction with other "stock."

6. Crime Coverage

- a. You may extend the insurance that applies to Your Business Personal Property to provide the following Crime coverages. These coverages apply to loss that you sustain resulting directly from an

“occurrence” taking place during the Policy Period shown in the Declarations or Change Endorsement, except as provided in the additional Conditions **c.4)** and **c.5)** which is “discovered” by you during the Policy Period shown in the Declarations or Change Endorsement or during the period of time provided in the Extended Period to Discover Loss Condition **c.2)**: If any of these Crime coverages are also covered under the Commercial Crime Coverage Form (Loss Sustained Form) on the same policy, the applicable limits under both forms are combinable for limit of insurance purposes.

1) Employee Theft

We will pay for loss 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 coverage, “theft” shall also include forgery.

If the Blanket Limit of Insurance is more than \$50,000, the most we will pay for loss or damage under this coverage is \$50,000 regardless of the number of premises involved.

2) Forgery Or Alteration

a) 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:

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

A substitute check as defined in the Check Clearing for the 21st Century Act shall be treated the same as the original it replaced.

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

3) Theft Of Money And Securities

a) Inside the Premises

- i)** We will pay for loss of “money” and “securities” inside the “premises” or “financial institution premises”:
 - a)** Resulting directly from “theft” committed by a person present inside such “premises” or “financial institution premises”; or
 - b)** Resulting directly from disappearance or destruction.
- ii)** We will pay for loss from damage to the “premises” or its exterior resulting directly from an actual or attempted “theft” of “money” and “securities,” if you are the owner of the “premises” or are liable for damage to it.
- iii)** We will pay for loss of or damage to a locked safe, vault, cash register, cash box or cash drawer located inside the “premises” resulting directly from an actual or attempted “theft” of or unlawful entry into those containers.

b) Outside The Premises

- i)** We will pay for loss of “money” and “securities” outside the “premises” in the care and custody of a “messenger” or an armored motor vehicle company resulting directly from “theft, disappearance or destruction.”
- ii)** We will pay for loss of or damage to “other property” outside the “premises” in the care and custody of a “messenger” or an armored motor vehicle company resulting directly from an actual or attempted “robbery.”

4) Computer And Funds Transfer Fraud

a) We will pay for:

1. Loss resulting directly from a fraudulent:
 - a. Entry of "electronic data" or "computer program" into; or
 - b. Change of "electronic data" or "computer program" within;

any "computer system" owned, leased or operated by you, provided the fraudulent entry or fraudulent change causes, with regard to Paragraphs **4)a)1.a.** and **4)a)1.b.**

 - i) "Money", "securities" or "other property" to be transferred, paid or delivered; or
 - ii) Your account at a "financial institution" to be debited or deleted.
2. Loss resulting directly from a "fraudulent instruction" directing a "financial institution" to debit your "transfer account" and to transfer, pay or deliver "money" or "securities" from that account.
- b) As used in **4)a)1.**, fraudulent entry or fraudulent change of "electronic data" or "computer program" shall include such entry or change made by an "employee" acting in good faith, upon a "fraudulent instruction" received from a computer software contractor who has a written agreement with you to design, implement or service "computer programs" for a "computer system" covered under this Insuring Agreement.

The most we will pay for loss or damage under this coverage is \$50,000 regardless of the number of premises involved.

5) Fraudulent Impersonation

a) "Employees"

We will pay for loss resulting directly from your having, in good faith, transferred "money", "securities" or "other property" in reliance upon a "transfer instruction" purportedly issued by:

1. An "employee", or any of your partners, "members", "managers", officers, directors or trustees, or you (if you are a sole proprietorship)

but which "transfer instruction" proves to have been fraudulently issued by an imposter without knowledge of consent of that "employee".

b) "Customers" and "Vendors"

We will pay for loss resulting directly from your having, in good faith, transferred "money", "securities" or "other property" in reliance upon a "transfer instruction" purportedly issued by:

1. Your "customer" or "vendor"

but which "transfer instruction" proves to have been fraudulently issued by an imposter without knowledge or consent of that "customer" or "vendor".

For coverage to apply in coverage parts **5)a)** or **5)b)**, you shall verify all "transfer instructions" according to a pre-arranged callback or other established verification procedure, before acting upon any such "transfer instruction".

The most we will pay for loss or damage under this coverage is \$25,000 regardless of the number of premises involved.

6) Money Orders And Counterfeit Money

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 "financial institution" that are not paid upon presentation; or
- b) "Counterfeit money" that is acquired during the regular course of business.

7) Telephone Toll Fraud

We will pay for loss from long distance telephone toll call charges incurred by you resulting directly from fraudulent use or fraudulent manipulation of an "account code" or "system password" required to gain access to your "voice computer system", provided such loss did not result from the failure to:

- a) Install and maintain in operating condition a call disconnect feature to terminate a caller's access after three unsuccessful attempts to enter an "account code";

- b) Incorporate a "system password"; or
- c) Change a "system password" within 90 days.

The most we will pay for loss or damage under this coverage is \$10,000 regardless of the number of premises involved.

b. Exclusions

In addition to the **Exclusions** in Causes of Loss - Special Form, the following **Exclusions** are added as respects the Crime Coverage provided by this endorsement:

1) This insurance does not cover:

a) Acts Committed By You, Your Partners Or Your Members

Loss resulting from "theft" or any other dishonest act committed by:

i) You; or

ii) Any of your partners or "members";

whether acting alone or in collusion with other persons, except while handling "money", "securities" or "other property" of an "employee benefit plan".

b) Acts Committed by Your Employees Learned Of By You Prior To The Policy Period

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

c) Acts Committed By Your Employees, Managers, Directors, Trustees Or Representatives

Loss resulting from "theft" or any other dishonest act committed by any of 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.

This exclusion does not apply to coverage provided by **Employee Theft**.

d) Confidential Or Personal Information

Loss resulting from:

i) The disclosure or use of another person's or organization's confidential or personal information; except as provided in paragraph ii);

ii) The disclosure of your or an "Employee benefit plan" participant's confidential or personal information. However, this Paragraph ii) does not apply to loss otherwise covered under Employee Theft that results directly from the use of your or an "Employee benefit plan" participant's confidential or personal information.

For the purposes of this exclusion, confidential or personal information includes, but is not limited to, patents, trade secrets, processing methods, customer lists, financial information, credit card information, health information, retirement or health savings account information or any other type of nonpublic information.

e) Data Security Breach

Fees, costs, fines, penalties and other expenses incurred by you which are related to the access to or disclosure of another person's or organization's confidential or personal information including, but not limited to, patents, trade secrets, processing methods, customer lists, financial information, credit card information, health information or any other type of nonpublic information.

f) Indirect Loss

Loss that is an indirect result of an "occurrence" covered by this insurance including, but not limited to, loss resulting from:

- i) Your inability to realize income that you would have realized had there been no loss of or damage to "money," "securities" or "other property."
- ii) Payment of damages of any type for which you are legally liable. But, we will pay compensatory damages arising directly from a loss covered under this insurance.
- iii) Payment of costs, fees or other expenses you incur in establishing either the existence or the amount of loss under this insurance.

g) Legal Fees, Costs And Expenses

Fees, costs and expenses incurred by you which are related to any legal action, except when covered under **Forgery Or Alteration**.

h) Virtual Currency

Loss involving virtual currency of any kind, by whatever name known, whether actual or fictitious including, but not limited to, digital currency, crypto currency or any other type of electronic currency.

2) Employee Theft does not cover:

a) Inventory Shortages

Loss, or that part of any loss, the proof of which as to its existence or amount is dependent upon:

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

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

3) Theft Of Money and Securities does not apply to:

a) Accounting Or Arithmetical Errors Or Omissions

Loss resulting from accounting or arithmetical errors or omissions.

b) Exchanges Or Purchases

Loss resulting from the giving or surrendering of property in any exchange or purchase.

c) Fire

Loss or damage resulting from fire, however caused, except:

- i) Loss of or damage to "money" and securities"; and
- ii) Loss from damage to a safe or vault.

d) Money Operated Devices

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.

e) Motor Vehicles Or Equipment And Accessories

Loss of or damage to motor vehicles, trailers or semi-trailers or equipment and accessories attached to them.

f) Transfer Or Surrender Of Property

- i) Loss of or damage to property after it has been transferred or surrendered to a person or place outside the "premises" or "financial institution premises":

- a)** On the basis of unauthorized instructions; or

- b)** As a result of a threat including, but not limited to:

- 1)** a threat to do bodily harm to any person;

- 2)** a threat to do damage to any property;

- 3)** a threat to introduce a denial of service attack into any "computer system";

- 4)** a threat to introduce a virus or other malicious instruction into any "computer system" which is designed to damage, destroy or corrupt "electronic data" or

"computer programs" stored within the "computer system";

- 5) a threat to contaminate, pollute or render substandard your products or goods; or
- 6) a threat to disseminate, divulge, or utilize:
 - (a) Your confidential information; or
 - (b) Confidential or personal information of another person or organization; or
 - (c) Weakness in the source code within any "computer system".

ii) However, this Exclusion does not apply under **Theft of Money and Securities Outside the Premises** to loss of "money", "securities" or "other property" while outside the "premises" in the care and custody of a "messenger" if you:

- a) Had no knowledge of any threat at the time the conveyance began; or
- b) Had knowledge of a threat at the time the conveyance began, but the loss was not related to the threat.

g) Vandalism

Loss from damage to the "premises" or its exterior, or to any safe, vault, cash register, cash box, cash drawer or "other property" by vandalism or malicious mischief.

4) Computer And Funds Transfer Fraud does not cover:

a) Authorized Access

Loss resulting from a fraudulent:

- 1) Entry of "electronic data" or "computer program" into; or
- 2) Change of "electronic data" or "computer program" within;

any "computer system" owned, leased or operated by you by a person or organization with authorized access to that "computer system", except when covered under **Computer and Funds Transfer Fraud, 4)b).**

b) Credit Card Transactions

Loss resulting from the use or purported use of credit, debit, charge, access, convenience, identification, stored-value or other cards or the information contained on such cards.

c) Exchanges Or Purchases

Loss resulting from the giving or surrendering of property in any exchange or purchase.

d) Inventory Shortages

Loss, or that part of any loss, the proof of which as to its existence or amount is dependent upon:

- 1) An inventory computation; or
- 2) A profit or loss computation.

c. Conditions

The following Conditions are added as respects this **Crime Coverage** only:

1) Employee Benefit Plans

- a) If any Employee Welfare or Pension Benefit (hereafter called 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 under ERISA as if each Plan were separately insured.

- b) With respect to loss sustained or "discovered" by any such Plan, **Employee Theft** is replaced by the following:

We will pay for loss or damage to "money", "securities" and "other property" resulting directly from fraudulent or dishonest acts committed by an "employee," whether identified or not, sole proprietor, partner or "member" acting alone or in collusion with other persons while such

"employee" sole proprietor, partner or "member" is handling "money", "securities" or "other property" of an "employee benefit plan".

- c) 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.
- d) 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 "money", "securities" 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 under ERISA for each Plan bears to the total Limit of Insurance of all Plans sustaining loss.
- e) The Deductible does not apply to loss sustained by any Plan.
- f) If you "discover" loss sustained by an "employee benefit plan" and the Employee Theft Insuring Agreement of Insurance no longer complies with the minimum amount of coverage required for such plan(s) under ERISA, we agree to increase the Employee Theft Limit of Insurance with regard to such plan(s) so as to equal the minimum amount of coverage required under ERISA.

However, the increased coverage will only apply if the Employee Theft Insuring Agreement provided coverage in an amount that was equal to or greater than the minimum amount required under ERISA at the time the policy was issued.

2) Extended Period To Discover Loss

We will pay for loss that you sustained prior to the effective date of cancellation of this insurance, which is "discovered" by you:

- a) No later than 1 year from the date of that cancellation. However, this extended period to "discover" loss terminates immediately upon the effective date of any other insurance obtained by you, whether from us or another insurer, replacing in whole or in part the coverage afforded, under this insurance, whether or not such other insurance provides coverage for loss sustained prior to its effective date.
- b) No later than 1 year from the date of that cancellation with regard to any "employee benefit plans."

3) Joint Insured

- a) If more than one insured is named in the Declarations or Change Endorsement, the first Named Insured will act for itself and for every other Insured for all purposes of this insurance. If the Named Insured ceases to be covered, then the next Named Insured will become the first Named Insured.
- b) If any Insured, or partner "member", "manager" or officer, director or trustee of that Insured has knowledge of any information relevant to this insurance, that knowledge is considered knowledge of every insured.
- c) An "employee" of any Insured is considered to be an "employee" of every Insured.
- d) If this insurance or any of its coverages is cancelled to any Insured, loss sustained by that Insured is covered only if it is "discovered" by you:
 - i) No later than 1 year from the date of that cancellation. However, this extended period to "discover" loss terminates immediately upon the effective date of any other insurance obtained by that Insured, whether from us or another insurer, replacing in whole or in part the coverage afforded under this insurance, whether or not such other insurance provides coverage for loss sustained prior to its effective date.
 - ii) No later than 1 year from the date of that cancellation with regard to any "employee benefit plans."
- e) We will not pay more for loss sustained by more than one Insured than the amount we would pay if all such loss had been sustained by one Insured.
- f) Payment by us to the first Named Insured for loss sustained by any Insured, or payment by

us to any "employee benefit plan" for loss sustained by that Plan, shall fully release us on account of such loss.

4) Loss Sustained During Prior Insurance Issued By Us Or Any Affiliate

a) Loss Sustained Partly During This Insurance And Partly During Prior Insurance

If you "discover" loss during the policy period shown in the Declarations or Change Endorsement, resulting directly from an "occurrence" taking place:

- i)** Partly during the policy period shown in the Declarations or Change Endorsement; and
- ii)** Partly during the policy period(s) of any prior cancelled insurance that we or any affiliate issued to you or any predecessor in interest;

and this insurance became effective at the time of cancellation of the prior insurance, we will first settle the amount of loss that you sustained during this policy period. We will then settle the remaining amount of loss that you sustained during the policy period(s) of the prior insurance.

b) Loss Sustained Entirely During Prior Insurance

If you "discover" loss during the policy period shown in the Declarations or Change Endorsement, resulting directly from an "occurrence" taking place entirely during the policy period(s) of any prior cancelled insurance that we or any affiliate issued to you or any predecessor in interest, we will pay for the loss, provided:

- i)** This insurance became effective at the time of cancellation of the prior insurance; and
- ii)** The loss would have been covered under this insurance had it been in effect at the time of the "occurrence."

We will first settle the amount of loss that you sustained during the most recent prior insurance. We will then settle any remaining amount of loss that you sustained during the policy period(s) of any other prior insurance.

- c)** In settling loss subject to this Condition the most we will pay for the entire loss is the highest single Limit of Insurance applicable during the period of loss, whether such limit was written under this insurance or was written under the prior insurance issued by us.

5) Loss Sustained During Prior Insurance Not Issued By Us Or Any Affiliate

- a)** If you "discover" loss during the policy period shown in the Declarations or Change Endorsement, resulting directly from an "occurrence" taking place during the policy period of any prior cancelled insurance that was issued to you or a predecessor in interest by another company, and the period of time to discover loss under that insurance had expired, we will pay for the loss under this policy, provided:

- i)** This insurance became effective at the time of cancellation of the prior insurance; and

- ii)** The loss would have been covered under this insurance had it been in effect at the time of the "occurrence."

- b)** In settling loss subject to this Condition the most we will pay for the entire loss is the lesser of the Limits of Insurance applicable during the period of loss, whether such limit was written under this insurance or was written under the prior cancelled insurance.

- c)** The insurance provided under this Condition is subject to the following:

- i)** If loss covered under this Condition is also partially covered under Condition 4); the amount recoverable under this Condition is part of, not in addition to, the amount recoverable under Condition 4).

- ii)** For loss covered under this Condition that is not subject to Paragraph c) i), the amount recoverable under this Condition is part of, not in addition to, the Limit of Insurance applicable to the loss covered under this insurance and is limited to the lesser of the amount recoverable under:

a) This insurance as of its effective date; or

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

6) Recoveries

- a)** Any recoveries, whether effected before or after any payment under this insurance, whether made by us or you, shall be applied net of the expense of such recovery:
 - i)** First, to you in satisfaction of your covered loss in excess of the amount paid under this insurance;
 - ii)** Second, to us in satisfaction of amounts paid in settlement of your claim;
 - iii)** Third, to you in satisfaction of any Deductible Amount; and
 - iv)** Fourth, to you in satisfaction of any loss not covered under this insurance.
- b)** Recoveries do not include any recovery:
 - i)** From insurance, suretyship, reinsurance, security or indemnity taken for our benefit; or
 - ii)** Of original "securities" after duplicates of them have been issued

7) Valuation – Settlement

- a)** The value of any loss for purposes of coverage under this policy shall be determined as follows:
 - i)** Loss of "money" but only up to and including its face value. We will, at your option, pay for loss of "money" issued by any country other than the United States of America:
 - a)** At face value in the "money" issued by that country; or
 - b)** In the United States of America dollar equivalent determined by the rate of exchange Published in *The Wall Street Journal* on the day the loss was "discovered."
 - ii)** Loss of "securities" but only up to and including their value at the close of business on the day the loss was "discovered." 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:
 - (1)** Market value of the "securities" at the close of business on the day the loss was "discovered"; or
 - (2)** The Limit of Insurance applicable to the "securities."
 - iii)** Loss of or damage to "other property" or loss from damage to the "premises" or its exterior for the replacement cost of the property without deduction for depreciation. However, we will not pay more than the least of the following:
 - a)** The cost to replace the lost or damaged property with property of comparable material and quality and used for the same purpose;
 - b)** The amount you actually spend that is necessary to repair or replace the lost or damaged property; or
 - c)** The Limit of Insurance applicable to the lost or damaged property.With regard to Paragraphs **7)a)iii)a)** through **7)a)iii)b)**, we will not pay on a replacement cost basis for any loss or damage:
 - (1)** Until the lost or damaged property is actually repaired or replaced; and
 - (2)** Unless the repairs or replacement are made as soon as reasonably possible after the loss or damage.If the lost or damaged property is not repaired or replaced, we will pay on an actual cash value basis.
- b)** We will, at your option, settle loss or damage to property other than "money":
 - i)** In the "money" of the country in which the loss or damage occurred; or
 - ii)** In the United States of America dollar equivalent of the "money" of the country in

which the loss or damage occurred determined by the rate of exchange published in *The Wall Street Journal* on the day the loss was “discovered.”

c) Any property that we pay for or replace becomes our property.

8) Additional Conditions Applicable To All Crime Coverages

a) If other valid and collectible insurance is available to the insured for a loss we cover under Crime Coverage, and that other insurance is provided by an insurer other than us or a subsidiary of ours, we will pay only for the amount of loss in excess of the other insurance. But we will not pay more than the applicable Limit of Insurance.

9) Additional Conditions Applicable To Employee Theft Only

a) Termination As To Any Employees

Employee Theft coverage terminates as to any “employee” as soon as:

i) You; or

ii) Any of your partners, “members,” “managers,” officers, directors, or trustees not in collusion with the “employee”;

learn of “theft” or any other dishonest act committed by the “employee” whether before or after becoming employed by you.

b) Territory

We will pay for loss caused by any “employee” while temporarily outside the coverage territory for a period of not more than 90 consecutive days.

10) Additional Conditions Applicable To Forgery Or Alteration Only

a) Deductible Amount

The Deductible does not apply to legal expenses paid under **Forgery Or Alteration** coverage.

b) Electronic And Mechanical Signatures

We will treat signatures that are produced or reproduced electronically, mechanically or by other means the same as handwritten signatures.

c) Proof of Loss

You must include with your proof of loss any instrument involved in that loss, or, if that is not possible, an affidavit setting forth the amount and cause of loss.

d) Territory

We will cover loss that you sustain resulting directly from an “occurrence” taking place anywhere in the world.

11) Additional Conditions Applicable To Theft of Money and Securities Outside the Premises Only

Armored Motor Vehicle Companies

We will only pay for the amount of loss you cannot recover:

a) Under your contract with the armored motor vehicle company;

and

b) From any insurance or indemnity carried by, or for the benefit of customers of, armored motor vehicle company.

12) Additional Conditions Applicable To Computer And Funds Transfer Fraud Only

a) Special Limit Of Insurance For Specified Property

We will only pay up to \$5,000 for any one “occurrence” of loss or damage to manuscripts, drawings, or records of any kind or the cost of reconstructing them or reproducing any information contained in them.

b) Territory

We will cover loss that you sustain resulting directly from an “occurrence” taking place anywhere in the world.

13) Additional conditions Applicable to Fraudulent Impersonation Only

a) Territory

We will cover loss that you sustain directly from an "occurrence" taking place anywhere in the world.

14) Additional Conditions Applicable to Telephone Toll Fraud Only

We will pay for loss resulting from toll call charges made on telephone lines directly controlled by one "voice computer system" occurring for a period of not more than 30 days inclusive of the date on which the first such toll call charges were made.

d. Definitions

The following definitions are added as respects **Crime Coverages** only:

- 1) "Account code" means a confidential and protected string of characters that identifies or authenticates a person and permits that person to gain access to your "voice computer system" for the purpose of making long distance toll calls or utilizing voice mailbox messaging capabilities or similar functional features of the system.
- 2) "Computer program" means a set of related electronic instructions, which direct the operation and function of a computer or devices connected to it, which enable the computer or devices to receive, process, store or send "electronic data".
- 3) "Computer system" means:
 - a. Computers, including Personal Digital Assistants (PDA) and other transportable or handheld devices, electronic storage devices and related peripheral components;
 - b. Systems and applications software; and
 - c. Related communications networks;by which "electronic data" is collected, transmitted, processed, stored or retrieved.
- 4) "Counterfeit money" means an imitation of "money" that is intended to deceive and to be taken as genuine.
- 5) "Custodian" means you, or any of your partners or "members," or any "employee" while having care and custody of property inside the "premises," excluding any person while acting as a "watchperson" or janitor.
- 6) "Customer" means an entity or individual to whom you sell goods or provide services under a written contract.
- 7) "Discover" or "discovered" means the time when you first become aware of facts which would cause a reasonable person to assume that a loss of a type covered by this insurance has been or will be incurred, regardless of when the act or acts causing or contributing to such loss occurred, even though the exact amount or details of loss may not then be known.
"Discover" or "discovered" also means the time when you first receive notice of an actual or potential claim in which it is alleged that you are liable to a third party under circumstances which, if true, would constitute a loss under this insurance.
- 8) "Electronic data" means information, facts, images or sounds stored as or on, created or used on, or transmitted to or from computer software (including systems and applications software) on data storage devices, including hard or floppy disks, CD-ROMs, tapes, drives, cells, data processing devices or any other media which are used with electronically controlled equipment.
- 9) "Employee":
 - a) "Employee" means:
 - i) 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;

- ii) Any natural person who is furnished temporarily to you:
 - a) To substitute for a permanent “employee” as defined in Paragraph a)i), 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.
- iii) 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 a)ii).
- iv) 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”;
- v) Any natural person who is a former “employee,” partner, “member,” “manager,” director or trustee retained as a consultant while performing services for you;
- vi) Any natural person who is a guest student or intern pursuing studies or duties;
- vii) Any natural person employed by an entity merged or consolidated with you prior to the effective date of this insurance; or
- viii) Any natural person who is your "manager", director or trustee 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 9)a).
- 10) “Employee benefit plan” means any welfare or pension benefit plan shown in the Declarations or Change Endorsement that you sponsor and which is subject to the Employee Retirement Income Security Act of 1974 (ERISA) and any amendments thereto.
- 11) “Financial institution” means:
 - a. With regard to **Theft of Money And Securities Inside the Premises**:
 - 1) A bank, savings bank, savings and loan association, trust company, credit union or similar depository institution; or
 - 2) An insurance company.
 - b. With regard to **Computer And Funds Transfer Fraud**:
 - 1) A bank, savings bank, savings and loan association, trust company, credit union, or similar depository institution;
 - 2) An insurance company; or
 - 3) A stock brokerage firm or investment company.
 - c. Other than **Theft of Money And Securities Inside the Premises** and **Computer And Funds Transfer Fraud**, any financial institution.
- 12) “Financial institution premises” means the interior of that portion of any building occupied by a “financial institution”.
- 13) “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.
- 14) “Fraudulent instruction” means:
 - a) With regard to **Computer And Funds Transfer Fraud** coverage, part 4)a)1.:

- 1) A computer, telefacsimile, telephone or other electronic instruction directing a "financial institution" to debit your "transfer account" and to transfer, pay or deliver "money" or "securities" from that "transfer account", which instruction purports to have been transmitted by you, but which was in fact fraudulently issued by someone else without your knowledge or consent;
 - 2) A written instruction (other than those described in **Forgery Or Alteration**) issued to a "financial institution" directing the "financial institution" to debit your "transfer account" and to transfer, pay or deliver "money" or "securities" from that "transfer account", through an electronic funds transfer system at specified times or under specified conditions, which instruction purports to have been issued by you, but which in fact was issued, forged or altered by someone else without your knowledge or consent.
- b) With regard to **Computer And Funds Transfer Fraud** coverage, part **4)a)2.:**
- 1) A computer, telefacsimile, telephone or other electronic, written or voice instruction directing an "employee" to enter or change "electronic data" or "computer programs" within a "computer system" covered under the Insuring Agreement, which instruction in fact was fraudulently issued by your computer software contractor.
- 15) "Manager" means a natural person serving in a directorial capacity for a limited liability company.
- 16) "Member" means an owner of a limited liability company represented by its membership interest, who is a natural person, also may serve as a "manager."
- 17) "Messenger" means you, or your relative, or any of your partners or "members," or any "employee" while having care and custody of property outside the "premises."
- 18) "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.
 - c) In addition, includes:
 - 1) Regarding **Employee Theft** and **Forgery or Alteration**, deposits in your account at any "financial institution"; and
 - 2) Regarding **Computer And Funds Transfer Fraud**, deposits in your account at a "financial institution" as defined in Paragraph **d.11) b.**
- 19) "Occurrence" means:
- a) Under **Employee Theft:**
 - i) An individual act;
 - ii) The combined total of all separate acts whether or not related; or
 - iii) A series of acts whether or not related;

committed by an "employee", sole proprietor, partner or "member" acting alone or in collusion with other persons, during the policy period shown in the Declarations or Change Endorsement, before such policy period or both.
 - b) Under **Forgery Or Alteration**
 - i) An individual act;
 - ii) The combined total of all separate acts whether or not related; or
 - iii) A series of acts whether or not related;

committed by a person acting alone or in collusion with other persons, involving one or more instruments, during the policy period shown in the Declarations or Change Endorsement, except as provided under Condition **c.4).** or **c.5)**
 - c) Under All Other **Crime Coverage;**
 - 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, during the policy period shown in the Declarations or Change Endorsement, except as provided under Condition **c.4).** and **c.5).**

- 20) "Other property" means any tangible property other than "money" and "securities" that has intrinsic value. "Other property" does not include computer programs, electronic data or any property specifically excluded under this insurance.
- 21) "Premises" means the interior of that portion of any building you occupy in conducting your business.
- 22) "Robbery" means the unlawful taking of property from the care and custody of a person by one who has:
 - a) Caused or threatened to cause that person bodily harm; or
 - b) Committed an obviously unlawful act witnessed by that person.
- 23) "Safe burglary" means the unlawful taking of:
 - a) Property from within a locked safe or vault by a person unlawfully entering the safe or vault as evidenced by marks of forcible entry upon its exterior; or
 - b) A safe or vault from inside the "premises."
- 24) "Securities" means negotiable and nonnegotiable instruments or contracts representing either "money" or property and includes:
 - a) Tokens, tickets, revenue and other stamps (whether represented by actual stamps or unused value in a meter) in current use; and
 - b) Evidences of debt issued in connection with credit or charge cards, which cards are not issued by you; but does not include "money."
- 25) "System administration" means the performance of any security function including, but not limited to:
 - a) Defining authorized persons to access the system;
 - b) Adding, deleting or changing "account codes" or passwords;
 - c) Installing or deleting any system option which directs telephone call routing or adds, drops or moves telephone lines; or
 - d) Any other activity allowed by a hardware- or software-based system option that has been incorporated by a manufacturer or a vendor into a "voice computer system" provided the system is not intended for the sole use of the manufacturer or vendor.
- 26) "System maintenance" means performing hardware and software installation, diagnostic and correction and similar activities that are performed in the usual custom and practice by a manufacturer or vendor to establish or maintain the basic operational functionality of a "voice computer system".
- 27) "System password" means a confidential and protected string of characters that identifies or authenticates a person and permits that person to gain access to your "voice computer system" to perform "system maintenance" or a component thereof.
- 28) "Theft" means the unlawful taking of property to the deprivation of the Insured.
- 29) "Transfer account" means an account maintained by you at a "financial institution" from which you can initiate the transfer, payment or delivery of "money" or "securities":
 - a) By means of computer, telefacsimile, telephone or other electronic instructions; or
 - b) By means of written instructions (other than those described in **Forgery Or Alteration.**) establishing the conditions under which such transfers are to be initiated by such financial institution through an electronic funds transfer system.
- 30) "Transfer instruction" means an instruction directing you to transfer "money", "securities" or "other property".
- 31) "Vendor" means an entity or individual from whom you purchase goods or receive services under

a written contract.

32) "Voice computer system" means a "computer system" installed in one location which functions as a private branch exchange (PBX), voice mail processor, automated call attendant or provides a similar capability used for the direction or routing of telephone calls in a voice communication network.

33) "Watchperson" means any person you retain specifically to have care and custody of property inside the "premises" and who has no other duties.

7. Disaster Rebuilding Expenses

a. You may extend the insurance provided by the applicable Coverage Form to pay for direct physical loss or damage to covered property excess of the applicable limits stated in the Property Declarations or Change Endorsement. We will pay under this coverage if all of the following conditions are met, subject to all limitations of this endorsement:

1) The event that caused the covered loss:

- a)** Results in declaration of a state of disaster by federal or state authorities; or
- b)** Occurs in close temporal proximity to the event that resulted in declaration of disaster by federal or state authorities.

2) Expenses for labor and/or building materials for repair or replacement of the damaged property increase as a result of the disaster and the total cost of repair or replacement exceeds the applicable Limit of Insurance due to such increase in expenses;

3) You elect to repair or replace the damaged building; and

4) You notified us, within 30 days of completion, of any improvements, alterations or additions to the building which increase the replacement cost of the building by 5% or more, and allowed us to adjust the Limit of Insurance, if necessary, to maintain the required insurance-to-value level.

b. When the cost of repair or replacement increases in accordance with the terms of this endorsement, we will pay the increased expenses actually incurred, up to the Blanket Limit of Insurance or \$100,000 whichever is less.

c. The maximum amount of Disaster Rebuilding Expense Coverage available for the extra expense of repair or replacement of a building listed in the Property Declarations or Change Endorsement is determined in accordance with the following provisions:

1) Apply 5% for Disaster Rebuilding Expense Coverage to:

a) The Limit of Insurance shown in the Property Declarations or Change Endorsement as applicable to the building (adjusted first for inflation if the Inflation Guard option applies), when such Limit covers only that building (exclusive of contents); or

b) The value of the building (as shown in the most recent statement of values in this policy or on file with us) when insurance is written on a blanket basis. (For the purpose of this endorsement, blanket insurance covers two or more buildings, or a building(s) and its contents, under a single Limit of Insurance.)

However, if the building is subject to a lower Limit of Insurance (sub-limit) for the Covered Cause of Loss that caused the loss, then the 5% will be applied to that sub-limit.

d. Annual Aggregate

The following applies when payments are made under this endorsement as a result of one or more covered events in an annual policy term:

1) When payments reach the maximum amount of Disaster Rebuilding Expense Coverage, such coverage will not apply to a subsequent event which occurs in the same annual policy term.

2) When payments total less than the maximum amount of Disaster Rebuilding Expense Coverage, the balance will be available for additional expenses incurred in a subsequent event which occurs in the same annual policy term.

e. Debris Removal

Up to 20% of the amount payable for Disaster Rebuilding Expense Coverage may be used to cover

Debris Removal expense associated with the covered loss. This does not increase the maximum amount of Disaster Rebuilding Expense Coverage.

f. Ordinance or Law

When a building listed in the Property Declarations or Change Endorsement is also covered for Coverage **C** under the Ordinance Or Law Coverage endorsement (if a part of this policy), up to 20% of the amount payable for Additional Expense Coverage may be used to cover costs payable under Coverage **C**. This does not increase the maximum amount of Disaster Rebuilding Expense Coverage.

g. Newly Acquired Or Constructed Buildings

When a newly acquired or constructed building is covered under the terms of the Newly Acquired Or Constructed Property Coverage Extension, then coverage is extended for any building, and will be applied to the applicable Limit of Insurance for newly acquired or constructed buildings.

The result is the amount of Disaster Rebuilding Expense Coverage applicable to the newly acquired or constructed building, subject to all other terms of this endorsement.

h. In determining the expenses payable under this endorsement, we will deduct any expenses recovered under a Business Income and/or Extra Expense Coverage Form, if any, in this policy.

This extension may not be used to cover the deductible amount of any coverage provided by this policy.

8. Electronic Data

a. Under this Coverage, electronic data has the meaning described under Property Not Covered - Electronic Data.

b. Subject to the provisions of this Coverage, we will pay for the cost to replace or restore electronic data which has been destroyed or corrupted by a Covered Cause of Loss. To the extent that electronic data is not replaced or restored, the loss will be valued at the cost of replacement of the media on which the electronic data was stored, with blank media of substantially identical type.

c. The Covered Causes of Loss applicable to Your Business Personal Property apply to this Coverage Electronic Data, subject to the following:

- 1)** If the Causes of Loss - Special Form applies, coverage under this Coverage - Electronic Data is limited to the "specified causes of loss" as defined in that Form, and Collapse as set forth in that Form.
- 2)** The Covered Causes of Loss include a virus, harmful code or similar instruction introduced into or enacted on a computer system (including electronic data) or a network to which it is connected, designed to damage or destroy any part of the system or disrupt its normal operation. But there is no coverage for loss or damage caused by or resulting from manipulation of a computer system (including electronic data) by any "employee," including a temporary or leased "employee," or by an entity retained by you or for you to inspect, design, install, modify, maintain, repair or replace that system.

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

9. Fine Arts

You may extend the insurance provided by the applicable Coverage Form to apply to loss or damage to your "Fine Arts."

Loss or damage must be caused by or result from a Covered Cause of Loss. Exclusions **B. 1.a., 1.b., 1.e. and 1.g.** do not apply to this coverage extension.

We shall not pay for more than the value of your property as indicated on a sales slip or written appraisal

from a qualified appraiser.

"Fine Arts" means paintings, etchings, pictures, tapestries, stained or rare art glass, art glass windows, valuable rugs, statuary, marbles, bronzes, antique furniture, rare books, antique silver, manuscripts, porcelains, rare glass, bric-a-brac and similar property of rarity, historical value, or artistic merit.

10. Fire Department Service Charge, Additional Coverages **4.c.** of the applicable Coverage Form, Limit is increased to \$2,500.

No deductible applies to this coverage extension.

11. Fire Protective Devices

You may extend the insurance provided by the applicable Coverage Form to pay for the cost to recharge or refill any fire protective equipment when discharged

- a. To prevent or control a covered loss;
- b. Accidentally; or
- c. As a result of malfunction of the equipment.

12. Food Contamination

a. If the business described in the Property Declarations or Change Endorsement is ordered closed by the Board of Health or any other governmental authority as a result of the discovery or suspicion of "food contamination", we will pay:

- 1) Your expense to clean your equipment as required by the Board of Health or any other governmental authority;
- 2) Your cost to replace the food which is, or is suspected to be, contaminated;
- 3) Your expense to provide necessary medical tests or vaccinations for your employees (including temporary and leased employees) who are potentially infected by the "food contamination".

However, we will not pay for any expense that is otherwise covered under a Workers' Compensation Policy;

- 4) The loss of Business Income you sustain due to the necessary "suspension" of your "operations" as a result of the "food contamination". The coverage for Business Income will begin 72 hours after you receive notice of closing from the Board of Health or any other governmental authority; and
- 5) Additional advertising expenses you incur to restore your reputation.

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

- b. The applicable Limit is an annual aggregate limit and as such is the most we will pay for the total of all covered loss and expense caused by all occurrences in a 12-month period (starting with the beginning of the present annual policy period), regardless of the number of occurrences during that period of time. Thus, if the first occurrence does not exhaust the applicable Limit, then the balance of that Limit is available for a subsequent occurrence. If an occurrence begins during one annual policy period and ends during the following annual policy period, any Limit applicable to the following annual policy period will not apply to that occurrence.
- c. We will not pay any fines or penalties levied against you by the Board of Health or any other governmental authority as a result of the discovery or suspicion of "food contamination" at the described premises.
- d. With respect to the coverage provided under this endorsement, any exclusion of virus or bacteria in this policy does not apply.

For the purposes of this endorsement, "food contamination" means an outbreak of food poisoning or food-related illness of one or more persons arising out of:

- a. Tainted food you distributed or purchased;
- b. Food which has been improperly processed, stored, handled or prepared in the course of your business operations; or
- c. Food which has been contaminated by virus or bacteria transmitted through one or more of our

employees, including temporary and leased employees.

13. Inventory or Appraisal

You may extend the insurance provided under the applicable Coverage Form to apply to the following expenses you incur, as required by the applicable Coverage Form, to prepare a claim:

- a. The cost of taking inventories;
- b. The cost of making appraisals; and
- c. The cost of preparing a statement of loss and other supporting exhibits.

We will not pay for any expenses billed by and payable to independent or public insurance adjusters or for expenses to prepare claims not covered by the applicable Coverage Form.

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

14. Lessor's Additional Expenses

You may extend the insurance provided by the applicable Coverage form to apply to Covered Lessor's Additional Expenses **you** incur due to the cancellation of lease contracts by tenants resulting from direct physical loss of or damage to property at the premises described in the Property Declarations or Change Endorsement caused by or resulting from any Covered Cause of Loss.

a. Covered Lessor's Additional Expenses

1) **Loss of Lease Interest**, meaning the difference between the:

- a) Rent you were collecting at the described premises prior to the loss; and
- b) Rental value of the described premises.

Rent includes only the customary rent due at the beginning of the month or other rental period.

Rent does not include:

- a) Bonus Payment, meaning money paid to you to acquire a lease;
- b) Security or other deposits made by tenants; or
- c) Prepaid Rent.

As respects Loss of Lease Interest, we will not pay more than the lesser of:

- a) Your Loss of Lease Interest for the 12 months following the date when the property at the described premises should be repaired, rebuilt or replaced; or
- b) Your Loss of Lease interest for the period beginning with the date when the property at the described premises should be repaired, rebuilt or replaced and ending with the normal expiration date of each cancelled lease.

2) **Move Back Expenses**, meaning covered expenses **you** incur to move tenants forced to vacate the described premises because the portion of the building normally occupied by the tenant could not be occupied due to direct physical loss or damage to the described premises by a Covered Cause of Loss.

Covered expenses are:

- a) Costs you incur for packing, insuring, storing and moving your tenants' business personal property;
- b) Costs you incur to re-establish utility services used by your tenants;
- c) Costs you incur to install fixtures and equipment for use by your tenants;
- d) Costs you incur to unpack and set up stock and supplies for your tenants.

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

15. Lost Key Consequential Loss

You may extend the insurance provided by the applicable Coverage Form to pay for consequential loss to locks and keys if a master key is lost or damaged. This coverage does not apply to keys in the possession of former "employees." We will pay for:

- a. The actual cost of keys and
- b. Adjustment of locks to accept new keys; or

c. If required, new locks including the cost of their installation.

16. Non-Owned Detached Trailers, Coverage Extensions 5.f.(3) of the applicable Coverage Form, Limit is increased to the Blanket Limit of Insurance of this endorsement.

17. Outdoor Property

Paragraph **A.5.e.** of the applicable Coverage Form is amended as follows:

- a. The limit of insurance provided by this coverage extension is increased to the Blanket Limit of Insurance of this endorsement, but not more than \$1,000 for any one tree, shrub or plant.
- b. Reference to outdoor fences is removed.

18. Outdoor Fences

Outdoor fences are covered property. The Causes of Loss form on this policy applies.

Paragraph **A.2.q.** of the applicable Coverage Form is deleted and replaced with the following:

- q. The following property while outside of buildings:
 - 1) Grain, hay, straw or other crops;
 - 2) Radio or television antennas (including satellite dishes) and their lead-in wiring, masts or towers, trees, shrubs or plants (other than trees, shrubs or plants which are "stock" or are part of a vegetated roof), all except as provided in the Coverage Extensions.

If the Blanket Limit of Insurance is more than \$50,000, the most we will pay for loss or damage under this coverage is \$50,000.

19. Outdoor Light Poles

Outdoor light poles and lighting fixtures attached to those poles are considered outdoor fixtures.

20. Outdoor Signs

The \$2,500 limitation on outdoor signs in item **C. Limits of Insurance** is removed.

21. Personal Effects - Property of Others

The Coverage Extension for Personal Effects and Property of Others is deleted and replaced with the following:

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

- a. Personal effects owned by you, your officers, your partners or members, your managers or your "employees."
- b. Personal property of others in your care, custody or control except patterns, molds, models and die
- c. Patterns, Molds, Models and Dies of others in your care, custody or control.

This enhancement applies to Personal Effects and Personal Property of Others that is at the described premises or while in transit.

As respects Property of Others while in transit, we do not cover property of others that you are responsible for as:

- a. A carrier for hire; or
- b. An arranger of transportation; this includes carloader, consolidator, broker, freight forwarder, or shipping association.

The most we will pay for loss or damage under Extension **a.** and **b.** above is \$10,000 for any one occurrence at each described premises. The most we will pay for loss or damage under Extension **c.** above is \$25,000. Our payment for loss of or damage to Personal Property of Others will only be for the account of the owner of the property.

22. Pollutant Clean Up and Removal, Additional Coverages 4.d. of the applicable Coverage Form, Limit is increased to the Blanket Limit of Insurance of this endorsement.

23. Property Off-Premises, Coverage Extensions 5.d.(3) of the applicable Coverage Form, Limit is increased to the Blanket Limit of Insurance of this endorsement.

24. Property in Transit or in the Custody of Salespersons

The Additional Coverage Extension, Property In Transit, is deleted and replaced with the following:

You may extend the insurance that applies to your Business Personal Property to apply to your Covered Property that is more than 1,000 feet from the property line of the described premises while in transit, or in the custody of sales persons. We will pay for shipments by mail only if registered.

This enhancement also applies to covered property that you have sold and are shipping at the owner's risk.

We only cover property that you have sold when the shipment has been rejected by the owner because:

- a. the property is damaged; and
- b. the owner of the property has refused to pay you.

We do not cover property of others that you are responsible for as:

- a. a carrier for hire; or
- b. an arranger of transportation; this includes carloader, consolidator, broker, freight forwarder, or shipping association.

The most we will pay for loss or damage under this coverage is \$50,000.

25. Reward

You may extend the insurance provided by the applicable Coverage Form to pay a reward to any individual or group (except you, your officers or partners) for information which results in the arrest and conviction of any one person or group for committing or trying to commit any illegal act(s) relating to a loss covered by this policy. The most we will pay for loss or damage under this coverage is \$50,000.

26. Sewer, Drain or Sump Back Up or Overflow

You may extend the insurance under the Coverage Form to apply to direct physical damage and the actual loss of Business Income you sustain or necessary Extra Expense you incur caused by water and water-borne materials that back up or overflow from a sewer, drain or sump, sump pump or related equipment.

We will not pay for loss or damage under this Coverage if:

- 1) The loss occurs or is in progress within 5 days of the effective date of this coverage; or
- 2) There is direct damage due to flood, surface water or overflow of any body of water.

Item 1) of this paragraph does not apply when coverage is added at the policy inception or renewal date.

Causes of Loss, Exclusion **B.1.g.(3)**, **B.2.d.(2)**, **B.2.d.(7)(a)**, and **B.2.d.(7)(b)** do not apply to this Coverage.

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

27. Temperature - Humidity Change Coverage

You may extend the insurance that applies to your Business Personal Property to apply to damage to your "stock" caused by or resulting from a covered cause of loss to equipment that is owned by a utility, landlord, or other supplier with whom you have a written agreement or contract to provide you with any of the following services: electrical power, communications, waste disposal, air conditioning, refrigeration, heating, gas, air, water, or steam.

We will not pay for any loss or damage if you fail to use reasonable care to maintain all heating, cooling or humidity control equipment in proper operating condition.

28. Valuable Papers and Records (Other Than Electronic Data)

- a. You may extend the insurance that applies to Your Business Personal Property to apply to the cost to replace or restore the lost information on valuable papers and records for which duplicates do not exist. But this Extension does not apply to valuable papers and records which exist as electronic data. Electronic data has the meaning described under Property Not Covered - Electronic Data.
- b. The Causes of Loss - Special Form applies. Coverage under this Extension is limited to the "specified causes of loss" as defined in that Form, and Collapse as set forth in that Form.
- c. We will also pay for the cost of blank material for reproducing the records (whether or not duplicates exist), and (when there is a duplicate) for the cost of labor to transcribe or copy the records. The costs of blank material and labor are subject to the applicable Limit of Insurance on Your Business Personal Property and therefore coverage of such costs is not additional insurance.

29. Valuable Papers and Records (Other Than Electronic Data) at Storage Locations

- a. You may extend the insurance that applies to Your Business Personal Property to apply to the cost to replace or restore the lost information on valuable papers and records for which duplicates do not exist when those valuable papers and records are at a storage location not owned by you and not a described location. But this Extension does not apply to valuable papers and records which exist as electronic data. Electronic data has the meaning described under Property Not Covered - Electronic Data.
- b. The Causes of Loss - Special Form applies. Coverage under this Extension is limited to the "specified causes of loss" as defined in that Form, and Collapse as set forth in that Form.
- c. We will also pay for the cost of blank material for reproducing the records (whether or not duplicates exist), and (when there is a duplicate) for the cost of labor to transcribe or copy the records. The costs of blank material and labor are subject to the applicable Limit of Insurance on Your Business Personal Property and therefore coverage of such costs is not additional insurance.

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

B. Definitions

The following definition is added to the BUILDING AND PERSONAL PROPERTY COVERAGE FORM, the CONDOMINIUM ASSOCIATION COVERAGE FORM, the CONDOMINIUM COMMERCIAL UNIT-OWNERS COVERAGE FORM, and the CAUSES OF LOSS - SPECIAL FORM.

1. **"Employee"** means any natural person while in your service and for 30 days after termination of service. "Employee" includes leased workers but not temporary workers.

As respects compliance with certain provisions of the Employee Retirement Income Security Act (ERISA), "employee" also includes any natural person who is:

- a. A trustee, an officer, employee, administrator or a manager, except an administrator or a manager who is an independent contractor, of any Employee Welfare or Pension Benefit Plan (hereafter called Plan) insured under this insurance; and
- b. Your director or trustee while that person is handling funds or other property of any Plan insured under this insurance.

SECTION II – ADDITIONAL POLICY CHANGES AND CONDITIONS

- A. The BUILDING AND PERSONAL PROPERTY COVERAGE FORM is amended as follows:

1. Brand and Label

You may extend the insurance that applies to your Business Personal Property to apply to your expenses when you do not want to sell your damaged "stock" under your brand or label even though the damaged "stock" has a salvage value.

You have two options. You may:

- a. Remove the brand or label and then re-label the "stock" to comply with the law; or
- b. Label the damaged "stock" as salvage but, in doing so, cause no further damage to the "stock."

In either case, we will pay the difference between:

- a. The salvage value of the damaged "stock" with the brand or label attached; and
- b. The salvage value of the damaged "stock" with the brand or label removed.

2. Business Personal Property Limit - Seasonal Increase

- a. The Limit of Insurance for Business Personal Property will automatically increase by 25% to provide for seasonal variations.
- b. This increase will apply only if the Limit of Insurance shown for Business Personal Property in the Schedule, Declarations or Change Endorsement is at least 100% of your average monthly values during the lesser of:
 - 1) The 12 months immediately preceding the date the loss or damage occurs; or
 - 2) The period of time you have been in business as of the date the loss or damage occurs.

When insurance on Business Personal Property is written on a blanket basis, the amount of seasonal

increase will be based on the values shown in the most recent statement of values on file with us. However, if the Cause of Loss that applies to the loss has a sub-limit that is lower than the value shown in the most recent statement of values, the 25% seasonal increase will be applied to that sub-limit. This extension shall not increase the Blanket Limit of Insurance or any other limit shown in this endorsement.

3. Collapse of Gutters or Downspouts

In the Causes of Loss – Special Form under Additional Coverage – Collapse, the following cause of loss is added to **D.2.**:

- e. Weight of ice and snow that collects on gutters or downspouts.

4. Expanded Premises

The policy provisions which state coverage is provided within 100 feet of the building or within 100 feet of the described premises described in the Property Declarations or Change Endorsement are expanded to 1,000 feet.

5. Inflation Guard

- a. The Limits of Insurance (exclusive of this extension) applicable to the items shown on the Property Declarations or Change Endorsement of this policy and shown below are increased during the policy period by the proportion by which the latest published Index has increased since the last premium due date:
 - Buildings
 - Your Business Personal Property
 - Personal Property of Others
 - Business Income
 - Extra Expense
- b. At the premium due date, the Limits of Insurance will be increased automatically in accordance with the latest published Index and the appropriate premium charged.
- c. If the Limits of Insurance are changed at your request during the policy period, the effective date of this extension coincides with the effective date of such change.
- d. In this extension
 - 1) "Index" means:
 - a) For Buildings, the Commercial Building Cost Percent Change Factors published by Marshall & Swift/Boeckh relating to commercial construction.
 - b) For Your Business Personal Property, Personal Property of Others, Business Income and Extra Expenses the "Producer Price Index" for all finished goods published by the United States Department of Labor.
 - 2) "Premium due date" means the inception date of this policy or any renewal or anniversary date whichever is later.
- e. In no event will the Limits of Insurance be reduced by use of this extension to less than those shown at the premium due date.

6. Limits and Time Change for Newly Acquired Property

In the BUILDING AND PERSONAL PROPERTY COVERAGE FORM and CONDOMINIUM ASSOCIATION COVERAGE FORM:

The limit of \$250,000 is changed to \$500,000 in provision **A.5.a.(1)** of Newly Acquired or Constructed Property.

The limit of \$100,000 is changed to \$200,000 in provision **A.5.a.(2)** Your Business Personal Property.

The number of days is changed from 30 to 60 days in provision **A.5.a.(3)(b)** of Period of Coverage

In the CONDOMINIUM COMMERCIAL UNIT-OWNERS COVERAGE FORM:

The limit of \$100,000 is changed to \$200,000 in provision **A.5.a.(1)** Your Business Personal Property.

The number of days is changed from 30 to 60 days in provision **A.5.a.(3)(b)** of Period of Coverage.

7. No Coinsurance

The Coinsurance provisions as stated in the applicable Coverage Form are deleted.

8. Tenant's Glass

If you are a tenant, Your Business Personal Property is amended to include building glass, including lettering or ornamentation, provided that:

- a.** You are a tenant of the building shown in the Property Declarations or Change Endorsement; and
- b.** You have a contractual responsibility to insure the building glass, or a contractual responsibility to pay for loss or damage to that property.

The value of property covered under this coverage will be determined in accordance with the Valuation Condition in the applicable Coverage Form, or at the amount for which you are liable under contract, whichever is less. If required by law, glass is covered at the cost of replacement with safety glazing material. However, the most we will pay for this coverage is the Blanket Limit of Insurance of this endorsement.

9. Valuation

The following provisions are added:

f. Manufacturer's Selling Price (Finished "Stock" Only)

We will determine the value of finished "stock" you manufacture, in the event of loss or damage, at:

- 1)** The selling price, as if no loss or damage occurred;
- 2)** Less discounts and expenses you otherwise would have had.

g. Patterns, Molds, Models and Dies

We will determine the value of patterns, molds, models and dies of others in your care, custody or control, in the event of loss or damage, at:

- 1)** 100% of replacement cost if used within the three (3) year period preceding loss or damage.
- 2)** 50% of replacement cost if used within the last six (6) year period preceding loss or damage but not within three (3) years preceding loss or damage.
- 3)** Nothing if not used within the last six (6) years.

10. Coverage Extension

The Coverage Extension section of the BUILDING AND PERSONAL PROPERTY COVERAGE FORM, CONDOMINIUM ASSOCIATION COVERAGE FORM, and CONDOMINIUM COMMERCIAL UNIT OWNERS COVERAGE FORM is amended to remove the requirement that a Coinsurance percentage of 80% or more or a Value Reporting Period symbol be shown in the Schedule, Declarations or Change Endorsement.

11. Property Not Covered

The following are deleted from property not covered:

- g.** Foundations of buildings, structures, machinery or boilers if their foundations are below:
 - 1)** The lowest basement floor; or
 - 2)** The surface of the ground, if there is no basement;
- m.** Underground pipes, flues or drains

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

**EQUIPMENT BREAKDOWN COVERAGE
(Including Electronic Circuitry Impairment)**

This endorsement modifies insurance provided under the following:

BUILDING AND PERSONAL PROPERTY COVERAGE FORM
CAUSES OF LOSS - SPECIAL FORM

A. The following is added as an Additional Coverage to the Causes of Loss - Special Form.

Additional Coverage - Equipment Breakdown

The term Covered Cause of Loss includes the Additional Coverage Equipment Breakdown as described and limited below. Without an "accident" or "electronic circuitry impairment," there is no Equipment Breakdown Coverage.

1. We will pay for direct physical damage to Covered Property that is the direct result of an "accident" or "electronic circuitry impairment." We will consider "electronic circuitry impairment" to be physical damage to "covered equipment."
2. Unless otherwise shown in a Schedule, Declarations or Change Endorsement, the following coverages also apply to the direct result of an "accident" or "electronic circuitry impairment." However, with respect to coverage 2.h. Service Interruption below and any Dependent Properties coverage provided by this coverage part, coverage will apply only to the direct result of an "accident" and will not apply to the direct result of an "electronic circuitry impairment." These coverages do not provide additional amounts of insurance.
 - a. Business Income and Extra Expense
 - (1) Any insurance provided under the coverage part for Business Income or Extra Expense is extended to the coverage provided by this endorsement. However, if a deductible is shown in a Schedule, Declarations or Change Endorsement, then with respect to this endorsement only, the "period of restoration" will begin immediately after the "accident" or "electronic circuitry impairment," and the deductible shown in the Schedule, Declarations or Change Endorsement will apply.
 - (2) The most we will pay for loss or expense under this coverage is the applicable limit for Business Income and Extra Expense, unless otherwise shown in a Schedule, Declarations or Change Endorsement.
 - b. Data Restoration
 - (1) We will pay for your reasonable and necessary cost to research, replace and restore lost "data."
 - (2) The most we will pay for loss or expense under this coverage, including actual loss of Business Income you sustain and necessary Extra Expense you incur, if shown as covered, is \$100,000 unless otherwise shown in a Schedule, Declarations or Change Endorsement.
 - c. Expediting Expenses
 - (1) With respect to your damaged Covered Property, we will pay the reasonable extra cost to:
 - (a) Make temporary repairs; and
 - (b) Expedite permanent repairs or permanent replacement.
 - (2) The most we will pay for loss or expense under this coverage is \$100,000 unless otherwise shown in a Schedule, Declarations or Change Endorsement.
 - d. "Fungus," Wet Rot, Dry Rot And Bacteria
 - (1) We will pay your additional cost to repair or replace Covered Property because of contamination by "fungus," wet rot, dry rot or bacteria. This includes the additional costs to clean up or dispose

of such property. This does not include spoilage of personal property that is “perishable goods” to the extent that such spoilage is covered under Spoilage coverage.

- (2) As used in this coverage, additional costs mean those beyond what would have been payable under this Equipment Breakdown Coverage had no “fungus,” wet rot, dry rot or bacteria been involved.
- (3) We will also pay the cost of testing performed after repair or replacement of the damaged Covered Property is completed only to the extent that there is reason to believe there is the presence of “fungus,” wet rot, dry rot or bacteria.
- (4) This coverage does not apply to lawns, trees, shrubs or plants which are part of a vegetated roof.
- (5) The most we will pay in any “one equipment breakdown” for loss, damage or expense under this coverage, including actual loss of Business Income you sustain and necessary Extra Expense you incur, if shown as covered, is \$15,000 unless otherwise shown in a Schedule, Declarations or Change Endorsement even if the “fungus,” wet rot, dry rot or bacteria continues to be present or active or recurs in a later policy period.

e. Hazardous Substances

- (1) We will pay your additional cost to repair or replace Covered Property because of contamination by a “hazardous substance.” This includes the additional expenses to clean up or dispose of such property.
- (2) This does not include contamination of “perishable goods” by refrigerant, including but not limited to ammonia, which is addressed in 2.i.(1)(b) below. As used in this coverage, additional costs mean those beyond what would have been payable under this Equipment Breakdown Coverage had no “hazardous substance” been involved.
- (3) The most we will pay for loss, damage or expense under this coverage, including actual loss of Business Income you sustain and necessary Extra Expense you incur, if shown as covered, is \$100,000 unless otherwise shown in a Schedule, Declarations or Change Endorsement.

f. Off Premises Equipment Breakdown

- (1) We will pay for physical damage to transportable “covered equipment” that, at the time of the “accident” or “electronic circuitry impairment,” is not at a covered location. As respects this Off Premises Equipment Breakdown coverage only, the “accident” or “electronic circuitry impairment” may occur in any country except one in which the United States has imposed sanctions, embargoes or similar restrictions on the provision of insurance.
- (2) We will also pay for your reasonable and necessary cost to research, replace and restore lost “data” contained within “covered equipment” as described under (1) above. This amount may not exceed the limit applicable to Data Restoration coverage.
- (3) The most we will pay for loss, damage or expense under this coverage, including actual loss of Business Income you sustain and necessary Extra Expense you incur, if shown as covered, and Data Restoration as described in (2) above is \$100,000 unless otherwise shown in a Schedule, Declarations or Change Endorsement..

g. Public Relations

- (1) This coverage only applies if you have sustained an actual loss of Business Income covered under this endorsement.
- (2) We will pay for your reasonable costs for professional services to create and disseminate communications, when the need for such communications arises directly from the interruption of your business. This communication must be directed to one or more of the following:
 - (a) The media;
 - (b) The public; or
 - (c) Your customers, clients or members.
- (3) Such costs must be incurred during the “period of restoration” or up to 30 days after the “period of restoration” has ended.
- (4) The most we will pay for loss or expense under this coverage is \$5,000 unless otherwise shown

in a Schedule, Declarations or Change Endorsement.

h. Service Interruption

- (1)** Any insurance provided for Business Income, Extra Expense, Data Restoration or Spoilage is extended to apply to your loss, damage or expense caused by a failure or disruption of service. The failure or disruption of service must be caused by an “accident” to equipment, including overhead transmission lines, that is owned by a utility, landlord, a landlord’s utility or other supplier who provides you with any of the following services: electrical power, waste disposal, air conditioning, refrigeration, heating, natural gas, compressed air, water, steam, Internet access, telecommunications services, “cloud computing services,” wide area networks or data transmission. The equipment must meet the definition of “covered equipment” except that it is not Covered Property.
- (2)** “Cloud computing services” must be provided by a professional provider with whom you have a contract.
- (3)** With respect to the Data Restoration portion of this Service Interruption coverage, coverage will also apply to “data” stored in the equipment of a provider of “cloud computing services.”
- (4)** Unless otherwise shown in a Schedule, Declarations or Change Endorsement, any insurance provided for Business Income or Data Restoration will not apply under this Service Interruption coverage unless the failure or disruption of service exceeds 24 hours immediately following the “accident.” If the interruption exceeds 24 hours, coverage will begin at the time of the disruption, and the applicable deductible will apply.
- (5)** The most we will pay in any “one equipment breakdown” for loss, damage or expense under this coverage is the applicable limit for Business Income, Extra Expense, Data Restoration or Spoilage, except that if a limit is shown in a Schedule, Declarations or Change Endorsement for Service Interruption, that limit will apply to Business Income and Extra Expense loss under this coverage.

i. Spoilage

- (1)** We will pay for:
 - (a)** Physical damage to “perishable goods” due to spoilage;
 - (b)** Physical damage to “perishable goods” due to contamination from the release of refrigerant, including but not limited to ammonia;
 - (c)** Any necessary expenses you incur to reduce the amount of loss under this coverage to the extent that they do not exceed the amount of loss that otherwise would have been payable under this coverage.
- (2)** If you are unable to replace the “perishable goods” before its anticipated sale, the amount of our payment will be determined on the basis of the sales price of the “perishable goods” at the time of the “accident” or “electronic circuitry impairment,” less discounts and expenses you otherwise would have had. Otherwise our payment will be determined in accordance with the Valuation condition.
- (3)** The most we will pay for loss, damage or expense under this coverage is \$100,000 unless otherwise shown in a Schedule, Declarations or Change Endorsement.

3. EXCLUSIONS

All exclusions in the applicable Causes of Loss form apply except as modified below and to the extent that coverage is specifically provided by this endorsement.

a. The following exclusions are modified:

If the Causes of Loss—Special Form applies, with respect to this endorsement only, the last paragraph of Exclusion B.2.d. is deleted and replaced with the following:

But if an excluded cause of loss that is listed in 2.d.(1) through (7) results in an “accident” or “electronic circuitry impairment,” we will pay for the loss, damage or expense caused by that “accident” or “electronic circuitry impairment.”

b. The following exclusions are added:

- (1)** We will not pay for loss, damage or expense caused by or resulting from:
 - a hydrostatic, pneumatic or gas pressure test of any boiler or pressure vessel, or an electrical insulation breakdown test of any type of electrical equipment.
- (2)** Coverage under this endorsement does not apply to an “accident” or “electronic circuitry impairment” caused by or resulting from:
 - (a)** Fire (including fire resulting from an “accident” or “electronic circuitry impairment”), or water or other means used to extinguish a fire;
 - (b)** Explosion of gas or unconsumed fuel within the furnace of any boiler or fired vessel or within the passages from that furnace to the atmosphere;
 - (c)** Any other explosion, except as specifically covered under this endorsement;
 - (d)** Vandalism;
 - (e)** Lightning; windstorm or hail; smoke; aircraft or vehicles; riot or civil commotion; sprinkler leakage; elevator collision;
 - (f)** Breakage of glass; falling objects; weight of snow, ice or sleet; freezing (caused by cold weather); collapse or molten material;
 - (g)** Flood, surface water, waves, tides, tidal waves, overflow of any body of water, or their spray, all whether driven by wind or not; mudslide or mudflow; or water that backs up or overflows from a sewer, drain or sump. However, if electrical “covered equipment” requires drying out because of the above, we will pay for the direct expenses of such drying out subject to the applicable Limit of Insurance and deductible for Building or Business Personal Property, whichever applies;
 - (h)** Any earth movement, including but not limited to earthquake, subsidence, sinkhole collapse, landslide, earth sinking, tsunami or volcanic action.
- (3)** With respect to Business Income, Extra Expense and Service Interruption coverages, we will also not pay for any increase in loss resulting from an agreement between you and your customer or supplier.
- (4)** Except as specifically provided under A.2.d. “Fungus,” Wet Rot, Dry Rot And Bacteria coverage we will not pay for loss, damage or expense caused directly or indirectly by the following, whether or not caused by or resulting from an “accident” or “electronic circuitry impairment”: Any “fungus,” wet rot, dry rot or bacteria, including any presence, growth, proliferation, spread or any activity of “fungus,” wet rot, dry rot or bacteria. This includes, but is not limited to, costs arising from clean up, removal, or abatement of such “fungus,” wet rot, dry rot or bacteria. However, this exclusion does not apply to spoilage of personal property that is “perishable goods,” to the extent that such spoilage is covered under Spoilage coverage.

(5) We will not pay for any loss or damage to animals.

c. Exclusions b.(2)(e) and b.(2)(f) above shall not apply if:

- (1)** The excluded cause of loss occurs away from any covered location and causes an electrical surge or other electrical disturbance;
- (2)** Such surge or disturbance is transmitted through utility service transmission lines to the covered location and results in an “accident” or “electronic circuitry impairment”; and
- (3)** The loss, damage or expense caused by such surge or disturbance is not covered elsewhere under the policy.

d. Any cause of loss set forth in exclusion b.(2)(f) above that is not a Covered Cause of Loss in this coverage part shall apply only as respects Service Interruption coverage.

4. DEFINITIONS

The following definitions are added with respect to this endorsement only:

a. “Accident”

- (1)** “Accident” means a fortuitous event that causes direct physical damage to “covered equipment.” The event must be one of the following:

- (a) Mechanical breakdown, including rupture or bursting caused by centrifugal force;
 - (b) Artificially generated electrical current, including electric arcing, that disturbs electrical devices, appliances or wires;
 - (c) Explosion of steam boilers, steam pipes, steam engines or steam turbines owned or leased by you, or operated under your control;
 - (d) Loss or damage to steam boilers, steam pipes, steam engines or steam turbines caused by or resulting from any condition or event inside such equipment; or
 - (e) Loss or damage to hot water boilers or other water heating equipment caused by or resulting from any condition or event inside such boilers or equipment.
- (2) None of the following is an “accident”:
- (a) Defect, programming error, programming limitation, computer virus, malicious code, loss of “data,” loss of access, loss of use, loss of functionality or other condition within or involving “data” or “media” of any kind; or
 - (b) Misalignment, miscalibration, tripping off-line, or any condition which can be corrected by resetting, tightening, adjusting or cleaning, or by the performance of maintenance.
- However, if an “accident” results, we will pay for the resulting loss, damage or expense caused by that “accident.”

b. “Boilers and vessels” means:

- (1) Any boiler, including attached steam, condensate and feedwater piping; and
- (2) Any fired or unfired pressure vessel subject to vacuum or internal pressure other than the static pressure of its contents.

This term does not appear elsewhere in this endorsement, but may appear in a Schedule, Declarations or Change Endorsement.

c. “Cloud computing services” means professional, on-demand, self-service data storage or data processing services provided through the Internet or over telecommunications lines. This includes services known as IaaS (infrastructure as a service), PaaS (platform as a service), SaaS (software as a service) and NaaS (network as a service). This includes business models known as public clouds, community clouds and hybrid clouds. “Cloud computing services” include private clouds if such services are owned and operated by a third party.

d. “Covered equipment”

- (1) “Covered equipment” means, unless otherwise specified in a Schedule, Declarations or Change Endorsement, Covered Property:
 - (a) That generates, transmits or utilizes energy; or
 - (b) Which, during normal usage, operates under vacuum or pressure, other than the weight of its contents.

“Covered equipment” may utilize conventional design and technology or new or newly commercialized design and technology.

(2) None of the following is “covered equipment”:

- (a) Structure, foundation, cabinet or compartment;
- (b) Insulating or refractory material;
- (c) Sewer piping, buried vessels or piping, or piping forming a part of a sprinkler or fire suppression system;
- (d) Water piping other than boiler feedwater piping, boiler condensate return piping or water piping forming a part of a refrigerating or air conditioning system;
- (e) “Vehicle” or any equipment mounted on a “vehicle”;
- (f) Satellite, spacecraft or any equipment mounted on a satellite or spacecraft;
- (g) Dragline, excavation or construction equipment; or
- (h) Equipment manufactured by you for sale.

- e. "Data" means information or instructions stored in digital code capable of being processed by machinery.
- f. "Electronic circuitry" means microelectronic components, including but not limited to circuit boards, integrated circuits, computer chips and disk drives.
- g. "Electronic circuitry impairment"
 - (1) "Electronic circuitry impairment" means a fortuitous event involving "electronic circuitry" within "covered equipment" that causes the "covered equipment" to suddenly lose its ability to function as it had been functioning immediately before such event. This definition is subject to the conditions specified in (2), (3) and (4) below.
 - (2) We shall determine that the reasonable and appropriate remedy to restore such "covered equipment's" ability to function is the replacement of one or more "electronic circuitry" components of the "covered equipment."
 - (3) The "covered equipment" must be owned or leased by you, or operated under your control.
 - (4) None of the following is an "electronic circuitry impairment":
 - (a) Any condition that can be reasonably remedied by:
 - i. Normal maintenance, including but not limited to replacing expendable parts, recharging batteries or cleaning;
 - ii. Rebooting, reloading or updating software or firmware; or
 - iii. Providing necessary power or supply.
 - (b) Any condition caused by or related to:
 - i. Incompatibility of the "covered equipment" with any software or equipment installed, introduced or networked within the prior 30 days; or
 - ii. Insufficient size, capability or capacity of the "covered equipment."
 - (c) Exposure to adverse environmental conditions, including but not limited to change in temperature or humidity, unless such conditions result in an observable loss of functionality. Loss of warranty shall not be considered an observable loss of functionality.
- h. "Hazardous substance" means any substance that is hazardous to health or has been declared to be hazardous to health by a governmental agency.
- i. "Media" means material on which "data" is recorded, such as solid state drives, hard disks, optical disks, flash drives, magnetic tapes or floppy disks.
- j. "One equipment breakdown" means: If an initial "accident" or "electronic circuitry impairment" causes other "accidents" or "electronic circuitry impairments," all will be considered "one equipment breakdown." All "accidents" or "electronic circuitry impairments" that are the result of the same "accident" or "electronic circuitry impairment" will be considered "one equipment breakdown."
- k. "Perishable goods" means personal property maintained under controlled conditions for its preservation, and susceptible to loss or damage if the controlled conditions change.
- l. "Production machinery" means any machine or apparatus that processes or produces a product intended for eventual sale. This includes all component parts of such machine or apparatus and any other equipment used exclusively with such machine or apparatus. However, "production machinery" does not mean any boiler, or fired or unfired pressure vessel. This term does not appear elsewhere in this endorsement, but may appear in a Schedule, Declarations or Change Endorsement.
- m. "Schedule" means the Equipment Breakdown Coverage Schedule.
- n. "Vehicle" means any machine or apparatus that is used for transportation or moves under its own power. "Vehicle" includes, but is not limited to: car, truck, bus, trailer, train, aircraft, watercraft, forklift, bulldozer, tractor or harvester.
 However, any property that is stationary, permanently installed at a covered location and that receives electrical power from an external power source will not be considered a "vehicle."

B. The Building and Personal Property Coverage Form is modified as follows.

The definitions stated above also apply to section B. of this endorsement.

1. DEDUCTIBLE

The deductible in the Declarations applies unless a separate Equipment Breakdown deductible is shown in a Schedule, Declarations or Change Endorsement. If a separate Equipment Breakdown deductible is shown, the following applies.

Only as regards Equipment Breakdown Coverage, provision D. DEDUCTIBLE is deleted and replaced with the following:

a. Deductibles for Each Coverage

- (1) Unless the Schedule, Declarations or Change Endorsement indicates that your deductible is combined for all coverages, multiple deductibles may apply to any "one equipment breakdown."
- (2) We will not pay for loss, damage or expense under any coverage until the amount of the covered loss, damage or expense exceeds the deductible amount indicated for that coverage in the Schedule, Declarations or Change Endorsement. We will then pay the amount of loss, damage or expense in excess of the applicable deductible amount, subject to the applicable limit.
- (3) If deductibles vary by type of "covered equipment" and more than one type of "covered equipment" is involved in any "one equipment breakdown," only the highest deductible for each coverage will apply.

b. Direct and Indirect Coverages

- (1) Direct Coverages Deductibles and Indirect Coverages Deductibles may be indicated in the Schedule, Declarations or Change Endorsement.
- (2) Unless more specifically indicated in the Schedule, Declarations or Change Endorsement:
 - (a) Indirect Coverages Deductibles apply to Business Income and Extra Expense loss; and
 - (b) Direct Coverages Deductibles apply to all remaining loss, damage or expense covered by this endorsement.

c. Application of Deductibles

(1) Dollar Deductibles

We will not pay for loss, damage or expense resulting from any "one equipment breakdown" until the amount of loss, damage or expense exceeds the applicable deductible shown in the Schedule, Declarations or Change Endorsement. We will then pay the amount of loss, damage or expense in excess of the applicable deductible or deductibles, up to the applicable Limit of Insurance.

(2) Time Deductible

If a time deductible is shown in the Schedule, Declarations or Change Endorsement, we will not be liable for any loss occurring during the specified number of hours or days immediately following the "accident" or "electronic circuitry impairment." If a time deductible is expressed in days, each day shall mean twenty-four consecutive hours.

(3) Multiple of Average Daily Value (ADV)

If a deductible is expressed as a number times ADV, that amount will be calculated as follows: The ADV (Average Daily Value) will be the Business Income (as defined in any Business Income coverage that is part of this policy) that would have been earned during the period of interruption of business had no "accident" or "electronic circuitry impairment" occurred, divided by the number of working days in that period. No reduction shall be made for the Business Income not being earned, or in the number of working days, because of the "accident" or "electronic circuitry impairment" or any other scheduled or unscheduled shutdowns during the period of interruption. The ADV applies to the Business Income value of the entire location, whether or not the loss affects the entire location. If more than one location is included in the valuation of the loss, the ADV will be the combined value of all affected locations. For purposes of this calculation, the period of interruption may not extend beyond the "period of restoration." The number indicated in the Schedule, Declarations or Change Endorsement will be multiplied by the ADV as determined above. The result shall be used as the applicable deductible.

(4) Percentage of Loss Deductibles

If a deductible is expressed as a percentage of loss, we will not be liable for the indicated percentage of the gross amount of loss, damage or expense (prior to any applicable deductible or coinsurance) insured under the applicable coverage. If the dollar amount of such percentage is less than the indicated minimum deductible, the minimum deductible will be the applicable deductible.

2. CONDITIONS

- a. The following conditions are in addition to the Conditions in the Building and Personal Property Coverage Form, the Commercial Property Conditions and the Common Policy Conditions.

(1) Suspension

Whenever "covered equipment" is found to be in, or exposed to, a dangerous condition, any of our representatives may immediately suspend the insurance against loss from an "accident" or "electronic circuitry impairment" to that "covered equipment." This can be done by mailing or delivering a written notice of suspension to:

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

Once suspended in this way, your insurance can be reinstated only by an endorsement for that "covered equipment." If we suspend your insurance, you will get a pro rata refund of premium for that "covered equipment" for the period of suspension. But the suspension will be effective even if we have not yet made or offered a refund.

(2) Jurisdictional Inspections

If any property that is "covered equipment" under this endorsement requires inspection to comply with state or municipal boiler and pressure vessel regulations, we agree to perform such inspection on your behalf. We do not warrant that conditions are safe or healthful.

(3) Coinsurance

If a coinsurance percentage is shown in a Schedule, Declarations or Change Endorsement for specified coverages, the following condition applies.

We will not pay for the full amount of your loss if the applicable limit is less than the product of the specified coinsurance percentage times the value of the property subject to the coverage at the time of the loss. Instead, we will determine what percentage this calculated product is compared to the applicable limit and apply that percentage to the gross amount of loss. We will then subtract the applicable deductible. The resulting amount, or the applicable limit, is the most we will pay. We will not pay for the remainder of the loss. Coinsurance applies separately to each insured location

- b. As respects this endorsement only, the Valuation Condition in the Building and Personal Property Coverage Form is deleted and replaced with the following:

Valuation

We will determine the value of Covered Property as follows:

- (1) Except as specified otherwise, our payment for damaged Covered Property will be the smallest of:
 - (a) The cost to repair the damaged property;
 - (b) The cost to replace the damaged property on the same site; or
 - (c) The amount you actually spend that is necessary to repair or replace the damaged property.
- (2) The amount of our payment will be based on the most cost-effective means to replace the function, capacity and remaining useful life of the damaged property. This may include the use of generic, used or reconditioned parts, equipment or property.
- (3) Except as described in (4) below, you must pay the extra cost of replacing damaged property with property of a better kind or quality or of a different size or capacity.
- (4) Environmental, Safety and Efficiency Improvements
If "covered equipment" requires replacement due to an "accident" or "electronic circuitry

impairment,” we will pay your additional cost to replace with equipment that is better for the environment, safer for people or more energy or water efficient than the equipment being replaced. However, we will not pay to increase the size or capacity of the equipment and we will not pay more than 150% of what the cost would have been to replace with like kind and quality.

This provision does not apply to the replacement of component parts or to any property to which Actual Cash Value applies and does not increase any of the applicable limits.

- (5)** The following property will be valued on an Actual Cash Value basis:
- (a)** Any property that does not currently serve a useful or necessary function for you;
 - (b)** Any Covered Property that you do not repair or replace within 24 months after the date of the “accident” or “electronic circuitry impairment”; and
 - (c)** Any Covered Property for which Actual Cash Value coverage is specified in a Schedule, Declarations or Change Endorsement.

Actual Cash Value includes deductions for depreciation.

- (6)** If any one of the following conditions is met, property held for sale by you will be valued at the sales price as if no loss or damage had occurred, less any discounts and expenses that otherwise would have applied:
- (a)** The property was manufactured by you;
 - (b)** The sales price of the property is less than the replacement cost of the property; or
 - (c)** You are unable to replace the property before its anticipated sale.
- (7)** Except as specifically provided for under Data Restoration coverage, “data” and “media” will be valued on the following basis:
- (a)** For mass produced and commercially available software, at the replacement cost.
 - (b)** For all other “data” and “media,” at the cost of blank “media” for reproducing the records. We will not pay for “data” representing financial records based on the face value of such records.

The most we will pay for loss, damage or expense under this endorsement arising from any “one equipment breakdown” is the applicable Limit of Insurance in the Declarations unless otherwise shown in a Schedule, Declarations or Change Endorsement. Coverage provided under this endorsement does not provide an additional amount of insurance.

COLORADO CHANGES
Amendatory Endorsement

This endorsement changes the policy. Please read it carefully.

This endorsement modifies the insurance provided under the following:

Cyber Suite Coverage

E. ADDITIONAL CONDITIONS, 5. Extended Reporting Periods, paragraph **b.(2)** is deleted and replaced with the following:

- (2)** Upon payment of the additional premium of 100% of the full annual premium associated with the relevant coverage, a Supplemental Extended Reporting Period of one year immediately following the effective date of the "termination of coverage" during which you may first receive notice of a "claim" or "regulatory proceeding" arising directly from a "wrongful act" occurring before the end of the "policy period" and which is otherwise insured by this coverage endorsement.

To obtain the Supplemental Extended Reporting Period, you must request it in writing and pay the additional premium due, within 60 days after the effective date of "termination of coverage". The additional premium for the Supplemental Extended Reporting Period will be fully earned at the inception of the Supplemental Extended Reporting Period. If we do not receive the written request as required, you may not exercise this right at a later date.

This insurance, provided during the Supplemental Extended Reporting Period, is excess over any other valid and collectible insurance that begins or continues in effect after the Supplemental Extended Reporting Period becomes effective, whether the other insurance applies on a primary, excess, contingent, or any other basis.

Upon your request, you shall be provided within 30 days thereafter, sufficient information about closed or paid claims, claims for which the company has established reserves, and claims for which the company has received notices of occurrences which could give rise to claims to allow you to determine how much of your aggregate coverage remains available under the policy.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

CYBER SUITE COVERAGE

This endorsement modifies the following:

- BUILDING AND PERSONAL PROPERTY COVERAGE FORM
- CONDOMINIUM ASSOCIATION COVERAGE FORM
- CONDOMINIUM COMMERCIAL UNIT-OWNERS COVERAGE FORM

Coverage under this endorsement is subject to the following **SCHEDULE ***:

DATA COMPROMISE RESPONSE EXPENSES

Data Compromise
Response Expenses Limit: \$ 50,000
Annual Aggregate

Sublimits

- 1st Party Named Malware** \$ 50,000
- Forensic IT Review:** \$ 25,000
- Legal Review:** \$ 25,000
- Public Relations:** \$ 5,000
- Regulatory Fines and Penalties:** \$ 25,000
- PCI Fines and Penalties:** \$ 25,000

Per Occurrence

Data Compromise Response
Expenses Deductible: \$ 1,000
Per Occurrence

COMPUTER ATTACK and CYBER EXTORTION

Computer Attack Limit \$ 50,000
Annual Aggregate

Sublimits

- Loss of Business:** \$ 25,000
- Public Relations:** \$ 5,000
- Cyber Extortion:** \$ 10,000

Per Occurrence

Computer Attack and Cyber Extortion Deductible \$ 1,000
Per Occurrence

DATA COMPROMISE LIABILITY

Data Compromise
Defense and Liability Limit: \$ 50,000
Annual Aggregate

Sublimits

- 3rd Party Named Malware** \$ 50,000
Per Occurrence

Data Compromise
Defense and Liability Deductible: \$ 1,000
Per Occurrence

NETWORK SECURITY LIABILITY

Network Security Liability Limit \$ 50,000
Annual Aggregate

Network Security Liability Deductible \$ 1,000
Per Occurrence

ELECTRONIC MEDIA LIABILITY

Electronic Media Liability Limit \$ 50,000
Annual Aggregate

Electronic Media Liability Deductible \$ 1,000
Per Occurrence

IDENTITY RECOVERY

Identity Recovery Limit \$ 25,000
Annual Aggregate per "Identity Recovery Insured"

Sublimits

**Lost Wages and Child and
Elder Care Expenses:** \$ 5,000
Mental Health Counseling: \$ 1,000
Miscellaneous Unnamed Costs: \$ 1,000

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

Throughout this coverage endorsement (hereinafter referred to as "Cyber Coverage"), the words "you" and "your" refer to the Named Insured(s) shown in the Schedule above, Declarations or Change Endorsement of this Cyber Coverage and any other person(s) or organization(s) qualifying as a Named Insured under this Cyber Coverage. The words "we", "us" and "our" refer to the company providing this insurance.

Other words and phrases that appear in quotations have special meaning. Refer to DEFINITIONS.

The terms and conditions of the Cancellation Clause of the Common Policy Conditions and any amendment to such terms incorporated by endorsement are hereby incorporated herein and shall apply to coverage as is afforded by this Cyber Coverage, unless specifically stated otherwise in an endorsement(s) attached hereto.

A. COVERAGE

This section lists the coverages that apply if indicated in the Schedule above, Declarations or Change Endorsement.

1. Data Compromise Response Expenses

- a. Data Compromise Response Expenses applies only if all of the following conditions are met:
 - (1) There has been a "personal data compromise"; and
 - (2) Such "personal data compromise" took place in the "coverage territory"; and
 - (3) Such "personal data compromise" is first discovered by you during the "policy period"; and
 - (4) Such "personal data compromise" is reported to us as soon as practicable, but in no event more than 60 days after the date it is first discovered by you.

- b.** If the conditions listed in **a.** above have been met, then we will provide coverage for the following expenses when they arise directly from such “personal data compromise” and are necessary and reasonable. Items **(4)** and **(5)** below apply only if there has been a notification of the “personal data compromise” to “affected individuals” as covered under item **(3)** below.

(1) Forensic IT Review

We will pay for a professional information technologies review if needed to determine, within the constraints of what is possible and reasonable, the nature and extent of the “personal data compromise” and the number and identities of the “affected individuals”.

This does not include costs to analyze, research or determine any of the following:

- (a)** Vulnerabilities in systems, procedures or physical security;
- (b)** Compliance with Payment Card Industry or other industry security standards; or
- (c)** The nature or extent of loss or damage to data that is not “personally identifying information or “personally sensitive information”.

If there is reasonable cause to suspect that a covered “personal data compromise” may have occurred, we will pay for costs covered under Forensic IT Review, even if it is eventually determined that there was no covered “personal data compromise”. However, once it is determined that there was no covered “personal data compromise”, we will not pay for any further costs.

(2) Legal Review

We will pay for a professional legal counsel review of the “personal data compromise” and how you should best respond to it.

If there is reasonable cause to suspect that a covered “personal data compromise” may have occurred, we will pay for costs covered under Legal Review, even if it is eventually determined that there was no covered “personal data compromise”. However, once it is determined that there was no covered “personal data compromise”, we will not pay for any further costs.

(3) Notification to Affected Individuals

We will pay your necessary and reasonable costs to provide notification of the “personal data compromise” to “affected individuals”.

(4) Services to Affected Individuals

We will pay your necessary and reasonable costs to provide the following services to “affected individuals”. Services **(c)** and **(d)** below apply only to “affected individuals” from “personal data compromise” events involving “personally identifying information”.

(a) Informational Materials

A packet of loss prevention and customer support information.

(b) Help Line

A toll-free telephone line for “affected individuals” with questions about the “personal data compromise”. Where applicable, the line can also be used to request additional services as listed in **(c)** and **(d)** below.

(c) Credit Report and Monitoring

A credit report and an electronic service automatically monitoring for activities affecting an individual’s credit records. This service is subject to the “affected individual” enrolling for this service with the designated service provider.

(d) Identity Restoration Case Management

As respects any “affected individual” who is or appears to be a victim of “identity theft” that

may reasonably have arisen from the “personal data compromise”, the services of an identity restoration professional who will assist that “affected individual” through the process of correcting credit and other records and, within the constraints of what is possible and reasonable, restoring control over his or her personal identity.

(5) Public Relations

We will pay for a professional public relations firm review of and response to the potential impact of the “personal data compromise” on your business relationships.

This includes necessary and reasonable costs to implement public relations recommendations of such firm. This may include advertising and special promotions designed to retain your relationship with “affected individuals”. However, we will not pay for:

(a) Promotions provided to any of your directors or employees; or

(b) Promotion costs exceeding \$25 per “affected individual”.

(6) Regulatory Fines and Penalties

We will pay for any fine or penalty imposed by law, to the extent such fine or penalty is legally insurable under the law of the applicable jurisdiction.

(7) PCI Fines and Penalties

We will pay for any Payment Card Industry fine or penalty imposed under a contract to which you are a party. PCI Fines and Penalties do not include any increased transaction costs.

2. Computer Attack and Cyber Extortion

a. Computer Attack applies only if all of the following conditions are met:

(1) There has been a “computer attack”; and

(2) Such “computer attack” occurred in the “coverage territory”; and

(3) Such “computer attack” is first discovered by you during the “policy period”; and

(4) Such “computer attack” is reported to us as soon as practicable, but in no event more than 60 days after the date it is first discovered by you.

b. If the conditions listed in **a.** above have been met, then we will provide you the following coverages for “loss” directly arising from such “computer attack”.

(1) Data Restoration

We will pay your necessary and reasonable “data restoration costs”.

(2) Data Re-creation

We will pay your necessary and reasonable “data re-creation costs”.

(3) System Restoration

We will pay your necessary and reasonable “system restoration costs”.

(4) Loss of Business

We will pay your actual “business income and extra expense loss”.

(5) Public Relations

If you suffer a covered “business income and extra expense loss”, we will pay for the services of a professional public relations firm to assist you in communicating your response to the “computer attack” to the media, the public and your customers, clients or members.

c. Cyber Extortion applies only if all of the following conditions are met:

(1) There has been a “cyber extortion threat”; and

- (2) Such “cyber extortion threat” is first made against you during the “policy period”; and
- (3) Such “cyber extortion threat” is reported to us as soon as practicable, but in no event more than 60 days after the date it is first made against you.
- d. If the conditions listed in c. above have been met, then we will pay for your necessary and reasonable “cyber extortion expenses” arising directly from such “cyber extortion threat”. The payment of “cyber extortion expenses” must be approved in advance by us. We will not pay for “cyber extortion expenses” that have not been approved in advance by us. We will not unreasonably withhold our approval.
- e. You must make every reasonable effort not to divulge the existence of this Cyber Extortion coverage.

3. Data Compromise Liability

- a. Data Compromise Liability applies only if all of the following conditions are met:
 - (1) During the “policy period” or any applicable Extended Reporting Period, you first receive notice of one of the following:
 - (a) A “claim” brought by or on behalf of one or more “affected individuals”; or
 - (b) A “regulatory proceeding” brought by a governmental entity.
 - (2) Such “claim” or “regulatory proceeding” must arise from a “personal data compromise” that:
 - (a) Took place during the “coverage term”;
 - (b) Took place in the “coverage territory”; and
 - (c) Was submitted to us and insured under Data Compromise Response Expenses.
 - (3) Such “claim” is reported to us as soon as practicable, but in no event more than 60 days after the date it is first received by you.
- b. If the conditions listed in a. above have been met, then we will pay on behalf of you:
 - (1) “Loss” directly arising from the “claim”; or
 - (2) “Defense costs” directly arising from a “regulatory proceeding”.
- c. All “claims” and “regulatory proceedings” arising from a single “personal data compromise” or interrelated “personal data compromises” will be deemed to have been made at the time that notice of the first of those “claims” or “regulatory proceedings” is received by you.

4. Network Security Liability

- a. Network Security Liability applies only if all of the following conditions are met:
 - (1) During the “policy period” or any applicable Extended Reporting Period, you first receive notice of a “claim” which arises from a “network security incident” that:
 - (a) Took place during the “coverage term”; and
 - (b) Took place in the “coverage territory”; and
 - (2) Such “claim” is reported to us as soon as practicable, but in no event more than 60 days after the date it is first received by you.
- b. If the conditions listed in a. above have been met, then we will pay on behalf of you “loss” directly arising from the “claim”.
- c. All “claims” arising from a single “network security incident” or interrelated “network security incidents” will be deemed to have been made at the time that notice of the first of those “claims” is received by you.

5. Electronic Media Liability

- a. Electronic Media Liability applies only if all of the following conditions are met:
 - (1) During the “policy period” or any applicable Extended Reporting Period, you first receive notice of a “claim” which arises from an “electronic media incident” that:
 - (a) Took place during the “coverage term”; and
 - (b) Took place in the “coverage territory”; and
 - (2) Such “claim” is reported to us as soon as practicable, but in no event more than 60 days after the date it is first received by you.
- b. If the conditions listed in a. above have been met, then we will pay on behalf of you “loss” directly arising from the “claim”.
- c. All “claims” arising from a single “electronic media incident” or interrelated “electronic media incidents” will be deemed to have been made at the time that notice of the first of those “claims” is received by you.

6. Identity Recovery

- a. Identity Recovery applies only if all of the following conditions are met:
 - (1) There has been an “identity theft” involving the personal identity of an “identity recovery insured” under this coverage endorsement; and
 - (2) Such “identity theft” took place in the “coverage territory”; and
 - (3) Such “identity theft” is first discovered by the “identity recovery insured” during the “policy period”; and
 - (4) Such “identity theft” is reported to us within 60 days after it is first discovered by the “identity recovery insured”.
- b. If the conditions listed in a. above have been met, then we will provide the following to the “identity recovery insured”:
 - (1) **Case Management Service**

We will pay for the services of an “identity recovery case manager” as needed to respond to the “identity theft”;

and
 - (2) **Expense Reimbursement**

We will pay for reimbursement of necessary and reasonable “identity recovery expenses” incurred as a direct result of the “identity theft”.

B. EXCLUSIONS

The following additional exclusions apply to this coverage:

We will not pay for costs or loss arising from the following:

- 1. Nuclear reaction or radiation or radioactive contamination, however caused.
- 2. War and military action including any of the following and any consequence of any of the following:
 - a. War, including undeclared or civil war;
 - b. Warlike action by 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
 - c. Insurrection, rebellion, revolution, usurped power, political violence or action taken by governmental authority in hindering or defending against any of these.

3. Failure or interruption of or damage to the internet or an internet service provider.
4. Any attack on, incident involving, or loss to any computer or system of computers that is not a "computer system".
5. Costs to research or correct any deficiency.
6. Any fines or penalties other than those explicitly covered under Data Compromise Response Expenses.
7. Any criminal investigations or proceedings.
8. Your intentional or willful complicity in a covered loss event.
9. Your reckless disregard for the security of your computer system or data, including confidential or sensitive information of others in your care, custody or control.
10. Any criminal, fraudulent or dishonest act, error or omission, or any intentional or knowing violation of the law by you.
11. Any "personal data compromise", "computer attack", "cyber extortion threat" or "wrongful act" occurring before the "coverage term".
12. That part of any "claim" seeking any non-monetary relief. However, this exclusion does not apply to "defense costs" arising from an otherwise insured "wrongful act".
13. The propagation or forwarding of malware, including viruses, worms, Trojans, spyware and keyloggers in connection with hardware or software created, produced or modified by you for sale, lease or license to third parties.
14. Any oral or written publication of material, if done by you or at your direction with knowledge of its falsity.
15. "Property damage" or "bodily injury" other than mental anguish or mental injury alleged in a "claim" covered under Electronic Media Liability.
16. The theft of a professional or business identity.
17. Any fraudulent, dishonest or criminal act by an "identity recovery insured" or any person aiding or abetting an "identity recovery insured", or by any authorized representative of an "identity recovery insured", whether acting alone or in collusion with others. However, this exclusion will not apply to the interests of an "identity recovery insured" who has no knowledge of or involvement in such fraud, dishonesty or criminal act.
18. An "identity theft" that is not reported in writing to the police.

C. LIMITS OF INSURANCE

1. Aggregate Limits

Except for post-judgment interest, the aggregate limit for each coverage section shown in the Schedule above, Declarations or Change Endorsement is the most we will pay for all "loss" under that coverage section in any one "policy period" or any applicable Extended Reporting Period. The aggregate limit shown in the Schedule above, Declarations or Change Endorsement applies regardless of the number of insured events first discovered or "claims" or "regulatory proceedings" first received during the "policy period" or any applicable Extended Reporting Period.

2. Coverage Sublimits

a. Data Compromise Sublimits

The most we will pay under Data Compromise Response Expenses for Forensic IT Review, Legal Review, Public Relations, Regulatory Fines and Penalties and PCI Fines and Penalties coverages for "loss" arising from any one "personal data compromise" is the applicable sublimit for each of those coverages shown in the Schedule above, Declarations or Change Endorsement.

The most we will pay under Response Expenses coverage for loss arising from any "malware-related compromise" is the 1st Party Named Malware sublimit indicated for this coverage endorsement. For

the purpose of the 1st Party Named Malware sublimit, all "malware-related compromises" that are caused, enabled or abetted by the same virus or other malicious code are considered to be a single "personal data compromise".

These sublimits are part of, and not in addition to, the Data Compromise Response Expenses aggregate limit shown in the Schedule above, Declarations or Change Endorsement. Public Relations coverage is also subject to a limit per "affected individual" as described in **A.1.b.(5)**.

The most we will pay under Defense and Liability coverage for loss arising from any "malware-related compromise" is the 3rd Party Named Malware sublimit indicated for this coverage endorsement. For the purpose of the 3rd Party Named Malware sublimit, all "malware-related compromises" that are caused, enabled or abetted by the same virus or other malicious code are considered to be a single "personal data compromise". This sublimit is part of, and not in addition to, the limit or limits applicable to the Data Compromise Defense and Liability coverage.

b. Computer Attack and Cyber Extortion Sublimits

The most we will pay under Computer Attack for Loss of Business, Public Relations and Cyber Extortion coverages for "loss" arising from any one "computer attack" is the applicable sublimit for each of those coverages shown in the Schedule above, Declarations or Change Endorsement. These sublimits are part of, and not in addition to, the Computer Attack Limit shown in the Schedule above, Declarations or Change Endorsement.

c. Identity Recovery Sublimits

The following provisions are applicable only to the Identity Recovery Coverage.

- (1)** Case Management Service is available as needed for any one "identity theft" for up to 12 consecutive months from the inception of the service. Expenses we incur to provide Case Management Services do not reduce the aggregate limit for Identity Recovery.
- (2)** Costs covered under item **d.** (Legal Costs) of the definition of "identity recovery expenses" are part of, and not in addition to, the aggregate limit for Identity Recovery.
- (3)** Costs covered under item **e.** (Lost Wages) and item **f.** (Child and Elder Care Expenses) of the definition of "identity recovery expenses" are jointly subject to the Lost Wages and Child and Elder Care sublimit shown in the Schedule above, Declarations or Change Endorsement. This sublimit is part of, and not in addition to, the aggregate limit for Identity Recovery. Coverage is limited to wages lost and expenses incurred within 12 months after the first discovery of the "identity theft" by the "identity recovery insured".
- (4)** Costs covered under item **g.** (Mental Health Counseling) of the definition of "identity recovery expenses" is subject to the Mental Health Counseling sublimit shown in the Schedule above, Declarations or Change Endorsement. This sublimit is part of, and not in addition to, the aggregate limit for Identity Recovery. Coverage is limited to counseling that takes place within 12 months after the first discovery of the "identity theft" by the "identity recovery insured".
- (5)** Costs covered under item **h.** (Miscellaneous Unnamed Costs) of the definition of "identity recovery expenses" is subject to the Miscellaneous Unnamed Costs sublimit shown in the Schedule above, Declarations or Change Endorsement. This sublimit is part of, and not in addition to, the aggregate limit for Identity Recovery. Coverage is limited to costs incurred within 12 months after the first discovery of the "identity theft" by the "identity recovery insured".

3. Application of Limits

- a.** A "computer attack", "cyber extortion threat", "personal data compromise" or "identity theft" may be first discovered by you in one "policy period" but it may cause insured "loss" in one or more subsequent "policy periods". If so, all insured "loss" arising from such "computer attack", "cyber extortion threat", "personal data compromise" or "identity theft" will be subject to the limit of insurance applicable to the "policy period" when the "computer attack", "cyber extortion threat", "personal data compromise" or "identity theft" was first discovered by you.

- b. You may first receive notice of a “claim” or “regulatory proceeding” in one “policy period” but it may cause insured “loss” in one or more subsequent “policy periods”. If so, all insured “loss” arising from such “claim” or “regulatory proceeding” will be subject to the limit of insurance applicable to the “policy period” when notice of the “claim” or “regulatory proceeding” was first received by you.
- c. The limit of insurance for the Extended Reporting Periods (if applicable) will be part of, and not in addition to, the limit of insurance for the immediately preceding “policy period”.
- d. Coverage for Services to Affected Individuals under Data Compromise Response Expenses is limited to costs to provide such services for a period of up to one year from the date of the notification to the “affected individuals”. Notwithstanding, coverage for Identity Restoration Case Management services initiated within such one year period may continue for a period of up to one year from the date such Identity Restoration Case Management services are initiated.

D. DEDUCTIBLES

- 1. We will not pay for “loss” until the amount of the insured “loss” exceeds the deductible amount shown in the Schedule above, Declarations or Change Endorsement. We will then pay the amount of “loss” in excess of the applicable deductible amount, subject to the applicable limits shown in the Schedule above, Declarations or Change Endorsement. You will be responsible for the applicable deductible amount.
- 2. The deductible will apply to all:
 - a. “Loss” arising from the same insured event or interrelated insured events under Data Compromise Response Expenses, Computer Attack or Cyber Extortion.
 - b. “Loss” resulting from the same “wrongful act” or interrelated “wrongful acts” insured under Data Compromise Liability, Network Security Liability or Electronic Media Liability.
- 3. Insurance coverage under Identity Recovery is not subject to a deductible.

E. ADDITIONAL CONDITIONS

The following conditions apply in addition to the Common Policy Conditions:

1. Bankruptcy

The bankruptcy or insolvency of you or your estate, will not relieve you or us of any obligation under this coverage endorsement.

2. Defense And Settlement

- a. We shall have the right and the duty to assume the defense of any applicable “claim” or “regulatory proceeding” against you. You shall give us such information and cooperation as we may reasonably require.
- b. You shall not admit liability for or settle any “claim” or “regulatory proceeding” or incur any defense costs without our prior written consent.
- c. At the time a “claim” or “regulatory proceeding” is first reported to us, you may request that we appoint a defense attorney of your choice. We will give full consideration to any such request.
- d. If you refuse to consent to any settlement recommended by us and acceptable to the claimant, we may then withdraw from your defense by tendering control of the defense to you. From that point forward, you shall, at your own expense, negotiate or defend such “claim” or “regulatory proceeding” independently of us. Our liability shall not exceed the amount for which the claim or suit could have been settled if such recommendation was consented to, plus defense costs incurred by us, and defense costs incurred by you with our written consent, prior to the date of such refusal.
- e. We will not be obligated to pay any “loss” or “defense costs”, or to defend or continue to defend any “claim” or “regulatory proceeding” after the applicable limit of insurance has been exhausted.
- f. We will pay all interest on that amount of any judgment within the applicable limit of insurance which accrues:

- (1) After entry of judgment; and
- (2) Before we pay, offer to pay or deposit in court that part of the judgment within the applicable limit of insurance or, in any case, before we pay or offer to pay the entire applicable limit of insurance.

These interest payments will be in addition to and not part of the applicable limit of insurance.

3. Due Diligence

You agree to use due diligence to prevent and mitigate “loss” insured under this coverage endorsement. This includes, but is not limited to, complying with, and requiring your vendors to comply with, reasonable and industry-accepted protocols for:

- a. Providing and maintaining appropriate physical security for your premises, “computer systems” and hard copy files;
- b. Providing and maintaining appropriate computer and Internet security;
- c. Maintaining and updating at appropriate intervals backups of computer data;
- d. Protecting transactions, such as processing credit card, debit card and check payments; and
- e. Appropriate disposal of files containing “personally identifying information”, “personally sensitive information” or “third party corporate data”, including shredding hard copy files and destroying physical media used to store electronic data.

4. Duties in the Event of a Claim, Regulatory Proceeding or Loss

- a. If, during the “policy period”, incidents or events occur which you reasonably believe may give rise to a “claim” or “regulatory proceeding” for which coverage may be provided hereunder, such belief being based upon either written notice from the potential claimant or the potential claimant’s representative; or notice of a complaint filed with a federal, state or local agency; or upon an oral “claim”, allegation or threat, you shall give written notice to us as soon as practicable and either:
 - (1) Anytime during the “policy period”; or
 - (2) Anytime during the extended reporting periods (if applicable).
- b. If a “claim” or “regulatory proceeding” is brought against you, you must:
 - (1) Immediately record the specifics of the “claim” or “regulatory proceeding” and the date received;
 - (2) Provide us with written notice, as soon as practicable, but in no event more than 60 days after the date the “claim” or “regulatory proceeding” is first received by you;
 - (3) Immediately send us copies of any demands, notices, summonses or legal papers received in connection with the “claim” or “regulatory proceeding”;
 - (4) Authorize us to obtain records and other information;
 - (5) Cooperate with us in the investigation, settlement or defense of the “claim” or “regulatory proceeding”;
 - (6) Assist us, upon our request, in the enforcement of any right against any person or organization which may be liable to you because of “loss” or “defense costs” to which this insurance may also apply; and
 - (7) Not take any action, or fail to take any required action, that prejudices your rights or our rights with respect to such “claim” or “regulatory proceeding”.
- c. In the event of a “personal data compromise”, “identity theft”, “computer attack” or “cyber extortion threat” insured under this coverage endorsement, you and any involved “identity recovery insured” must see that the following are done:
 - (1) Notify the police if a law may have been broken.
 - (2) Notify us as soon as practicable, but in no event more than 60 days after the “personal data

compromise”, “identity theft”, “computer attack” or “cyber extortion threat”. Include a description of any property involved.

- (3)** As soon as possible, give us a description of how, when and where the “personal data compromise”, “identity theft”, “computer attack” or “cyber extortion threat” occurred.
 - (4)** As often as may be reasonably required, permit us to:
 - (a)** Inspect the property proving the “personal data compromise”, “identity theft”, “computer attack” or “cyber extortion threat”;
 - (b)** Examine your books, records, electronic media and records and hardware;
 - (c)** Take samples of damaged and undamaged property for inspection, testing and analysis; and
 - (d)** Make copies from your books, records, electronic media and records and hardware.
 - (5)** Send us signed, sworn proof of “loss” containing the information we request to investigate the “personal data compromise”, “identity theft”, “computer attack” or “cyber extortion threat”. You must do this within 60 days after our request. We will supply you with the necessary forms.
 - (6)** Cooperate with us in the investigation or settlement of the “personal data compromise”, “identity theft”, “computer attack” or “cyber extortion threat”.
 - (7)** If you intend to continue your business, you must resume all or part of your operations as quickly as possible.
 - (8)** Make no statement that will assume any obligation or admit any liability, for any “loss” for which we may be liable, without our prior written consent.
 - (9)** Promptly send us any legal papers or notices received concerning the “loss”.
- d.** We may examine you under oath at such times as may be reasonably required, about any matter relating to this insurance or the “claim”, “regulatory proceeding” or “loss”, including an your books and records. In the event of an examination, your answers must be signed.
- e.** You may not, except at your own cost, voluntarily make a payment, assume any obligation, or incur any expense without our prior written consent.

5. Extended Reporting Periods

- a.** You will have the right to the Extended Reporting Periods described in this section, in the event of a “termination of coverage”.
- b.** If a “termination of coverage” has occurred, you will have the right to the following:
 - (1)** At no additional premium, an Automatic Extended Reporting Period of 30 days immediately following the effective date of the “termination of coverage” during which you may first receive notice of a “claim” or “regulatory proceeding” arising directly from a “wrongful act” occurring before the end of the “policy period” and which is otherwise insured by this coverage endorsement; and
 - (2)** Upon payment of the additional premium of 100% of the full annual premium associated with the relevant coverage, a Supplemental Extended Reporting Period of one year immediately following the effective date of the “termination of coverage” during which you may first receive notice of a “claim” or “regulatory proceeding” arising directly from a “wrongful act” occurring before the end of the “policy period” and which is otherwise insured by this coverage endorsement.

To obtain the Supplemental Extended Reporting Period, you must request it in writing and pay the additional premium due, within 30 days after the effective date of “termination of coverage”. The additional premium for the Supplemental Extended Reporting Period will be fully earned at the inception of the Supplemental Extended Reporting Period. If we do not receive the written request as required, you may not exercise this right at a later date.

This insurance, provided during the Supplemental Extended Reporting Period, is excess over any

other valid and collectible insurance that begins or continues in effect after the Supplemental Extended Reporting Period becomes effective, whether the other insurance applies on a primary, excess, contingent, or any other basis.

6. Identity Recovery Help Line

For assistance, if Identity Recovery applies, the “identity recovery insured” should call the **Identity Recovery Help Line at 1-800-414-9912**.

The **Identity Recovery Help Line** can provide the “identity recovery insured” with:

- a. Information and advice for how to respond to a possible “identity theft”; and
- b. Instructions for how to submit a service request for Case Management Service and/or a claim form for Expense Reimbursement Coverage.

In some cases, we may provide Case Management services at our expense to an “identity recovery insured” prior to a determination that a covered “identity theft” has occurred. Our provision of such services is not an admission of liability under the coverage endorsement. We reserve the right to deny further coverage or service if, after investigation, we determine that a covered “identity theft” has not occurred.

As respects Expense Reimbursement Coverage, the “identity recovery insured” must send to us, within 60 days after our request, receipts, bills or other records that support his or her claim for “identity recovery expenses”.

7. Legal Action Against Us

No one may bring a legal action against us under this insurance unless:

- a. There has been full compliance with all of the terms of this insurance; and
- b. The action is brought within two years after the date the “loss” is first discovered by you, or the date on which you first receive notice of a “claim” or “regulatory proceeding”.

8. Legal Advice

We are not your legal advisor. Our determination of what is or is not insured under this coverage endorsement does not represent advice or counsel from us about what you should or should not do.

9. Other Insurance

If there is other insurance that applies to the same “loss” this coverage endorsement shall apply only as excess insurance after all other applicable insurance has been exhausted.

10. Pre-Notification Consultation

You agree to consult with us prior to the issuance of notification to “affected individuals”. We assume no responsibility under Data Compromise Response Expenses for any services promised to “affected individuals” without our prior agreement. If possible, this pre-notification consultation will also include the designated service provider(s) as agreed to under the Service Providers condition below. You must provide the following at our pre-notification consultation with you:

- a. The exact list of “affected individuals” to be notified, including contact information.
- b. Information about the “personal data compromise” that may appropriately be communicated with “affected individuals”.
- c. The scope of services that you desire for the “affected individuals”. For example, coverage may be structured to provide fewer services in order to make those services available to more “affected individuals” without exceeding the available Data Compromise Response Expenses limit of insurance.

11. Service Providers

- a. We will only pay under this coverage endorsement for services that are provided by service providers

approved by us. You must obtain our prior approval for any service provider whose expenses you want covered under this coverage endorsement. We will not unreasonably withhold such approval.

- b.** Prior to the Pre-Notification Consultation described in the Pre-Notification Consultation Condition above, you must come to agreement with us regarding the service provider(s) to be used for the Notification to Affected Individuals and Services to Affected Individuals. We will suggest a service provider. If you prefer to use an alternate service provider, our coverage is subject to the following limitations:
 - (1)** Such alternate service provider must be approved by us;
 - (2)** Such alternate service provider must provide services that are reasonably equivalent or superior in both kind and quality to the services that would have been provided by the service provider we had suggested; and
 - (3)** Our payment for services provided by any alternate service provider will not exceed the amount that we would have paid using the service provider we had suggested.

12. Services

The following conditions apply as respects any services provided to you or any “affected individual” or “identity recovery insured” by us, our designees or any service firm paid for in whole or in part under this coverage endorsement:

- a.** The effectiveness of such services depends on the cooperation and assistance of you, “affected individuals” and “identity recovery insureds”.
- b.** All services may not be available or applicable to all individuals. For example, “affected individuals” and “identity recovery insureds” who are minors or foreign nationals may not have credit records that can be provided or monitored. Service in Canada will be different from service in the United States and Puerto Rico in accordance with local conditions.
- c.** We do not warrant or guarantee that the services will end or eliminate all problems associated with the covered events.
- d.** Except for the services of an “identity recovery case manager” under Identity Recovery, which we will provide directly, you will have a direct relationship with the professional service firms paid for in whole or in part under this coverage endorsement. Those firms work for you.

F. DEFINITIONS

- 1. “Affected Individual”** means any person who is your current, former or prospective customer, client, patient, member, owner, student, director or employee and whose “personally identifying information” or “personally sensitive information” is lost, stolen, accidentally released or accidentally published by a “personal data compromise” covered under this coverage endorsement. This definition is subject to the following provisions:
 - a.** “Affected individual” does not include any business or organization. Only an individual person may be an “affected individual”.
 - b.** An “affected individual” must have a direct relationship with your interests as insured under this policy. The following are examples of individuals who would not meet this requirement:
 - (1)** If you aggregate or sell information about individuals as part of your business, the individuals about whom you keep such information do not qualify as “affected individuals”. However, specific individuals may qualify as “affected individuals” for another reason, such as being an employee of yours.
 - (2)** If you store, process, transmit or transport records, the individuals whose “personally identifying information” or “personally sensitive information” you are storing, processing, transmitting or transporting for another entity do not qualify as “affected individuals”. However, specific individuals may qualify as “affected individuals” for another reason, such as being an employee of yours.

- (3) You may have operations, interests or properties that are not insured under this policy. Individuals who have a relationship with you through such other operations, interests or properties do not qualify as “affected individuals”. However, specific individuals may qualify as “affected individuals” for another reason, such as being an employee of the operation insured under this policy.
- c. An “affected individual” may reside anywhere in the world.
2. **“Authorized Representative”** means a person or entity authorized by law or contract to act on behalf of an “identity recovery insured”.
3. **“Authorized Third Party User”** means a party who is not an employee or a director of you who is authorized by contract or other agreement to access the “computer system” for the receipt or delivery of services.
4. **“Bodily Injury”** means bodily injury, sickness or disease sustained by a person, including death resulting from any of these at any time.
5. **“Business Income and Extra Expense Loss”** means the loss of Business Income and Extra Expense actually incurred during the Period of Restoration.
- a. As used in this definition, Business Income means the sum of:
- (1) Net income (net profit or loss before income taxes) that would have been earned or incurred; and
 - (2) Continuing normal and necessary operating expenses incurred, including employee and director payroll.
- b. As used in this definition, Extra Expense means the additional cost you incur to operate your business over and above the cost that you normally would have incurred to operate your business during the same period had no “computer attack” occurred.
- c. As used in this definition, Period of Restoration means the period of time that begins at the time that the “computer attack” is discovered by you and continues until the earlier of:
- (1) The date that all data restoration, data re-creation and system restoration directly related to the “computer attack” has been completed; or
 - (2) The date on which such data restoration, data re-creation and system restoration could have been completed with the exercise of due diligence and dispatch.
6. **“Claim”**
- a. “Claim” means:
- (1) A written demand for monetary damages or non-monetary relief, including injunctive relief;
 - (2) A civil proceeding commenced by the filing of a complaint;
 - (3) An arbitration proceeding in which such damages are claimed and to which you must submit or does submit with our consent;
 - (4) Any other alternative dispute resolution proceeding in which such damages are claimed and to which you must submit or to which we agree you should submit to;
- arising from a “wrongful act” or a series of interrelated “wrongful acts” including any resulting appeal.
- b. “Claim” does not mean or include:
- (1) Any demand or action brought by or on behalf of someone who is:
 - (a) Your director;
 - (b) Your owner or part-owner; or
 - (c) A holder of your securities,
 in their capacity as such, whether directly, derivatively, or by class action. “Claim” will include

proceedings brought by such individuals in their capacity as “affected individuals”, but only to the extent that the damages claimed are the same as would apply to any other “affected individual”;
or

- (2) A “regulatory proceeding”.
- c. Includes a demand or proceeding arising from a “wrongful act” that is a “personal data compromise” only when:
 - (1) The proceeding is brought by one or more “affected individuals”;
 - (2) The claimant alleges that one or more “affected individuals” suffered damages; and
 - (3) The “personal data compromise” giving rise to the proceeding was covered under Data Compromise Response Expenses section of this coverage endorsement, and you submitted a claim to us and provided notifications and services to “affected individuals” in consultation with us pursuant to Data Compromise Response Expenses in connection with such “personal data compromise”.
- 7. **“Computer Attack”** means one of the following involving the “computer system”:
 - a. An “unauthorized access incident”;
 - b. A “malware attack”; or
 - c. A “denial of service attack” against a “computer system”.
- 8. **“Computer System”** means a computer or other electronic hardware that is owned or leased by you and operated under your control.
- 9. **“Coverage Term”** means the increment of time:
 - a. Commencing on the earlier of the first inception date of this Cyber Coverage or the first inception date of any coverage substantially similar to that described in this coverage endorsement and held immediately prior to this Cyber coverage; and
 - b. Ending upon the “termination of coverage”.
- 10. **“Coverage Territory”** means:
 - a. With respect to Data Compromise Response Expenses, Computer Attack and Cyber Extortion, and Identity Recovery, “coverage territory” means anywhere in the world.
 - b. With respect to Data Compromise Liability, Network Security Liability and Electronic Media Liability, “coverage territory” means anywhere in the world, however “claims” must be brought within the United States (including its territories and possessions) or Puerto Rico.
- 11. **“Cyber Extortion Expenses”** means:
 - a. The cost of a negotiator or investigator retained by you in connection with a “cyber extortion threat”; and
 - b. Any amount paid by you in response to a “cyber extortion threat” to the party that made the “cyber extortion threat” for the purposes of eliminating the “cyber extortion threat” when such expenses are necessary and reasonable and arise directly from a “cyber extortion threat”. The payment of “cyber extortion expenses” must be approved in advance by us. We will not pay for “cyber extortion expenses” that have not been approved in advance by us. We will not unreasonably withhold our approval.
- 12. **“Cyber Extortion Threat”** means:
 - a. “Cyber extortion threat” means a demand for money from you based on a credible threat, or series of related credible threats, to:
 - (1) Launch a “denial of service attack” against the “computer system” for the purpose of denying “authorized third party users” access to your services provided through the “computer system” via

the Internet;

- (2) Gain access to a “computer system” and use that access to steal, release or publish “personally identifying information”, “personally sensitive information” or “third party corporate data”;
 - (3) Alter, damage or destroy electronic data or software while such electronic data or software is stored within a “computer system”; or
 - (4) Launch a “computer attack” against a “computer system” in order to alter, damage or destroy electronic data or software while such electronic data or software is stored within a “computer system”.
- b. “Cyber extortion threat” does not mean or include any threat made in connection with a legitimate commercial dispute.

13. “Data Re-creation Costs”

- a. “Data re-creation costs” means the costs of an outside professional firm hired by you to research, re-create and replace data that has been lost or corrupted and for which there is no electronic source available or where the electronic source does not have the same or similar functionality to the data that has been lost or corrupted.
- b. “Data re-creation costs” does not mean or include costs to research, re-create or replace:
- (1) Software programs or operating systems that are not commercially available; or
 - (2) Data that is obsolete, unnecessary or useless to you.

14. “Data Restoration Costs”

- a. “Data restoration costs” means the costs of an outside professional firm hired by you to replace electronic data that has been lost or corrupted. In order to be considered “data restoration costs”, such replacement must be from one or more electronic sources with the same or similar functionality to the data that has been lost or corrupted.
- b. “Data restoration costs” does not mean or include costs to research, re-create or replace:
- (1) Software programs or operating systems that are not commercially available; or
 - (2) Data that is obsolete, unnecessary or useless to you.

15. “Defense Costs”

- a. “Defense costs” means reasonable and necessary expenses consented to by us resulting solely from the investigation, defense and appeal of any “claim” or “regulatory proceeding” against you. Such expenses may include premiums for any appeal bond, attachment bond or similar bond. However, we have no obligation to apply for or furnish such bond.
- b. “Defense costs” does not mean or include the salaries or wages of your employees or directors, or your loss of earnings.

16. “Denial of Service Attack” means an intentional attack against a target computer or network of computers designed to overwhelm the capacity of the target computer or network in order to deny or impede authorized users from gaining access to the target computer or network through the Internet.

17. “Electronic Media Incident” means an allegation that the display of information in electronic form by you on a website resulted in:

- a. Infringement of another’s copyright, title, slogan, trademark, trade name, trade dress, service mark or service name;
- b. Defamation against a person or organization that is unintended; or
- c. A violation of a person’s right of privacy, including false light and public disclosure of private facts;

18. “Identity Recovery Case Manager” means one or more individuals assigned by us to assist an “identity

recovery insured” with communications we deem necessary for re-establishing the integrity of the personal identity of the “identity recovery insured”. This includes, with the permission and cooperation of the “identity recovery insured”, written and telephone communications with law enforcement authorities, governmental agencies, credit agencies and individual creditors and businesses.

19. “Identity Recovery Expenses” means the following when they are reasonable and necessary expenses that are incurred as a direct result of an “identity theft” suffered by an “identity recovery insured”:

a. Re-Filing Costs

Costs for re-filing applications for loans, grants or other credit instruments that are rejected solely as a result of an “identity theft”.

b. Notarization, Telephone and Postage Costs

Costs for notarizing affidavits or other similar documents, long distance telephone calls and postage solely as a result of the “identity recovery insured’s” efforts to report an “identity theft” or amend or rectify records as to the “identity recovery insured’s” true name or identity as a result of an “identity theft”.

c. Credit Reports

Costs for credit reports from established credit bureaus.

d. Legal Costs

Fees and expenses for an attorney approved by us for the following:

- (1) The defense of any civil suit brought against an “identity recovery insured”.
- (2) The removal of any civil judgment wrongfully entered against an “identity recovery insured”.
- (3) Legal assistance for an “identity recovery insured” at an audit or hearing by a governmental agency.
- (4) Legal assistance in challenging the accuracy of the “identity recovery insured’s” consumer credit report.
- (5) The defense of any criminal charges brought against an “identity recovery insured” arising from the actions of a third party using the personal identity of the “identity recovery insured”.

e. Lost Wages

Actual lost wages of the “identity recovery insured” for time reasonably and necessarily taken away from work and away from the work premises. Time away from work includes partial or whole work days. Actual lost wages may include payment for vacation days, discretionary days, floating holidays and paid personal days. Actual lost wages does not include sick days or any loss arising from time taken away from self-employment. Necessary time off does not include time off to do tasks that could reasonably have been done during non-working hours.

f. Child and Elder Care Expenses

Actual costs for supervision of children or elderly or infirm relatives or dependents of the “identity recovery insured” during time reasonably and necessarily taken away from such supervision. Such care must be provided by a professional care provider who is not a relative of the “identity recovery insured”.

g. Mental Health Counseling

Actual costs for counseling from a licensed mental health professional. Such care must be provided by a professional care provider who is not a relative of the “identity recovery insured”.

h. Miscellaneous Unnamed Costs

Any other reasonable costs necessarily incurred by an “identity recovery insured” as a direct result of the “identity theft”.

- (1) Such costs include:
- (a) Costs by the “identity recovery insured” to recover control over his or her personal identity.
 - (b) Deductibles or service fees from financial institutions.
- (2) Such costs do not include:
- (a) Costs to avoid, prevent or detect “identity theft” or other loss.
 - (b) Money lost or stolen.
 - (c) Costs that are restricted or excluded elsewhere in this coverage endorsement or policy.

20. “Identity Recovery Insured” means the following:

- a. When the entity insured under this coverage endorsement is a sole proprietorship, the “identity recovery insured” is the individual person who is the sole proprietor of the insured identity.
- b. When the entity insured under this coverage endorsement is a partnership, the “identity recovery insureds” are the current partners.
- c. When the entity insured under this coverage endorsement is a corporation or other form of organization, other than those described in **a.** or **b.** above, the “identity recovery insureds” are all individuals having an ownership position of 20% or more of the insured entity. However, if, and only if, there is no one who has such an ownership position, then the “identity recovery insured” will be:
 - (1) The chief executive of the insured entity; or
 - (2) As respects a religious institution, the senior ministerial employee.

An “identity recovery insured” must always be an individual person. If the entity insured under this coverage endorsement is a legal entity, that legal entity is not an “identity recovery insured”.

21. “Identity Theft”

- a. “Identity theft” means the fraudulent use of “personally identifying information”. This includes fraudulently using such information to establish credit accounts, secure loans, enter into contracts or commit crimes.
- b. “Identity theft” does not mean or include the fraudulent use of a business name, d/b/a or any other method of identifying a business activity.

22. “Loss”

- a. With respect to Data Compromise Response Expenses, “loss” means those expenses enumerated in Data Compromise Response Expenses, paragraph **b.**
- b. With respect to Computer Attack, “loss” means those expenses enumerated in Computer Attack, paragraph **b.**
- c. With respect to Cyber Extortion, “loss” means “cyber extortion expenses”.
- d. With respect to Data Compromise Liability, Network Security Liability and Electronic Media Liability, “loss” means “defense costs” and “settlement costs”.
- e. With respect to Identity Recovery, “loss” means those expenses enumerated in Identity Recovery, paragraph **b.**

23. “Malware Attack”

- a. “Malware attack” means an attack that damages a “computer system” or data contained therein arising from malicious code, including viruses, worms, Trojans, spyware and keyloggers.
- b. “Malware attack” does not mean or include damage from shortcomings or mistakes in legitimate electronic code or damage from code installed on your “computer system” during the manufacturing process or normal maintenance.

- 24. “Malware-Related Compromise”** means a “personal data compromise” that is caused, enabled or abetted by a virus or other malicious code that, at the time of the “personal data compromise”, is named and recognized by the CERT® Coordination Center, McAfee®, Secunia, Symantec or other comparable third party monitors of malicious code activity.
- 25. “Network Security Incident”** means a negligent security failure or weakness with respect to a “computer system” which allowed one or more of the following to happen:
- a. The unintended propagation or forwarding of malware, including viruses, worms, Trojans, spyware and keyloggers. Malware does not include shortcomings or mistakes in legitimate electronic code;
 - b. The unintended abetting of a “denial of service attack” against one or more other systems; or
 - c. The unintended loss, release or disclosure of “third party corporate data”.
- 26. “Personal Data Compromise”** means the loss, theft, accidental release or accidental publication of “personally identifying information” or “personally sensitive information” as respects one or more “affected individuals”. If the loss, theft, accidental release or accidental publication involves “personally identifying information”, such loss, theft, accidental release or accidental publication must result in or have the reasonable possibility of resulting in the fraudulent use of such information. This definition is subject to the following provisions:
- a. At the time of the loss, theft, accidental release or accidental publication, the “personally identifying information” or “personally sensitive information” need not be at the insured premises but must be in the direct care, custody or control of:
 - (1) You; or
 - (2) A professional entity with which you have a direct relationship and to which you (or an “affected individual” at your direction) have turned over (directly or via a professional transmission or transportation provider) such information for storage, processing, transmission or transportation of such information.
 - b. “Personal data compromise” includes disposal or abandonment of “personally identifying information” or “personally sensitive information” without appropriate safeguards such as shredding or destruction, provided that the failure to use appropriate safeguards was accidental and not reckless or deliberate.
 - c. “Personal data compromise” includes situations where there is a reasonable cause to suspect that such “personally identifying information” or “personally sensitive information” has been lost, stolen, accidentally released or accidentally published, even if there is no firm proof.
 - d. All incidents of “personal data compromise” that are discovered at the same time or arise from the same cause will be considered one “personal data compromise”.
- 27. “Personally Identifying Information”**
- a. “Personally identifying information” means information, including health information, that could be used to commit fraud or other illegal activity involving the credit, access to health care or identity of an “affected individual” or “identity recovery insured”. This includes, but is not limited to, Social Security numbers or account numbers.
 - b. “Personally identifying information” does not mean or include information that is otherwise available to the public, such as names and addresses.
- 28. “Personally Sensitive Information”**
- a. “Personally sensitive information” means private information specific to an individual the release of which requires notification of “affected individuals” under any applicable law.
 - b. “Personally sensitive information” does not mean or include “personally identifying information”.
- 29. “Policy Period”** means the period commencing on the effective date shown in the Policy Declarations. The “policy period” ends on the expiration date or the cancellation date of this coverage endorsement,

whichever comes first.

30. “Property Damage” means

- a. Physical injury to or destruction of tangible property including all resulting loss of use; or
- b. Loss of use of tangible property that is not physically injured.

31. “Regulatory Proceeding” means an investigation, demand or proceeding alleging a violation of law or regulation arising from a “personal data compromise” brought by, or on behalf of, the Federal Trade Commission, Federal Communications Commission or other administrative or regulatory agency, or any federal, state, local or foreign governmental entity in such entity’s regulatory or official capacity.

32. “Settlement Costs”

a. “Settlement costs” means the following, when they arise from a “claim”:

- (1) Damages, judgments or settlements; and
- (2) Attorney’s fees and other litigation costs added to that part of any judgment paid by us, when such fees and costs are awarded by law or court order; and
- (3) Pre-judgment interest on that part of any judgment paid by us.

b. “Settlement costs” does not mean or include:

- (1) Civil or criminal fines or penalties imposed by law, except for civil fines and penalties expressly covered under Data Compromise Response Expenses;
- (2) Punitive and exemplary damages;
- (3) The multiple portion of any multiplied damages;
- (4) Taxes; or
- (5) Matters which may be deemed uninsurable under the applicable law.

c. With respect to fines and penalties, the law of the jurisdiction most favorable to the insurability of those fines, or penalties will control for the purpose of resolving any dispute between us and you regarding whether the fines, or penalties specified in this definition above are insurable under this coverage endorsement, provided that such jurisdiction:

- (1) Is where those fines, or penalties were awarded or imposed;
- (2) Is where any “wrongful act” took place for which such fines, or penalties were awarded or imposed;
- (3) Is where you are incorporated or you have your principal place of business; or
- (4) Is where we are incorporated or have our principal place of business.

33. “System Restoration Costs”

a. “System restoration costs” means the costs of an outside professional firm hired by you to do any of the following in order to restore your computer system to its pre-“computer attack” level of functionality:

- (1) Replace or reinstall computer software programs;
- (2) Remove any malicious code; and
- (3) Configure or correct the configuration of your computer system.

b. “System restoration costs” does not mean or include:

- (1) Costs to increase the speed, capacity or utility of a “computer system” beyond what existed immediately prior to the “computer attack”;
- (2) Labor costs of your employees or directors;

(3) Any costs in excess of the actual cash value of your computer system; or

(4) Costs to repair or replace hardware.

34. "Termination of Coverage" means:

- a. You or we cancel this coverage;
- b. You or we refuse to renew this coverage; or
- c. We renew this coverage on an other than claims-made basis or with a retroactive date later than the date of the first inception of this coverage or any coverage substantially similar to that described in this coverage endorsement.

35. "Third Party Corporate Data"

- a. "Third party corporate data" means any trade secret, data, design, interpretation, forecast, formula, method, practice, credit or debit card magnetic strip information, process, record, report or other item of information of a third party not an insured under this coverage endorsement which is not available to the general public and is provided to you subject to a mutually executed written confidentiality agreement or which you are legally required to maintain in confidence.
- b. "Third party corporate data" does not mean or include "personally identifying information" or "personally sensitive information".

36. "Unauthorized Access Incident" means the gaining of access to a "computer system" by:

- a. An unauthorized person or persons; or
- b. An authorized person or persons for unauthorized purposes.

37. "Wrongful Act"

- a. With respect to Data Compromise Liability, "wrongful act" means a "personal data compromise".
- b. With respect to Network Security Liability, "wrongful act" means a "network security incident".
- c. With respect to Electronic Media Liability, "wrongful act" means an "electronic media incident".

ALL OTHER PROVISIONS OF THIS POLICY APPLY.