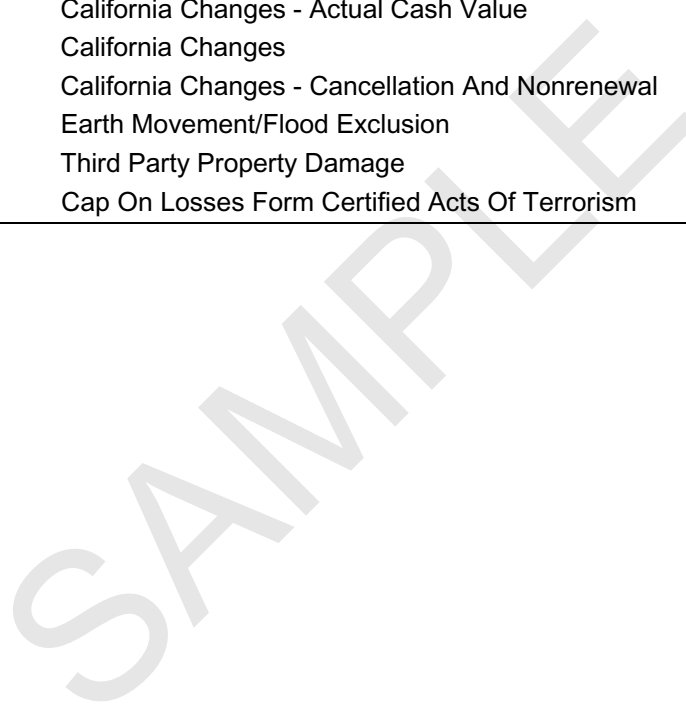


NAMED INSURED	EFFECTIVE DATE	POLICY NUMBER
EBI PPF DEC 100 (11-02)	Personal Property Floater Policy Declarations	
CN 01 191 01	Signature Page	
C-GLS-3 (02/94)	Schedule Of Forms	
Endorsement No.1	Owned Personal Property Exclusion	
IL 09 35 07 02	Exclusion Of Certain Computer-Related Losses	
EBI PPF 200 (05-02)	Personal Property Floater Policy	
IL 01 03 06 99	California Changes - Actual Cash Value	
IL 01 04 02 02	California Changes	
IL 02 70 03 00	California Changes - Cancellation And Nonrenewal	
EBI IM 303 (05-02)	Earth Movement/Flood Exclusion	
EBI IM 252 (05-02)	Third Party Property Damage	
IL 09 52 11 02	Cap On Losses Form Certified Acts Of Terrorism	

C-GLS-3 (02/94)



NAMED INSURED

EFFECTIVE DATE

POLICY NUMBER

POLICY CHANGES ENDORSEMENT DESCRIPTION (CONT'D)

Section I, Insuring Agreement of the Personal Property Floater Policy, form EBI PPF 200 (05-02) is amended to:

We agree to pay to you or on your behalf the value of personal property, mobile equipment (as defined in Paragraph VII.25), and other personal property used in connection with your business, including their related activities, not including loss of use, which is the property of others for which you are legally liable and which is lost, damaged or destroyed during the policy period caused by the perils insured against.

Section VI, Property excluded of the Personal Property Floater Policy, form EBI PPF 200 (05-02) is amended as follows:

- i. Merchandise/Products held for sale or distribution in any manner.
- ii. Personal Property you own.

SAMPLE

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

EXCLUSION OF CERTAIN COMPUTER-RELATED LOSSES

This endorsement modifies insurance provided under the following:

COMMERCIAL INLAND MARINE COVERAGE PART
COMMERCIAL PROPERTY COVERAGE PART
CRIME AND FIDELITY COVERAGE PART
STANDARD PROPERTY POLICY

- A.** We will not pay for loss ("loss") or damage caused directly or indirectly by the following. Such loss ("loss") or damage is excluded regardless of any other cause or event that contributes concurrently or in any sequence to the loss ("loss") or damage.
- 1.** The failure, malfunction or inadequacy of:
 - a.** Any of the following, whether belonging to any insured or to others:
 - (1)** Computer hardware, including micro-processors;
 - (2)** Computer application software;
 - (3)** Computer operating systems and related software;
 - (4)** Computer networks;
 - (5)** Microprocessors (computer chips) not part of any computer system; or
 - (6)** Any other computerized or electronic equipment or components; or
 - b.** Any other products, and any services, data or functions that directly or indirectly use or rely upon, in any manner, any of the items listed in Paragraph **A.1.a.** of this endorsement;

due to the inability to correctly recognize, process, distinguish, interpret or accept one or more dates or times. An example is the inability of computer software to recognize the year 2000.
 - 2.** Any advice, consultation, design, evaluation, inspection, installation, maintenance, repair, replacement or supervision provided or done by you or for you to determine, rectify or test for, any potential or actual problems described in Paragraph **A.1.** of this endorsement.
- B.** If an excluded Cause of Loss as described in Paragraph **A.** of this endorsement results:
- 1.** In a Covered Cause of Loss under the Crime and Fidelity Coverage Part, the Commercial Inland Marine Coverage Part or the Standard Property Policy; or
 - 2.** Under the Commercial Property Coverage Part:
 - a.** In a "Specified Cause of Loss", or in elevator collision resulting from mechanical breakdown, under the Causes of Loss – Special Form; or
 - b.** In a Covered Cause of Loss under the Causes Of Loss – Basic Form or the Causes Of Loss – Broad Form;

we will pay only for the loss ("loss") or damage caused by such "Specified Cause of Loss", elevator collision, or Covered Cause of Loss.
- C.** We will not pay for repair, replacement or modification of any items in Paragraphs **A.1.a.** and **A.1.b.** of this endorsement to correct any deficiencies or change any features.

PERSONAL PROPERTY FLOATER POLICY

Throughout this policy, "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.

I. INSURING AGREEMENT

We agree to pay to you or on your behalf the value of personal property, mobile equipment (as defined in Paragraph VII.25), and other personal property used in connection with your business, including their related activities, not including loss of use, owned by you or which is the property of others for which you are legally liable and which is lost, damaged or destroyed during the policy period caused by the perils insured against.

II. LIMITS OF LIABILITY

Our limit of liability with respect to any one occurrence shall not exceed the limit of liability stated on the Supplemental Declarations page as Each Occurrence, or the scheduled amount, whichever is less.

III. DEDUCTIBLE

We will pay in excess of the sum stated on the Supplemental Declarations page as Deductible.

This deductible shall not apply to loss or damage caused by fire; lightning; cyclone; or tornado.

IV. PERILS INSURED

This policy insures against all risks of direct physical loss or damage to the property covered, except as hereinafter excluded.

V. PERILS NOT INSURED

This policy does not insure against loss or damage caused by or resulting from:

- a. Wear and tear; any quality in the property that causes it to damage or destroy itself; hidden or latent defect; gradual deterioration; depreciation; mechanical and electrical breakdown or failure; insects; vermin, or rodents; corrosion, rust, dampness, cold or heat;
- b. Unexplained or mysterious disappearance, or shortage found upon taking of inventory;
- c. Delay or loss of market, loss of use, interruption of business, or other consequential loss, including failure to fulfill any contract, unless specifically declared and added by endorsement to this policy;
- d. Any work or process upon or installation of covered property, except with respect to ensuing

loss caused by or resulting from a peril not otherwise excluded;

- e. Damage to or destruction of property caused intentionally by you or at your direction;
- f. Seizure or destruction of property by order of governmental authority, except for acts of destruction ordered by governmental authority and taken at the time of a fire or other covered peril to prevent its spread or avoid further damage to your property or the property of others as is covered under this policy;
- g. War, including undeclared or civil war; warlike action in hindering or defending against an actual or expected attack, by any government, sovereign or other authority using military personnel or other agents;
- h. Insurrection, rebellion, revolution, usurped power or action taken by governmental authority in hindering or defending against any of these;
- i. Illegal transportation or trade;
- j. Dishonest acts by you, anyone else with an interest in the property, or your or their employees or agents, whether or not occurring during the hours of employment;
- k. Pollution, seepage, contamination or environmental impairment of any kind, and loss or damage caused by these unless such loss or damage follows as a result of a loss caused directly by a peril not otherwise excluded;
- l. Any uninsured event occurring before, concurrently with or after the happening of an insured event, which directly or indirectly causes or in any way contributes to cause or increase a loss under this policy; but only with respect to that portion of any such loss caused by or contributed to by the uninsured event;
- m. Nuclear reaction or nuclear radiation or radioactive contamination, all whether controlled or uncontrolled, and whether such loss be direct or indirect, proximate or remote, or be in whole or in part caused by, contributed to, or aggravated by the peril or perils insured in this policy; however, subject to the foregoing and all provisions of this policy, direct loss by fire resulting from nuclear reaction or nuclear radiation or radioactive contamination is covered.

VI. PROPERTY EXCLUDED

This policy does not insure:

- a. Antiques; objects of art; jewelry; costume jewelry; precious and semiprecious stones; gold, silver, platinum or other precious metals; furs; accounts; bills; currency; deeds; evidences of debt; letters of credit; passports; documents; money; notes; securities; credit cards; railroad, airline or other tickets;
- b. Aircraft, watercraft, motor vehicles, motorcycles or other conveyances, unless specifically endorsed hereon (this exclusion does not apply to mobile equipment);
- c. Buildings, including but not limited to tenants' or leasehold improvements and betterments, furniture and fixtures, unless specifically declared and added to this policy by endorsement;
- d. Film, tape, recording or recording storage medium of any type, whether developed or undeveloped, exposed or unexposed, recorded or unrecorded, except for the cost to replace with raw stock;
- e. Animals, growing plants;
- f. Valuable papers and records, including but not limited to books of account, manuscripts, abstracts, drawings, index systems, blueprints, maps, historical documents and business records;
- g. Electronic media, unless specifically declared and added by endorsement;
- h. Expenses resulting from any governmental direction; expenses incurred in removing debris unless
 - i. The debris results directly from a loss caused by a peril insured in this policy, and
 - ii. The debris to be removed is property insured in this policy

VII. GENERAL CONDITIONS

1. Territory

This policy applies anywhere in the world.

2. Misrepresentation and Fraud

This policy is void if you knowingly concealed or misrepresented any material fact or circumstances concerning this insurance, or in the case of any fraud or false swearing by you, whether before or after a loss. If you make any false or fraudulent claim as to amount or otherwise, this policy is void as to that specific claim and we have the right to terminate this policy at that time and any subsequent claims by you are forfeited.

3. Assignment

This policy may not be assigned or transferred without our written consent.

4. Action Against Us

No action against us may be brought unless you have complied with all of the provisions of this policy and the action is started within one (1) year after the occurrence causing the loss or damage. Nothing in this policy gives any person or organization any right to join us as a codefendant in any action against you to determine your liability.

5. Access To Records And Examination Under Oath

We or our nominees, at all times during the policy period or while a claim is pending, at such reasonable times and places as may be designated by us or our representatives, shall have access to all of your accounts, book of accounts, contracts, invoices and records, or certified copies of such if the originals are lost, relating to all insured operations and property.

You shall submit as often as may be reasonably required, and so far as within your power, cause all other persons and their employees interested in such operations and property to submit to examination under oath by a person named by us relative to any and all matters in connection with a claim, at such reasonable times and places as may be designated by us or our representatives. You agree to do everything within reason to comply with the foregoing.

No such examination under oath or examination of books or documents, nor any other act by us or any of our employees or representatives in connection with the investigation of any loss or claim hereunder, shall be deemed a waiver of any defense which we might otherwise have with respect to any loss or claim, but all such examinations and acts shall be deemed to have been made or done without prejudice to our liability.

6. Other Insurance

If at the time of loss or damage any other insurance is available which would apply to the property in the absence of this policy, the insurance provided by this policy shall apply as excess insurance over the other insurance.

7. Subrogation

In the event of loss which we believe may be collectible from others, we may pay in the form of a loan to be repaid out of any recoveries from others. You will execute all papers required and cooperate in every way possible to assist in such recovery from others and we shall, at our

expense, take over your rights against others to the extent of our payment.

8. Your Duties After Loss

In case of a loss to which this insurance may apply, you shall see that the following duties are performed:

- a. Protection of Property - Protect the property from further loss and take all steps possible to minimize the loss. If expenses are incurred in doing so, they shall be borne by you and us proportionate to our respective interests, consistent with your use of due diligence.
- b. Notice of Loss - Report as soon as practicable in writing to us or our authorized representative any loss or damage which may become a claim under this policy.
- c. Proof of Loss - File with us, or our authorized representative, a detailed proof of loss signed and sworn to by you setting forth to the best of your knowledge and belief the facts of the loss and the amount thereof within one hundred eighty (180) days after discovery of the loss.

9. Cancellation

You may cancel this policy by returning it to us or our authorized representative and stating in writing the future date you want it to be canceled.

We may cancel this policy by written notice to you at the address shown in this policy or last known address. The cancellation will be effective as of the date shown on the Cancellation Notice, but not less than forty-five (45) days after mailing to the address in this policy or last known address. The mailing of notice is sufficient proof of notice of cancellation. Delivery of notice shall be the equivalent of mailing.

If we cancel for nonpayment of premium, written notice to you will be ten (10) days. Whether cancellation of this policy is by you or by us any return premium will be pro rata, subject to a minimum earned premium of twenty-five percent (25%) of the premium shown on the Declarations page.

Premium adjustment will be made as soon as practicable after cancellation, but if premium refunds are not tendered at the time notice of cancellation is given, the validity of such notice is not affected.

10. Abandonment

There can be no abandonment of any property to us without our written consent.

11. Policy Period

This policy applies only to loss or damage which commences during the policy period stated in the Declarations.

12. Valuation

The valuation of the property insured under this policy is based upon your estimate and is not agreed upon, but left to be ascertained in the event of and at the time of loss.

In the event of loss, your property shall be valued at the full cost of repair or replacement for the same function, without deduction for depreciation or betterment, if repaired or replaced with due diligence and dispatch, and in no event unless repair or replacement is completed within one year from the date of loss. If not repaired or replaced, the property shall be valued at its actual cash value at the time and place of loss.

Property of others for which you are legally liable, either by contract or mutual agreement, shall be valued at common market value, in accord with contractual conditions or as you are obligated to pay by common law.

Vehicles covered under this policy will be valued at actual cash value at the time and place of loss.

Stock will be valued as follows:

- a. Stock you have sold but not delivered at the selling price less discounts and expenses you otherwise would have incurred.
- b. Stock that is finished goods manufactured by you at the price for which it could have been sold if there had been no loss, less all discounts and savings.
- c. Stock shipped to you at your actual invoice cost plus any charges you must pay and your commission, if you are the selling agent.
- d. Stock that you have shipped at your selling invoice plus any guaranteed, prepaid or advanced freight.
- e. Stock that you have shipped not under invoice at its market value at destination on the date of loss less any savings.

Stock means merchandise held in storage or for sale; raw materials; and in-process or finished goods. It includes supplies used in packing or shipping of any of these.

13. Appraisal

If you and we fail to agree on the amount of loss, either one can demand that the amount of loss be set by appraisal. Each party shall select a competent, independent appraiser and notify the

other of the appraiser's identity within twenty (20) days of receipt of the written demand. The two appraisers shall then select a competent, impartial umpire. If the two appraisers are unable to agree upon an umpire within fifteen (15) days, you or we can ask a judge of a court of record in the state of your residence to select an umpire. The appraisers shall then submit a written report of an agreement to us and the amount agreed upon shall be the amount of the loss. If the appraisers fail to agree within a reasonable time, they shall submit their difference to the umpire. Written agreement signed by any two of these three shall set the amount of the loss. Each appraiser shall be paid by the party selecting that appraiser. Other expenses of the appraisers and the compensation of the umpire shall be paid equally by you and us.

14. Policy Changes

No changes may be made in this policy except by us in writing.

15. Conformity to State Law

When any policy provision is in conflict with the applicable law of the State in which this policy is issued, the law of the State shall apply.

16. Due Diligence Clause

You shall use due diligence and do and concur in doing all things reasonably practicable to avoid or diminish any loss or any circumstance likely to give rise to a loss or claim insured under this policy. It is agreed that this policy extends to indemnify you for your ascertained net loss of additional incurred expenses and/or increased costs necessarily incurred by you to avoid or diminish any such loss or claim, subject to any deductible provision stated in the Supplemental Declarations page, provided, however, that in no circumstances shall our maximum liability under this policy be greater than the sum insured as declared, or that which would have been incurred had you not incurred said increased costs and/or additional out-of-pocket expenses, or in any event exceed the limits of liability of this policy.

17. Inadvertent Error Clause

You shall not be prejudiced by an unintentional or inadvertent omission, error or incorrect description of the property insured hereunder, provided notice be given to us and corrections be made as soon as practicable after discovery of any such error or omission.

18. Inspection

We shall be permitted but not obligated to inspect your property and operations at any time. Neither our right to make inspections nor the making thereof nor any report thereon shall

constitute an undertaking on behalf of or for the benefit of you or others and same shall not commit or obligate us in any manner whatsoever.

19. Insurance Not to Benefit Others

No person or organization having custody of the property and to be paid for services shall benefit from this insurance.

20. Loss Payment

Loss, if any, shall be payable to you or your loss payee.

We agree that any holder of a Certificate of Insurance issued by us or on our behalf shall be considered a Loss Payee, subject to your legal liability.

Unless a claim has been paid by others, all adjusted claims shall be paid or made good to you within thirty (30) days after presentation and acceptance of satisfactory proof of interest and loss to our office, or after we reach agreement with you, or after entry of a final judgment, or after the filing of an appraisal award with us. No loss shall be paid or be made good if you have collected the same from others.

21. Premises Protection

It is a condition of this insurance that you shall maintain such protective safeguards as were represented by you to be in effect at the time of the attachment of this insurance. Failure to maintain such protective safeguards shall void this coverage to the extent of any loss resulting from or contributed to by the lack of such protective safeguards.

22. Property of Others

We may adjust any claim directly with the owner of the covered property.

23. Liberalization Clause

If we adopt any revision which would broaden the coverage under this policy without additional premium within sixty (60) days prior to or during the policy period, the broadened coverage will immediately apply to this policy.

24. Insurance to Value Clause

We will not be liable for a greater proportion of any loss than the Limits of Liability stated on the Supplemental Declaration page bears to ninety percent (90%) of the total replacement cost of the property insured at the time of loss.

This provision of the policy will apply only if any adjusted claim under this policy, arising out of one occurrence, is greater than ten percent (10%) of the Limits of Liability shown on the Supplemental Declaration page. This provision does not apply to the perils of earthquake or flood.

25. Mobile Equipment

Means any of the following types of land vehicles, including any attached machinery or equipment:

Bulldozers, farm machinery, forklifts and other vehicles designed for use principally off public roads;

Vehicles that travel on crawler treads;

Vehicles, whether self-propelled or not, maintained primarily to provide mobility to permanently mounted equipment, or maintained primarily for purposes other than the transportation of persons or cargo.

SAMPLE

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

CALIFORNIA CHANGES – ACTUAL CASH VALUE

This endorsement modifies insurance provided under the following:

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

The following is added to any provision which uses the term actual cash value:

Actual cash value is calculated as the amount it would cost to repair or replace Covered Property, at the time of loss or damage, with material of like kind and quality, subject to a deduction for deterioration, depreciation and obsolescence. Actual cash value applies to valuation of Covered Property regardless of whether that property has sustained partial or total loss or damage.

The actual cash value of the lost or damaged property may be significantly less than its replacement cost.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

CALIFORNIA CHANGES

This endorsement modifies insurance provided under the following:

BOILER AND MACHINERY COVERAGE PART
 COMMERCIAL INLAND MARINE COVERAGE PART
 COMMERCIAL PROPERTY COVERAGE PART
 FARM COVERAGE PART – FARM PROPERTY – OTHER FARM PROVISIONS FORM – ADDITIONAL COVERAGES, CONDITIONS, DEFINITIONS
 FARM COVERAGE PART – LIVESTOCK COVERAGE FORM
 FARM COVERAGE PART – MOBILE AGRICULTURAL MACHINERY AND EQUIPMENT COVERAGE FORM
 STANDARD PROPERTY POLICY

- A.** When this endorsement is attached to the Standard Property Policy **CP 00 99** the term Coverage Part in this endorsement is replaced by the term Policy.
- B.** The **Concealment, Misrepresentation Or Fraud** Condition is replaced by the following with respect to loss ("loss") or damage caused by fire:
- We do not provide coverage to the insured ("insured") who, whether before or after a loss ("loss"), has committed fraud or intentionally concealed or misrepresented any material fact or circumstance concerning:
1. This Coverage Part;
 2. The Covered Property;
 3. That insured's ("insured's") interest in the Covered Property; or
 4. A claim under this Coverage Part or Coverage Form.
- C.** The **Concealment, Misrepresentation Or Fraud** Condition is replaced by the following with respect to loss ("loss") or damage caused by a Covered Cause of Loss other than fire:
- This Coverage Part is void if any insured ("insured"), whether before or after a loss ("loss"), has committed fraud or intentionally concealed or misrepresented any material fact or circumstance concerning:
1. This Coverage Part;
 2. The Covered Property;
 3. An insured's ("insured's") interest in the Covered Property; or
 4. A claim under this Coverage Part or Coverage Form.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

CALIFORNIA CHANGES – CANCELLATION AND NONRENEWAL

This endorsement modifies insurance provided under the following:

BOILER AND MACHINERY COVERAGE PART
BUSINESSOWNERS POLICY
COMMERCIAL AUTO COVERAGE PART
COMMERCIAL CRIME COVERAGE PART
COMMERCIAL GENERAL LIABILITY COVERAGE PART
COMMERCIAL INLAND MARINE COVERAGE PART
COMMERCIAL PROPERTY COVERAGE PART
EMPLOYMENT-RELATED PRACTICES LIABILITY COVERAGE PART
FARM COVERAGE PART
LIQUOR LIABILITY COVERAGE PART
POLLUTION LIABILITY COVERAGE PART
PRODUCTS/COMPLETED OPERATIONS LIABILITY COVERAGE PART
PROFESSIONAL LIABILITY COVERAGE PART

A. Paragraphs 2. and 3. of the **Cancellation** Common Policy Condition are replaced by the following:

2. All Policies In Effect For 60 Days Or Less

If this policy has been in effect for 60 days or less, and is not a renewal of a policy we have previously issued, we may cancel this policy by mailing or delivering to the first Named Insured at the mailing address shown in the policy and to the producer of record, advance written notice of cancellation, stating the reason for cancellation, at least:

- a. 10 days before the effective date of cancellation if we cancel for:
 - (1) Nonpayment of premium; or
 - (2) Discovery of fraud or material misrepresentation by:
 - (a) Any insured or his or her representative in obtaining this insurance; or
 - (b) You or your representative in pursuing a claim under this policy.
- b. 30 days before the effective date of cancellation if we cancel for any other reason.

3. All Policies In Effect For More Than 60 Days

- a. If this policy has been in effect for more than 60 days, or is a renewal of a policy we issued, we may cancel this policy only upon the occurrence, after the effective date of the policy, of one or more of the following:
 - (1) Nonpayment of premium, including payment due on a prior policy we issued and due during the current policy term covering the same risks.
 - (2) Discovery of fraud or material misrepresentation by:
 - (a) Any insured or his or her representative in obtaining this insurance; or
 - (b) You or your representative in pursuing a claim under this policy.
 - (3) A judgment by a court or an administrative tribunal that you have violated a California or Federal law, having as one of its necessary elements an act which materially increases any of the risks insured against.
 - (4) Discovery of willful or grossly negligent acts or omissions, or of any violations of state laws or regulations establishing safety standards, by you or your representative, which materially increase any of the risks insured against.

- (5) Failure by you or your representative to implement reasonable loss control requirements, agreed to by you as a condition of policy issuance, or which were conditions precedent to our use of a particular rate or rating plan, if that failure materially increases any of the risks insured against.
- (6) A determination by the Commissioner of Insurance that the:
 - (a) Loss of, or changes in, our reinsurance covering all or part of the risk would threaten our financial integrity or solvency; or
 - (b) Continuation of the policy coverage would:
 - (i) Place us in violation of California law or the laws of the state where we are domiciled; or
 - (ii) Threaten our solvency.
 - (7) A change by you or your representative in the activities or property of the commercial or industrial enterprise, which results in a materially added, increased or changed risk, unless the added, increased or changed risk is included in the policy.

- b. We will mail or deliver advance written notice of cancellation, stating the reason for cancellation, to the first Named Insured, at the mailing address shown in the policy, and to the producer of record, at least:
 - (1) 10 days before the effective date of cancellation if we cancel for a reason listed in Paragraph 3.a.(1) or 3.a.(2); or
 - (2) 30 days before the effective date of cancellation if we cancel for any other reason listed in Paragraph 3.a.

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

7. Residential Property

This provision applies to coverage on real property which is used predominantly for residential purposes and consisting of not more than four dwelling units, and to coverage on tenants' household personal property in a residential unit, if such coverage is written under one of the following:

Businessowners Policy

Commercial Property Coverage Part

Farm Coverage Part – Farm Property – Farm Dwellings, Appurtenant Structures And Household Personal Property Coverage Form

- a. If such coverage has been in effect for 60 days or less, and is not a renewal of coverage we previously issued, we may cancel this coverage for any reason, except as provided in **b.** and **c.** below.

- b. We may not cancel this policy solely because the first Named Insured has:

- (1) Accepted an offer of earthquake coverage; or
- (2) Cancelled or did not renew a policy issued by the California Earthquake Authority (CEA) that included an earthquake policy premium surcharge.

However, we shall cancel this policy if the first Named Insured has accepted a new or renewal policy issued by the CEA that includes an earthquake policy premium surcharge but fails to pay the earthquake policy premium surcharge authorized by the CEA.

- c. We may not cancel such coverage solely because corrosive soil conditions exist on the premises. This Restriction (**c.**) applies only if coverage is subject to one of the following, which exclude loss or damage caused by or resulting from corrosive soil conditions:

- (1) Businessowners Policy – Businessowners Special Property Coverage Form;
- (2) Commercial Property Coverage Part – Causes Of Loss – Special Form; or
- (3) Farm Coverage Part – Causes Of Loss Form – Farm Property, Paragraph **D.** Covered Causes Of Loss – Special.

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

NONRENEWAL

1. Subject to the provisions of Paragraphs **C.2.** and **C.3.** below, if we elect not to renew this policy, we will mail or deliver written notice stating the reason for nonrenewal to the first Named Insured shown in the Declarations and to the producer of record, at least 60 days, but not more than 120 days, before the expiration or anniversary date.

We will mail or deliver our notice to the first Named Insured, and to the producer of record, at the mailing address shown in the policy.

2. Residential Property

This provision applies to coverage on real property used predominantly for residential purposes and consisting of not more than four dwelling units, and to coverage on tenants' household property contained in a residential unit, if such coverage is written under one of the following:

Businessowners Policy

Commercial Property Coverage Part

Farm Coverage Part – Farm Property – Farm Dwellings, Appurtenant Structures And Household Personal Property Coverage Form

a. We may elect not to renew such coverage for any reason, except as provided in **b.**, **c.** and **d.** below:

b. We will not refuse to renew such coverage solely because the first Named Insured has accepted an offer of earthquake coverage.

However, the following applies only to insurers who are associate participating insurers as established by Cal. Ins. Code Section 10089.16. We may elect not to renew such coverage after the first Named Insured has accepted an offer of earthquake coverage, if one or more of the following reasons applies:

(1) The nonrenewal is based on sound underwriting principles that relate to the coverages provided by this policy and that are consistent with the approved rating plan and related documents filed with the Department of Insurance as required by existing law;

(2) The Commissioner of Insurance finds that the exposure to potential losses will threaten our solvency or place us in a hazardous condition. A hazardous condition includes, but is not limited to, a condition in which we make claims payments for losses resulting from an earthquake that occurred within the preceding two years and that required a reduction in policyholder surplus of at least 25% for payment of those claims; or

(3) We have:

(a) Lost or experienced a substantial reduction in the availability or scope of reinsurance coverage; or

(b) Experienced a substantial increase in the premium charged for reinsurance coverage of our residential property insurance policies; and

the Commissioner has approved a plan for the nonrenewals that is fair and equitable, and that is responsive to the changes in our reinsurance position.

c. We will not refuse to renew such coverage solely because the first Named Insured has cancelled or did not renew a policy, issued by the California Earthquake Authority that included an earthquake policy premium surcharge.

d. We will not refuse to renew such coverage solely because corrosive soil conditions exist on the premises. This Restriction (**d.**) applies only if coverage is subject to one of the following, which exclude loss or damage caused by or resulting from corrosive soil conditions:

(1) Businessowners Policy – Businessowners Special Property Coverage Form;

(2) Commercial Property Coverage Part – Causes Of Loss – Special Form; or

(3) Farm Coverage Part – Causes Of Loss Form – Farm Property, Paragraph **D.** Covered Causes Of Loss – Special.

3. We are not required to send notice of nonrenewal in the following situations:

a. If the transfer or renewal of a policy, without any changes in terms, conditions, or rates, is between us and a member of our insurance group.

b. If the policy has been extended for 90 days or less, provided that notice has been given in accordance with Paragraph **C.1.**

c. If you have obtained replacement coverage, or if the first Named Insured has agreed, in writing, within 60 days of the termination of the policy, to obtain that coverage.

d. If the policy is for a period of no more than 60 days and you are notified at the time of issuance that it will not be renewed.

e. If the first Named Insured requests a change in the terms or conditions or risks covered by the policy within 60 days of the end of the policy period.

f. If we have made a written offer to the first Named Insured, in accordance with the timeframes shown in Paragraph **C.1.**, to renew the policy under changed terms or conditions or at an increased premium rate, when the increase exceeds 25%.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

EARTH MOVEMENT/FLOOD EXCLUSION

This endorsement modifies insurance provided under the following:

- PERSONAL PROPERTY FLOATER
- RENTAL HOUSE FLOATER
- OFF-TRACK FLOATER
- FILM PRINT FLOATER

Coverage is amended to exclude the following perils (per Section V. Perils Not Insured) as designated below:

- Earth Movement
- Flood

The term **earth movement** as used in this policy shall mean:

- A. Any earth movement (other than sinkhole collapse), such as earthquake, landslide, mine subsidence or earth sinking, rising or shifting. But if loss or damage by fire or explosion results, we will pay for that resulting loss or damage.
- B. Volcanic eruption, explosion or effusion. But if loss or damage by fire or volcanic action results, we will pay for that resulting loss or damage.

The term **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.

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.

The term flood as used in this policy shall mean waves, tide or tidal water and the rising, including the overflowing or breaking of boundaries, of lakes, ponds, reservoirs, rivers, streams, harbors and similar bodies of water whether driven by wind or not.

THIRD PARTY PROPERTY DAMAGE

This endorsement modifies insurance provided under the following:

PERSONAL PROPERTY FLOATER
RENTAL HOUSE FLOATER
OFF-TRACK FLOATER

The insuring agreement is extended to cover all sums which you shall become legally obligated to pay as damages because of loss of, injury to or destruction of property of others (including loss of use thereof) occurring during the term of coverage while such property is in your care, custody or control and is used or to be used in connection with a production or event sponsored by you.

I. LIMIT OF LIABILITY

Our limit of liability shall not exceed with respect to any one loss shall not exceed \$25,000.

II. DEDUCTIBLE

We will pay in excess of the sum of \$1,000 each occurrence. This deductible shall include any judgment, settlement, cost, fee or expense in connection with each occurrence claimed hereunder.

This deductible shall not apply to any loss of use claim resulting from a concurrent loss to property covered under this policy for which you have incurred a deductible under any other portion covered under this policy.

III. EXCLUSIONS

This coverage does not apply to:

- A. Liability for injury to or destruction of property caused intentionally by you or at your direction;
- B. Liability for physical damage to motor vehicles, trailers, aircraft or watercraft except for loss of use of such property not excluded;
- C. Liability for injury to or destruction of personal property, used or to be used during or in connection with a production or event, which property is rented to or leased by you, except for loss of use of such property;
- D. Liability for damage to or destruction of property resulting from your failure to provide reasonable and proper care of property you use;

- E. Liability for injury to or destruction of premises (including buildings) rented to or leased by you that are used or to be used for any purpose other than in connection with an insured production or event.

IV. DEFINITION OF INSURED

The word "Insured" means the Named Insured as stated on the Declarations page and any employee (or other person under the Named Insured's direct control), partner, officer, or director thereof (referred to as "you" or "your"), but only with respect to any act or failure to act on the part of such parties while acting within the scope of their duties as such.

V. DEFENSE, SUPPLEMENTARY PAYMENT

With respect to such insurance as is afforded by this coverage, we shall:

- A. Defend any suit against you alleging such damage(s) which are payable under the terms of this Endorsement, even if any of the allegations of the suit are groundless, false or fraudulent;
- B. Pay in addition to the applicable limit of liability:
 - i. All expenses incurred by us, all costs taxed against you in any such suit and all interest on the entire amount of any judgment therein which accrues after entry of the judgment and before we have paid or tendered or deposited in court that part of the judgment which does not exceed the limit of our liability thereon;
 - ii. Premiums on appeal bonds required in such suit, premiums on bonds to release attachments for the amount not in excess of the applicable limit of liability of this Endorsement, but without any obligation to apply for or furnish any such bonds;
 - iii. All reasonable expenses, other than loss of earnings, you incur at our request.

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 CRIME COVERAGE FORM
 COMMERCIAL CRIME POLICY
 COMMERCIAL INLAND MARINE COVERAGE PART
 COMMERCIAL PROPERTY COVERAGE PART
 EMPLOYEE THEFT AND FORGERY POLICY
 FARM COVERAGE PART
 GOVERNMENT CRIME COVERAGE FORM
 GOVERNMENT CRIME POLICY
 KIDNAP/RANSOM AND EXTORTION COVERAGE FORM
 KIDNAP/RANSOM AND EXTORTION POLICY
 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 concurrence with the Secretary of State and the Attorney General of the United States, to be an act of terrorism pursuant to the federal Terrorism Risk Insurance Act of 2002. The criteria contained in that Act for a "certified act of terrorism" include the following:

1. The act resulted in aggregate losses in excess of \$5 million; 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 acting on behalf of any foreign person or foreign interest, 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.

With respect to any one or more "certified acts of terrorism" under the federal Terrorism Risk Insurance Act of 2002, we will not pay any amounts for which we are not responsible under the terms of that Act (including subsequent action of Congress pursuant to the Act) due to the application of any clause which results in a cap on our liability for payments for terrorism losses.

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.

VEHICLE PHYSICAL DAMAGE

This endorsement modifies insurance provided under the following:

- PERSONAL PROPERTY FLOATER
- RENTAL HOUSE FLOATER
- OFF-TRACK FLOATER
- THEATRICAL PRODUCTION PORTFOLIO, COVERAGE A. THEATRICAL PERSONAL PROPERTY

The insuring agreement is extended to the value of motor vehicles which are:

- a. The property of others for which you are legally liable,
- b. Vehicles you own and operate that are specifically scheduled and endorsed to this policy including any new vehicles you purchase for a period not to exceed 30 days from the date of purchase; and which are lost, damaged or destroyed during the term of coverage caused by the perils insured against.

II. LIMIT OF LIABILITY

Our limit of liability shall not exceed with respect to any one vehicle shall not exceed \$_____, subject to a maximum liability of \$_____ per occurrence.

III. DEDUCTIBLE

We will pay in excess of _____% of the loss, subject to a minimum of \$_____ and a maximum of \$_____ each vehicle.

IV. PERILS INSURED

This coverage insures against all risks of direct physical loss or damage to the property described in Paragraph I. from any external cause, except as excluded in Section V. Perils Not Insured of the policy.

V. PROPERTY NOT INSURED

This coverage does not insure:

- A. Any property not permanently attached to a motor vehicle;
- B. Vehicles owned by you unless specifically endorsed hereon;
- C. Mobile equipment, as defined in the policy.

VI. VALUATION

It is agreed that the basis of determining the value of the property insured hereunder shall be the actual cash value as of the date and location of loss, damage or destruction, not exceeding, however, the amount which it would cost to repair or replace such property with material of like kind and quality, whichever is less.