

**PROPERTY COVERAGE**

**LIMIT OF INSURANCE**

The following deductible applies unless a separate deductible is shown on the Schedule of Locations and Coverage.

Deductible: \$500

Business Income and Extra Expense Coverage	
Business Income and Extra Expense Coverage 12 Month Loss Sustained	
Business Income and Extra Expense Coverage Dependent Properties	\$10,000
Employee Dishonesty	\$25,000
Forgery and Alteration	\$25,000
Interruption of Computer Operations	\$25,000

**LIABILITY COVERAGE**

**LIMIT OF INSURANCE**

Each Occurrence Limit	\$1,000,000
Medical Expense Limit	\$10,000
Personal and Advertising Injury	\$1,000,000
Products/Completed Operations Aggregate	\$2,000,000
General Aggregate	\$2,000,000
Damage To Premises Rented To You	\$300,000

**PROPERTY COVERAGE****LIMIT OF INSURANCE**

Accounts Receivable	\$25,000
Business Personal Property	\$2,500
Electronic Data Processing	\$50,000
Enhanced Replacement Cost	
Equipment Breakdown	
Fine Arts	\$25,000
Ordinance or Law	\$25,000
Seasonal Increase: 25%	
Valuable Papers & Records	\$25,000

# sample

**all the limits above can be  
increased upon request**



## LOSS PAYEE SCHEDULE

All loss payees as their interests may appear in the Covered Property.

The following provisions apply in accordance with the insurable interest of the loss payee:

Description of Property: Any Covered Property in which a loss payee, creditor or lender holds an interest, including any person or organization you have entered a contract with for the sale of Covered Property.

## FORMS AND ENDORSEMENTS SCHEDULE

The following list shows the Forms, Schedules and Endorsements by Line of Business that are a part of this policy.

### COMMON

FORM NUMBER		FORM TITLE
SB146916A	01/2006	California Changes
SB146932A	01/2006	Non-Contractors Blanket Additional Insured
SB146959A	01/2006	Policyholders Jurisdictional Inspections
SB146985A	01/2006	Pol Limtn Disclosure Notice Excl - Respirable Dust
SB147075A	01/2006	Economic and Trade Sanctions Condition
SB147082A	01/2006	Businessowners Common Policy Conditions
SB147086A	01/2006	Loss Payable Provisions
SB147088A04	01/2006	Exclusion - Asbestos
SB300161A	01/2006	Policy Limitation Disclosure Notice Excl - Silica

### COMMERCIAL PROPERTY

FORM NUMBER		FORM TITLE
SB146801A	01/2006	Businessowners Special Property Coverage Form
SB146802A	01/2006	Business Income and Extra Expense
SB146803A	01/2006	Seasonal Increase
SB146804A	01/2006	Arson and Theft Reward
SB146805A	01/2006	Claim Data Expense
SB146806A	01/2006	Debris Removal
SB146807A	01/2006	Employee Dishonesty
SB146808A	01/2006	Expedited Expenses
SB146809A	01/2006	Fine Arts
SB146810A	01/2006	Fire Department Service Charge
SB146811A	01/2006	Fire Protective Equipment Discharge
SB146812A	01/2006	Forgery and Alteration
SB146813A	01/2006	Newly Acquired or Constructed Property
SB146814A	01/2006	Ordinance or Law
SB146815A	01/2006	Outdoor Trees, Shrubs, Plants and Lawns
SB146816A	01/2006	Pollutant Clean Up and Removal
SB146817A	01/2006	Preservation of Property
SB146818A	01/2006	Temporary Relocation of Property
SB146819A	01/2006	Water Damage, Other Liquids, Solder, Molten Damage
SB146820A	01/2006	Accounts Receivable
SB146821A	01/2006	Appurtenant Buildings and Structures
SB146822A	01/2006	Building Glass
SB146823A	01/2006	Business Income Extra Expense - Dependent Property
SB146824A	01/2006	Business Income Extra Expense-Newly Acquired Locs
SB146825A	01/2006	Business Personal Property Off Premises
SB146826A	01/2006	Civil Authority
SB146827A	01/2006	Electronic Data Processing
SB146828A	01/2006	Equipment Breakdown
SB146829A	01/2006	Interruption of Computer Operations
SB146830A	01/2006	Money Orders and Counterfeit Paper Currency
SB146831A	01/2006	Nonowned Detached Trailers
SB146832A	01/2006	Ordinance or Law-Increased Period of Restoration
SB146833A	01/2006	Outdoor Property
SB146834A	01/2006	Personal Effects
SB146835A	01/2006	Signs

## FORMS AND ENDORSEMENTS SCHEDULE

### COMMERCIAL PROPERTY

FORM NUMBER		FORM TITLE
SB146836A	01/2006	Spoilage Consequential Loss
SB146837A	01/2006	Theft Damage to Rented Property
SB146838A	01/2006	Valuable Papers and Records
SB146854A	01/2006	Enhanced Replacement Cost
SB146936A	01/2006	Inflation Guard
SB147084A04	01/2006	California Fungi, Wet Rot, Dry Rot, Microbe Exln
SB147087A	01/2006	Computer Virus and System Penetration Exclusion
SB300144A	01/2006	Notification Endorsement of Impending Law Change
SB300146A	01/2006	Cap on Losses From Certified Acts of Terrorism

### COMMERCIAL GENERAL LIABILITY

FORM NUMBER		FORM TITLE
SB147078A	01/2006	Exclusion - Violation of Statute
SB147079A	01/2006	War Liability Exclusion
SB147080A	01/2006	Exclusion - Silica
SB147081A	01/2006	Exclusion - Respirable Dust
SB147083A	01/2006	Fungi / Mold / Mildew / Yeast / Microbe Exclusion
SB147085A	01/2006	Known or Continuing Injury Damage
SB147089A	01/2006	Employment - Related Practices Exclusion
SB300000A	01/2006	Businessowners Liability Coverage Form
SB300050A	01/2006	Exclusion - Athletic or Sports Participants
SB300063A	01/2006	Exclusion - Fiduciary or Representative Liability
SB300073A	01/2006	Exclusion - Mortgage Foreclosure
SB300185A	01/2006	Property Damage Definition Amendatory Endorsement

# BUSINESSOWNERS SPECIAL PROPERTY COVERAGE FORM

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

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

Other words and phrases that appear in quotation marks have special meaning. Refer to SECTION G – PROPERTY 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 a Covered Cause Of Loss.

### 1. Covered Property

Covered Property includes Buildings as described under **a.** below, Business Personal Property as described under **b.** below, or both, depending on whether a Limit of Insurance is shown in the Declarations for the type of property. Regardless of whether coverage is shown in the Declarations for Buildings, Business Personal Property, or both, there is no coverage for property described under Paragraph **A.2.** Property Not Covered.

**a. Buildings**, meaning the buildings and structures at the premises described in the Declarations, including:

- (1) Completed Additions;
- (2) Fences
- (3) Fixtures, including outdoor fixtures;
- (4) Retaining walls, whether or not attached;
- (5) Permanently installed:
  - (a) Machinery; and
  - (b) Equipment;
- (6) Outdoor swimming pools;
- (7) Personal Property owned by you that is used to maintain or service the building or structure or the premises, including:
  - (a) Fire extinguishing equipment;
  - (b) Outdoor furniture;
  - (c) Floor coverings;
  - (d) Appliances used for refrigerating, ventilating, cooking, dishwashing or laundering;
  - (e) Lawn maintenance and snow removal equipment; and

(f) Alarm systems;

(8) If not covered by other insurance:

(a) Alterations and repairs to the building structure;

(b) Materials, equipment, supplies and temporary structures, on or within 1,000 feet of the described premises, used for making alterations or repairs to the building or structure.

**b. Business Personal Property** located in or on the building at the described premises or in the property (including a vehicle) within 1,000 feet of the described premises, including;

- (1) Property that you own that is used in your business;
- (2) Property of others that is in your care, custody or control;
- (3) Your use interest as tenant in improvements and betterments. Improvements and betterments are fixtures, alterations, installations or additions:
  - (a) Made a part of the building or structure you occupy or lease but do not own; and
  - (b) You acquired or made at your expense but are not permitted to remove;
- (4) Leased personal property for which you have a contractual responsibility to insure, unless otherwise provided for under Paragraph **A.1.b.(2).**

### 2. Property Not Covered

Covered Property does not include:

- a. Aircraft;
- b. Automobiles held for sale;
- c. Vehicles or self-propelled machines that are:
  - (1) Licensed for use on public roads (subject to motor vehicle registration); or



- (2) Operated principally away from the described premises;

This paragraph does not apply to:

- (1) Vehicles or self-propelled machines or autos that you manufacture, process or warehouse;
  - (2) Vehicles or self-propelled machines, other than autos, that you hold for sale; or
  - (3) Trailers or semi-trailers, except as provided in the Non-Owned Detached Trailers Coverage.
- d. Dams or dikes;
- e. Contraband, or property in the course of illegal transportation or trade;
- f. The cost of excavating, grading, backfilling or filling (except those costs necessary due to repair of buildings insured under this Coverage Form from a Covered Cause of Loss), reclaiming or restoring land or water;
- g. Water or land whether in its natural state or otherwise (including land on which the property is located), land improvements, growing crops or standing timber;
- h. Outdoor trees, shrubs, plants and lawns, other than "stock" except as provided in the Outdoor Trees, Shrubs, Plants and Lawns Additional Coverage;
- i. The following property while outside of the buildings:
- (1) Bridges, walks, roadways, patios or other paved surfaces; or
  - (2) Outdoor radio or television antennas (including satellite dishes) and including their lead-in wiring, masts or towers;
- Except as provided in the Outdoor Property Coverage Extension;
- j. Watercraft (including motors, equipment and accessories) while afloat;
- k. Accounts and bills, except as provided in the Accounts Receivable Coverage Extension;
- l. "Valuable Papers and Records," except as provided in the Valuable Papers and Records Coverage Extension;
- m. Property that is covered under another Coverage Form of this or any other policy in which it is more specifically described, except for the excess of the amount due (whether you can collect on it or not) from that other insurance;

- n. "Fine Arts," except as provided in the Fine Arts Additional Coverage;
- o. Bullion, gold, silver, platinum and other precious alloys or metals, unless they are used in your "operations" (theft limitation applies);
- p. "Electronic Data Processing Equipment" (not including "stock"), except as provided in the Electronic Data Processing Coverage Extension;
- q. "Electronic Data Processing Data and Media" (not including "stock"), except as provided in the Electronic Data Processing Coverage, or in the Accounts Receivable Coverage Extension; or
- r. Outdoor signs, except as provided in the Signs Coverage Extension.

### 3. Covered Causes of Loss

RISKS OF DIRECT PHYSICAL LOSS unless the loss is:

- a. Excluded or limited by **B. EXCLUSIONS**;
- b. Limited in paragraph **A.4. Limitations**; or
- c. Excluded or limited by other provisions of this policy.

### 4. Limitations

- a. We will not pay for loss of or damage to:

- (1) The "interior of any building or structure" or to personal property in the building or structure, caused by rain, snow, sleet or ice whether driven by wind or not, unless:
- (a) The building or structure first sustains actual damage to the roof or walls by wind or hail and then we will pay only for the loss to the "interior of the building or structure" or the personal property in the building or structure that is caused by rain, snow, sleet, sand or dust entering the building(s) or structure(s) through openings in the roof or walls made by direct action of wind; or
  - (b) The loss or damage is caused by or results from thawing of snow, sleet or ice on the building or structure.

- (2) 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 gasses or fuel within the furnace of any

fired vessel or within the flues or passages through which the gasses of combustion pass.

- (3) 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.
- b. We will not pay for loss of or damage to the following types of property unless caused by any of the "specified causes of loss" or building glass breakage:
  - (1) Live animals, birds or fish, and then only if they are killed or their destruction is made necessary;
  - (2) Fragile articles such as glassware, statuary, marbles, chinaware and porcelains, if broken. This limitation does not apply to:
    - (a) Glass that is part of the exterior or interior of a building construction;
    - (b) Containers or property held for sale or
    - (c) Photographic or scientific instrument lenses.
- c. For loss or damage by theft, the following types of property are covered only up to the limits shown:
  - (1) \$2,500 for furs, fur garments, and garments trimmed with fur.
  - (2) \$5,000 for jewelry, watches, watch movements, jewels, pearls, precious and semi-precious stones, bullion, gold, silver, platinum and other precious alloys or metals. This limit does not apply to jewelry and watches worth \$500 or less per item.
  - (3) \$2,500 for patterns, dies, molds and forms.
- d. We will not pay for any loss or damage caused by any of the following even if they are Covered Causes of Loss if the building where loss or damage occurs has been "vacant" for more than 60 consecutive days before that loss or damage occurs:
  - (1) Vandalism;
  - (2) Sprinkler leakage, unless you have protected the system against freezing;
  - (3) Building glass breakage;
  - (4) Discharge or leakage of water;
  - (5) "Theft"; or

**(6) Attempted "theft."**

With respect to Covered Causes of Loss other than those listed in **4.d.(1)** through **4.d.(6)** above, we will reduce the amount we would otherwise pay for the loss or damage by 15%.

- e. Coverage for Business Income and Extra Expense does not apply to any loss or increase in loss caused by direct physical loss of or damage to "Electronic Data Processing Data and Media," except as provided in the Interruption of Computer Operations Coverage Extension.

**5. Additional Coverages**

Additional Coverages may be attached to this Policy (designation would appear in the attached form(s)). Unless otherwise stated, payments made under these Additional Coverages are in addition to the applicable Limits of Insurance.

**6. Coverage Extensions**

Coverage Extensions may be attached to this Policy (designation would appear in the attached form(s)). Unless otherwise stated, payments made under these Coverage Extensions are subject to and not in addition to the applicable Limits of Insurance in this Coverage Form.

**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**
    - (1) The enforcement of any ordinance or law:
      - (a) Regulating the construction, use or repair of any property; or
      - (b) Requiring the tearing down of any property, including the cost of removing its debris.
    - (2) This exclusion applies whether the loss results from:
      - (a) An ordinance or law that is enforced even if the property has not been damaged; or
      - (b) The increased costs incurred to comply with an ordinance or law in the course of construction, repair, renovation, remodeling or demolition of property, or removal of its debris, following a physical loss to that property.





## **b. Earth Movement**

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

But if Earth Movement, as described in Paragraphs **(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, or volcanic action.

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

- (a)** Airborne volcanic blast or airborne shock waves;
- (b)** Ash, dust or particulate matter; or
- (c)** Lava flow.

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

Volcanic action does not include the cost to remove ash, dust or particulate matter that does not cause direct physical loss of or damage to Covered Property.

## **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 policy.

## **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. Power Failure or Fluctuation**

The failure or fluctuation of power or other utility service supplied to the described premises, however caused, if the cause of the failure or fluctuation occurs away from the described premises.

But if the failure or fluctuation of power 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.

## **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, tides, tidal waves, overflow of any body of water, or their spray, all whether driven by wind or not;

**(2)** Mudslide or mudflow;

**(3)** Water or sewage that backs up or overflows from a sewer, drain or sump; or

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

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

**(b)** Basements, whether paved or not; or

**(c)** Doors, windows or other openings.

But if Water, as described in Paragraphs **(1)** through **(4)**, results in fire, explosion or sprinkler leakage, we will pay for the loss or damage caused by that fire, explosion or sprinkler leakage.

## **h. Neglect**

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

## **i. Collapse of Buildings**

Collapse of buildings meaning an abrupt falling down or caving in of a building or any part of a building with the result being that the building or part of a building cannot be occupied for its intended purpose.

**(1)** This exclusion does not apply to collapse of buildings if caused only by one or more of the following:

- (a)** A "specified cause of loss" or breakage of building glass;
- (b)** Decay, insect or vermin damage that is hidden from view, unless the presence of such decay or insect or vermin damage is known to an insured prior to collapse;
- (c)** Weight of people or personal property;
- (d)** Weight of rain that collects on a roof; or
- (e)** Use of defective material or methods in construction, remodeling or renovation if the collapse occurs during the course of construction, remodeling or renovation; or
- (f)** Use of defective material or methods in construction, remodeling or renovation if the collapse occurs after construction, remodeling or renovation is complete and is caused in part by a cause of loss listed in Paragraphs **(a)** through **(d)** above.

In the event collapse results in a Covered Cause of Loss, we will only pay for the resulting loss or damage by that Covered Cause of Loss.

**(2)** We will not pay for loss of or damage to the following types of property, if otherwise covered in this Coverage Form under Paragraphs **(1)(b)** through **(1)(f)** above, unless the loss or damage is a direct result of the collapse of a building:

- (a)** Awnings, gutters and downspouts;
- (b)** Outdoor radio or television antennas (including microwave or satellite dishes) and their lead-in wiring, masts or towers;

**(c)** Fences;

**(d)** Piers, wharves and docks;

**(e)** Beach or diving platforms or appurtenances;

**(f)** Retaining walls;

**(g)** Walks, roadway and other paved surfaces;

**(h)** Yard fixtures; or

**(i)** Outdoor swimming pools.

**(3)** A building or part of a building that:

- (a)** Is in imminent danger of abruptly falling down or caving in; or
- (b)** Suffers a substantial impairment of structural integrity;

is not considered to have collapsed but is considered to be in a state of imminent collapse.

**(4)** With respect to buildings in a state of imminent collapse, we will not pay for loss or damage unless the state of imminent collapse first manifests itself during the policy period and is caused only by one or more of the following which occurs during the policy period:

- (a)** A "specified cause of loss" or breakage of glass
- (b)** Weight of people or personal property;
- (c)** Weight of rain that collects on a roof; or
- (d)** Use of defective material or methods in construction, remodeling or renovation if the state of imminent collapse occurs during the course of construction, remodeling or renovation.

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

### **a. Electrical Apparatus**

Artificially generated electrical current, including electric arcing, that disturbs electrical devices, appliances or wires.

But if artificially generated electrical current results in fire, we will pay for the loss or damage caused by fire.

### **b. Consequential Loss**

Delay, loss of use or loss of market.

**c. Smoke, Vapor, Gas**

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

**d. Other Types Of Loss**

- (1) Wear and tear;
- (2) Rust, corrosion, fungus, 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.

This exclusion does not apply with respect to the breakdown of electronic Data Processing Data and Magnetic

- (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.
- (d) Changes in flavor, color, texture or finish;
- (e) Evaporation or leakage; or

- (8) Contamination by other than "pollutants."

But if an excluded cause of loss that is listed in Paragraphs (1) through (8) above results in a "specified cause of loss," building glass breakage, or "breakdown" to "covered equipment" (only if otherwise a Covered Cause of Loss), we will pay for the loss or damage caused by that "specified cause of loss," building glass breakage or "breakdown" to "covered equipment" (only if otherwise a Covered Cause of Loss).

**e. Steam Apparatus**

Explosion of steam boilers, steam pipes, steam engines or steam turbines owned or leased by you, or operated under your control. But if explosion of steam boilers, steam pipes, steam engines or steam turbines results in fire or combustion explosion, we will pay for the loss or damage caused by that fire or

combustion explosion. We will also pay for loss or damage caused by or resulting from the explosion of gases or fuel within the furnace of any fired vessel or within the flues or passages through which the gases of combustion pass.

**f. Seepage**

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

**g. Frozen Plumbing**

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 of heat if the heat is not maintained.

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

- (1) Acting alone or in collusion with others;
- (2) Whether or not occurring during the hours of employment.

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

Except as provided in the Employee Dishonesty Additional Coverage.

**i. False Pretense**

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

**j. Exposed property**

Rain, snow, sand, dust, ice or sleet to personal property in the open, except as provided in the Coverage Extension for Outdoor Property.

**k. Pollution**

Discharge, dispersal, seepage, migration, release or escape of "pollutants" unless the

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

**l.** Property that is missing, where the only evidence of the loss or damage is a shortage disclosed on taking inventory, or other instances where there is no physical evidence to show what happened to the property. This exclusion does not apply to "money" and "securities."

**m.** Loss of property or that part of any loss, the proof of which as to its existence or amount is dependent on:

**(1)** Any inventory computation; or

**(2)** A profit and loss computation.

**n.** The transfer of property to a person or to a place outside the described premises on the basis of unauthorized instructions.

**o.** Loss of "money" or "securities" caused by or resulting from accounting or arithmetic errors or omissions.

**p.** The cost of correcting or making good the damage to personal property attributable to such property being processed, manufactured, tested, repaired, restored, retouched or otherwise being worked on.

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

**a. Weather Conditions**

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

**b. Acts or Decisions**

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

**c. Negligent Work**

Faulty, inadequate or defective:

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

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

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

**(4)** Maintenance;

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

If an excluded cause of loss that is listed in Paragraphs **(1)** through **(4)** above results in a Covered Cause of Loss, we will pay for the resulting loss or damage caused by that Covered Cause of Loss. But we will not pay for:

**(1)** Any cost of correcting or making good the fault, inadequacy or defect itself, including any cost incurred to tear down, tear out, repair or replace any part of any property to correct the fault, inadequacy or defect; or

**(2)** Any resulting loss or damage by a Covered Cause of Loss to the property that has the fault, inadequacy or defect unless the fault, inadequacy or defect is corrected.

**4. Business Income and Extra Expense Exclusions**

**a.** We will not pay for:

**(1)** Any Extra Expense, or increase of Business Income 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."

**b.** Any other consequential loss.

**C. Limits of Insurance**

**1.** Unless otherwise stated, the most we will pay for loss or damage in any one occurrence is the applicable Limit of Insurance shown in the Declarations, Schedules, Coverage Forms, or endorsements.

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## 2. Inflation Guard

- a. When a percentage for Inflation Guard is shown in the Declarations, the Limit of Insurance for property to which this coverage applies will automatically increase by that annual percentage.
- 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, multiplied by
  - (2) The percentage of annual increase shown in the Declarations, expressed as a decimal (example: 5% is .05), multiplied by
  - (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 Building  
limit is \$100,000

The annual percentage  
increase is 5%

The number of days since  
the beginning of the policy  
year (or last policy change)  
is 146

The amount of increase is  
 $\$100,000 \times .05 \times (146/365) = \$2,000$

## D. DEDUCTIBLES

1. We will not pay for loss or damage in any one occurrence until the amount of loss or damage exceeds the Businessowners Property Coverage Deductible amount shown in the Declarations. We will then pay the amount of loss or damage in excess of the Deductible up to the applicable Limit of Insurance.
2. Regardless of the amount of the Businessowners Property Coverage Deductible, the most we will deduct from any loss or damage under the Building Glass Coverage Extension in any one occurrence is the Building Glass Deductible shown in the Declarations.
3. The Businessowners Property Coverage Deductible does not apply to any of the following if they are included as part of this policy:
  - a. Fire Department Service Charge

## b. Business Income and Extra Expense

## c. Arson and Theft Reward; and

## d. Accounts Receivable.

4. If more than one deductible applies to loss or damage in any one occurrence, we will apply each deductible separately. But the total of all deductible amounts applied in any one occurrence will not exceed the largest applicable deductible.

## E. PROPERTY LOSS CONDITIONS

### 1. Abandonment

There can be no abandonment of any property to us.

### 2. Appraisal

If we and you disagree on the amount of loss, either may make written demand for an appraisal of the loss. In this event, each party will select a competent and impartial appraiser. The two appraisers will select an umpire. If they cannot agree, either may request that selection be made by a judge of a court having jurisdiction. The appraiser will state separately the amount of loss; if they still disagree, they will submit their difference to the umpire. A decision agreed to by both 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 Limits of Insurance. However, we will not pay for any loss or damage 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.

(9) Resume all or part of your business as quickly as possible.

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

#### 4. Loss Payment - Building and Personal Property

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 **4.e.** below or any

applicable provision which amends or supersedes the value of Covered Property.

b. The cost to repair, rebuild or replace does not include the increased cost attributable to enforcement of any ordinance or law regulating the construction, use or repair of any property, except as provided in the Ordinance or Law Additional Coverage.

c. We will give notice of our intentions within 30 days after we receive the proof of loss.

d. We will not pay you more than your financial interest in the Covered Property.

e. We will determine the value of Covered Property as follows:

(1) At replacement cost (without deduction for depreciation), except as provided in (2) through (18) below.

(a) 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 on a replacement cost basis if you notify us of your intent to do so within 180 days after the loss or damage.

(b) We will not pay on a replacement cost basis for any loss or damage:

(i) Until the lost or damaged property is actually repaired or replaced; and

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

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

a) If the conditions in (b)(i) and (b)(ii) above are not met, the value of tenants' improvements and betterments will be determined as a proportion of your original cost, as set forth under **4.e.(7)** below; and

b) We will not pay for loss or damage to tenants' improvements and

sample



betterments if others pay for repairs or replacement.

- (c)** We will not pay more for loss or damage on a replacement cost basis than the least of **(i)**, **(ii)**, or **(iii)** Subject to **(d)** below:

- (i)** The Limit of Insurance applicable to the lost or damaged property;
- (ii)** 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
- (iii)** 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 **(c)(ii)** above is limited to the cost which would have been incurred if the building had been rebuilt at the original premises.

- (d)** The cost of repair or replacement does not include the increased cost attributable to enforcement of any ordinance or law regulating the construction, use or repair of any property.
- (2)** If the Declarations indicate that Actual Cash Value applies to Buildings or Business Personal Property, paragraph **(1)** above does not apply to the property for which Actual Cash Value is indicated.
- (3)** Property of others at the amount you are liable plus the cost of labor, materials, or services furnished or arranged by you on personal property of others, not to exceed the replacement cost.
- (4)** The following property at actual cash value:
- (a)** Used or second-hand merchandise held in storage or for sale;
  - (b)** Household furnishings;
  - (c)** Personal effects.
- (5)** "Fine Arts" as follows:
- (a)** If there is a schedule of "fine arts" on file which includes a description and value of the lost or damaged item, we will pay the value as stated in the

schedule for that item if there is a total loss to that item. If there is a partial loss to an item, we will pay the cost of reasonably restoring or repairing that item.

- (b)** For "fine arts" without a schedule on file as described in paragraph **(a)** above, the value of "fine arts" will be the least of the following amounts:

- (i)** Market value of the lost or damaged item at the time and place of loss;
- (ii)** The cost of reasonably restoring the lost or damaged item; or
- (iii)** The cost of replacing that lost or damaged item with property substantially the same.

- (6)** Glass at the cost of replacement with safety glazing material if required by law.

- (7)** Tenants' Improvements and Betterments at:

- (a)** Replacement cost if you make repairs promptly.

- (b)** A proportion of your original cost if you do not make repairs promptly. We will determine the proportionate value as follows:

- (i)** Multiply the original cost by the number of days from the loss or damage to the expiration date of the lease; and
- (ii)** Divide the amount determined in **(i)** above by the number of days from the installation of improvements to the expiration of the lease.

If your lease contains a renewal option, the expiration of the renewal option period will replace the expiration of the lease in this procedure.

- (c)** Nothing, if others pay for repairs or replacement.

- (8)** "Valuable Papers and Records" at the cost of restoration or replacement. To the extent that the contents of the "valuable papers and records" are not restored or replaced, the "valuable papers and records" will be valued at the cost of replacement with blank material of substantially identical type.

- (9) "Stock" you have sold but not delivered at the selling price less discounts and expenses you otherwise would have had.
- (10) Property in transit (other than "stock" you have sold) at the amount of invoice, including your prepaid or advanced freight charges and other charges which may have accrued or become legally due from you since the shipment. If you have no invoice, the actual cash value will apply.
- (11) "Money" at its face value.
- (12) "Securities" at their value at the close of business on the day the loss is discovered.
- (13) Accounts Receivable as follows:
  - (a) If you cannot accurately establish the amount of Accounts Receivable outstanding as of the time of loss, we will:
    - (i) Determine the total of the average monthly amounts of Accounts Receivable for the 12 months immediately preceding the month in which the loss occurs; and
    - (ii) Adjust that total for any normal fluctuations in the amount for Accounts Receivable in the month in which the loss occurred or for any other reasonable cause from the average for that month.
  - (b) If you can accurately establish the amount of Accounts Receivable outstanding, that amount will be used in the determination of loss.
  - (c) The following will be deducted from the total amount of Accounts Receivable, however that amount is established:
    - (i) The amount of the accounts for which there was no loss;
    - (ii) The amount of the accounts that you are able to reestablish or collect;
    - (iii) An amount to allow for probable bad debts that you are normally unable to collect; and
    - (iv) All unearned interest and service charges.
- (14) "Electronic Data Processing Equipment" at replacement cost as of the time and place of loss, without deduction for

physical deterioration, depreciation, obsolescence or depletion. However, in the event of replacement of "Electronic Data Processing Equipment" with identical property is impossible, the replacement cost will be the cost of items that are similar to the damaged or destroyed equipment and intended to perform the same function, but which may include technological advances.

"Electronic Data Processing Equipment" that is obsolete or no longer used by you will be valued at actual cash value.

- (15) "Electronic Data Processing Data and Media" for which duplicates do not exist will be valued as follows:
  - (a) The cost of blank media; and
  - (b) Your cost to research, replace or restore the lost electronic data on lost, damaged or destroyed "Electronic Data Processing Data and Media" but only if the lost electronic data is actually replaced or restored.
- (16) Duplicate "Electronic Data Processing Data and Media" at the cost of:
  - (a) Blank media; and
  - (b) Labor to copy the electronic data, but only if the electronic data is actually replaced or restored.
- (17) The value of United States Government Internal Revenue taxes and custom duties and refundable state and local taxes paid or fully determined on the following property held for sale will not be considered in determining the value of Covered Property:
  - (a) Distilled spirits;
  - (b) Wines;
  - (c) Rectified products; or
  - (d) Beer.
- (18) Lottery tickets at their initial cost to you except for winning tickets at their redeemed value.
- f. Our payment for loss of or damage to personal property of others will only be for the account of the owners of the property. 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.

sample





- g. We may elect to defend you against suits arising from claims of owners of property. We will do so at our expense.
- h. We will pay for covered loss or damage within 30 days after we receive the sworn proof of loss provided you have complied with all of the terms of this policy; and
  - (1) We have reached agreement with you on the amount of loss; or
  - (2) An appraisal award has been made.
- i. At our option, we may make a partial payment toward any claims, subject to the policy provisions and our normal adjustment process. To be considered for partial claim payment, you must submit a partial sworn proof of loss with supporting documentation. Any applicable policy deductibles must be satisfied before any partial payments are made.

**5. Loss Payment – Business Income and Extra Expense**

- a. If the Declarations indicate that Business Income and Extra Expense applies to Buildings or Business Personal Property, the amount of Business Income loss will be determined based on:
  - (1) The Net Income of the business before the direct physical loss or damage occurred;
  - (2) The likely Net Income of the business if no physical loss or damage occurred, but not including any likely increase in Net Income attributable to an increase in the volume of business as a result of favorable business conditions caused by the impact of the Covered Cause of Loss on customers or on other businesses;
  - (3) The operating expenses, including payroll expenses, necessary to resume "operations" with the same quality of service that existed just before the direct physical loss or damage; and
  - (4) Other relevant sources of information, including:
    - (a) Your financial records and accounting procedures;
    - (b) Bills, invoices and other vouchers; and
    - (c) Deeds, liens or contracts.
- b. The amount of Extra Expense will be determined based on:

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

- (a) The salvage value that remains of any property bought for temporary use during the "period of restoration," once "operations" are resumed; and
- (b) Any Extra Expense that is paid for by other insurance, except for insurance that is written subject to the same plan, terms, conditions and provisions as this insurance; and

- (2) All reasonable and necessary expenses that reduce the Business Income loss that otherwise would have been incurred.

**6. We will reduce the amount of your:**

- a. Business Income loss, other than Extra Expense, to the extent you can resume your operations, whole or in part, by using damaged or undamaged property (including merchandise or "stock") at the described premises or elsewhere; or
  - b. Extra Expense loss to the extent you can return "operations" to normal and discontinue such Extra Expense.
7. If you do not resume "operations," or do not resume "operations" as quickly as possible, we will pay based on the length of time it would have taken to resume "operations" as quickly as possible.
8. We will pay for covered loss or damage within 30 days after we receive your sworn proof of loss provided you have complied with all of the terms of this policy; and
- a. We have reached agreement with you on the amount of loss; or
  - b. An appraisal award has been made.

**9. 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 Paragraphs (a) and (b) below:
  - (a) When this policy is issued to a tenant, and with respect to that tenant's interest in Covered Property, building means the unit or suite rented or leased to the tenant. Such

building is vacant when it does not contain enough business personal property to conduct customary operations.

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

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

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

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

#### b. Vacancy Provisions

If the building where loss or damage occurs has been vacant for more than 60 consecutive days before that loss or damage occurs, we will not pay for the loss or damage.

(1) We will not pay for 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.

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

#### 10. Recovered Property

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

#### 11. Noncumulative Limit

No Limit of Insurance cumulates from policy period to policy period.

### F. COMMERCIAL PROPERTY CONDITIONS

#### 1. Concealment, Misrepresentation or Fraud

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

a. This policy;

b. The Covered Property;

c. Your interest in the Covered Property; or

d. A claim under this policy.

#### 2. 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 Form at any one or more premises will not affect coverage at any premises where, at the time of loss or damage, the breach of condition does not exist.

#### 3. 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.

#### 4. Legal Action Against Us

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

a. There has been full compliance with all of the terms of this Coverage Form; and

b. The action is brought within 2 years after the date on which the direct physical loss or damage occurred.

#### 5. Liberalization

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

#### 6. No Benefit to Bailee

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

#### 7. Other Insurance

a. You may have other insurance subject to the same plan, terms, conditions and provisions as the insurance under this Coverage Form. 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 Form bears to the Limits of Insurance of all insurance covering on the same basis.

- b. If there is other insurance covering the same loss or damage, other than that described in Paragraph **a.** 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.

## 8. Policy Period, Coverage Territory

Under this Coverage Form:

- a. We cover loss or damage you sustain through acts committed or events occurring:
  - (1) During the policy period shown in the Declarations; and
  - (2) Within the coverage territory; and
- b. The coverage territory is:
  - (1) The United States of America (including its territories and possessions);
  - (2) Puerto Rico; and
  - (3) Canada

## 9. Transfer of Rights of Recovery Against Others To Us

Applicable to the Businessowners Property coverage:

If any person or organization to or for whom we make payment under this policy 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:

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

This will not restrict your insurance.

## 10. 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 multiplied by 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 the covered loss, before the application of any deductible, by the figure determined in step (2) above; 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 No. 1 (Under Insurance):

When:

The value of the property is	\$250,000
The coinsurance percent for it is	90%
The Limit of Insurance for it is	\$112,500
The Deductible is	\$250
The amount of loss is	\$40,000

Step (1):  $\$250,000 \times 90\% = \$225,000$  (the minimum amount of insurance to meet your Coinsurance requirements)

Step (2):  $\$112,500 / \$225,000 = .50$

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

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

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

### Example No. 2 (Adequate Insurance):

When:

The value of the property is \$250,000

The Coinsurance percentage for it is 90%

The Limit of Insurance for it is \$225,000

The Deductible is \$250

The amount of loss is \$40,000

The minimum amount of insurance to meet your Coinsurance requirement is \$225,000 (\$250,000 x 90%).

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. Coinsurance does not apply to:**

- (1) "Money" and "securities";
- (2) Additional Coverages;
- (3) Coverage Extensions; or
- (4) Loss or damage in any one occurrence totaling less than \$2,500.

### 11. Mortgageholders

- a. The term, mortgageholder, includes trustee.
- b. We will pay for covered loss of or damage to buildings or structures owned by the mortgageholder shown on the Declaration 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 Form, the mortgageholder will still have the right to receive loss payment if the mortgageholder:
  - (1) Pays any premium due under this Coverage Form 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 or occupancy or substantial change in risk known to the mortgageholder.

All of the terms of this Coverage Form 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 Form:**

- (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 rights 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 non-payment 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.**

### GENERAL PROPERTY DEFINITIONS

1. "Banking Premises" means the interior of that portion of any building which is occupied by a banking institution or similar safe depository.

### 2. "Breakdown"

**a. Means:**

- (1) Failure of pressure or vacuum equipment;
- (2) Mechanical failure, including rupture or bursting caused by centrifugal force; or
- (3) Electrical failure including arcing;

That causes physical damage to "covered equipment" and necessitates its repair or replacement; and

**b. Does not mean:**

- (1) Malfunction, including but not limited to adjustment, alignment, calibration, cleaning or modification;
- (2) Leakage at any valve, fitting, shaft seal, gland packing, joint or connection;



- (3) Damage to any vacuum tube, gas tube, or brush;
- (4) Damage to any structure or foundation supporting the "covered equipment" or any of its parts;
- (5) Damage.

### 3. "Communication Supply Services"

- a. Means property supplying communication services, including telephone, radio, microwave or television services to the described premises, such as:
  - (1) Communication transmission lines, including fiber optic transmission lines;
  - (2) Coaxial cables; and
  - (3) Microwave radio relays, except satellites and;

Does not mean overhead transmission lines.

### 4. "Covered Equipment"

- a. Means the following types of equipment:
  - (1) Equipment designed and built to operate under internal pressure or vacuum other than weight of contents;
  - (2) Electrical or mechanical equipment that is used in the generation, transmission or utilization of energy;
  - (3) Fiber optic cable; and
  - (4) Hoists and cranes;
- b. Does not mean any
  - (1) "Electronic Data Processing Equipment";
  - (2) "Electronic Data Processing Data and Media";
  - (3) Part of pressure or vacuum equipment that is not under internal pressure of its contents or internal vacuum;
  - (4) Insulating or refractory material;
  - (5) Pressure vessels and piping that are buried below ground and require the excavation of materials to inspect, remove, repair, or replace;
  - (6) Structure, foundation, cabinet or compartment supporting or containing the "covered equipment" or part of the "covered equipment" including pen-stock, draft tube or well casing;
  - (7) Vehicle, aircraft, self-propelled equipment or floating vessel, including any equipment mounted on or used solely

with any vehicle, aircraft, self-propelled equipment or floating vessel;

- (8) Elevator or escalator, but not excluding any electrical machine or apparatus mounted on or used with this equipment; or

- (9) Equipment or any part of such equipment manufactured by you for sale.

### 5. "Diagnostic Equipment" means any:

- a. Equipment; or
  - b. Apparatus;
- used solely for research, diagnostic, medical, surgical, therapeutic, dental or pathological purposes.

### 6. "Electronic Data Processing Data and Media":

- a. Means any of the following used in your computer operations:
  - (1) Data stored as or on, created or used on, or transmitted to or from computer software (including systems and applications) on electronic data processing, recording or storage media such as 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.
  - (2) The electronic media on which the data is stored; and
  - (3) Programming records and instructions used for "Electronic Data Processing Equipment"; and
- b. Does not mean "Valuable Papers and Records."

### 7. "Electronic Data Processing Equipment"

- a. Means any of the following equipment used in your operations:
  - (1) Electronic data processing equipment, facsimile machines, word processors, multi-functional telephone equipment and laptop and portable computers; and
  - (2) Any component parts and peripherals of such equipment, including related surge protection devices; and
- b. Does not mean equipment used to operate production type of
  - (1) Machinery; or
  - (2) Equipment.

8. **"Electronic Vandalism"** means any acts by persons, other than "employees," involving any of the following:

- a. Willful or malicious destruction of computer programs, content, instructions or other electronic or digital data stored within computer systems; or
- b. Unauthorized computer code or programming that:
  - (1) Deletes, distorts, corrupts or manipulates computer programs, contents, instructions or other electronic or digital data, or otherwise results in damage to computers or computer systems or networks to which it is introduced;
  - (2) Replicates itself, impairing the performance of computers or computer systems or networks; or
  - (3) Gains remote control access to data and programming within computers or computer systems or networks to which it is introduced, for uses other than those intended for authorized users of the computers or computer systems or networks.

9. **"Employee(s)"** means:

- a. Any natural person:
  - (1) While in your service (and for 30 days after termination of service); and
  - (2) Whom you compensate directly by salary, wages or commissions; and
  - (3) Whom you have the right to direct and control while performing services for you.
- b. Any natural person employed by an employment contractor while that person is subject to your direction and control and performing services for you excluding, however, any such person while having care and custody of property outside the premises.
- c. Your directors or trustees while acting as a member of any of your elected or appointed committees to perform on your behalf specific, as distinguished from general, directorial acts.

But "employee" does not mean any agent, broker, factor, commission merchant, consignee, independent contractor or representative of the same general character.

10. **"Employee Dishonesty"** means only dishonest acts, committed by an "employee," whether identified or not, acting alone or in collusion with other persons, except you, a partner, a "member" or a "manager" with the manifest intent to:

- a. Cause you to sustain loss; and also
- b. Obtain financial benefit (other than salaries, commissions, fees, bonuses, promotions, awards, profit sharing, pensions or other employee benefits earned in the normal course of employment) for:
  - (1) The "employee"; or
  - (2) Any person or organization intended by the "employee" to receive that benefit.

11. **"Fine Arts"**

- a. Means paintings, etchings, pictures, tapestries, art glass windows, valuable rugs, statuary, marbles, bronzes, antique furniture, rare books, antique silver, porcelains, rare glass, bric-a-brac, and similar property with historical value, or artistic merit; and

b. Does not mean any glass that is a part of a building or structure.

12. **"Forgery"** means the signing of the name of another person or organization with intent to deceive. "Forgery" 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.

13. **"Interior of any building or structure"** as used in this policy means all portions of the structure that are within the exterior skin of the structure's walls and roof, including, but not limited to lathe, sand paper, framing, wallboard and tarpaper.

14. **"Maintenance Fees"** means the regular payment made to you by unit-owners and used to service the common property.

15. **"Manager"** means a 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 also may serve as a "manager."

17. **"Money"** means currency and coins in current use, bank notes, travelers checks, register checks and money orders held for sale to the public.

18. **"Operations"** means the type of your business activities occurring at the described premises and tenantability of the described premises.

19. **"Period of restoration"** means the period of time that:

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



b. Ends on the earlier of:

- (1) The date when the property at the described premises should be repaired, rebuilt or replaced with reasonable speed and similar quality; or
- (2) The date when business is resumed at a new permanent location.

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

- (a) Regulates the construction, use or repair, or requires the tearing down of any property; or
- (b) Regulates the prevention, control, repair, clean-up or restoration of environmental damage.

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

**20. "Pollutants"** means any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals, waste, and any unhealthful or hazardous building materials (including but not limited to asbestos and lead products or materials containing lead.). Waste includes materials to be recycled, reconditioned or reclaimed.

**21. "Power Generating Equipment"**

a. Means the following types of equipment or apparatus:

- (1) Pressure;
- (2) Mechanical; or
- (3) Electrical;

Used in or associated with the generation of electrical power; and

b. Does not mean such equipment that is used solely to generate emergency power that is less than or equal to 1000KW.

**22. "Power Supply Services"**

a. Means the following types of property supplying electricity, steam or gas to the described premises:

- (1) Utility generating plants;
- (2) Switching stations;
- (3) Substations;
- (4) Transformers; and
- (5) Transmission Lines; and

b. Does not mean overhead transmission lines.

**23. "Production Equipment"**

a. Means any:

- (1) Production machinery; or
- (2) Process machinery that processes, shapes, forms or grinds:
  - (a) Raw materials;
  - (b) Materials in process; or
  - (c) Finished products; and

b. Includes "covered equipment" that is used solely with or forms an integral part of the:

- (1) Production;
- (2) Process; or
- (3) Apparatus.

**24. "Rental Value"** means Business Income that consists of:

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

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

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

**25. "Securities"** means negotiable and nonnegotiable instruments or contracts representing either "money" or other property and includes :

- a. Tokens, tickets except lottery tickets, revenue and other non-postage stamps whether or not in current use; and
- b. Evidences of debt issued in connection with credit or charge cards, which are not of your own issue;

but does not include "money." Lottery tickets held for sale are not securities.

**26. "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 of or damage to:

- (1) Personal Property in the open; or
- (2) The interior of a building or structure, or property inside a building or structure, unless the roof or an outside wall of the building or structure is first damaged by a falling object.

- c. Water damage means accidental discharge or leakage of water or steam as the direct result of the breaking apart or cracking of any part of a system or appliance (other than a sump system including its related equipment and parts) containing water or steam.

27. **"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.

28. **"Suspension"** means:

- a. The partial or complete cessation of your business activities; or
- b. That a part or all of the described premises is rendered untenable.

29. **"Theft"** means any act of stealing.

30. **"Vacant"** means the following:

- 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:

- (1) Rented to a lessee or sub-lessee and used by the lessee or sub-lessee to conduct its customary operations; and/or
- (2) Used by the building owner to conduct customary operations.

31. **"Valuable papers and records"** means inscribed, printed, written, or recorded documents.

- b. Manuscripts; and

- c. Records;

Including abstracts, books, deeds, drawings, films, maps or mortgages.

But "valuable papers and records" does not mean:

- a. "Money" or "Securities";
- b. Converted data;
- c. Programs or instructions used in your data processing operations, including the materials on which the data is recorded.

32. **"Water Supply Services"** means the following types of property supplying water to the described premises:

- a. Pumping stations; and
- b. Water mains.



**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

## **BUSINESS INCOME AND EXTRA EXPENSE**

This endorsement modifies insurance provided under the following:

### **BUSINESSOWNERS SPECIAL PROPERTY COVERAGE FORM**

The following coverage is added to your Businessowners Special Property Coverage Form under Paragraph A. Coverage.

#### **Business Income and Extra Expense**

Business Income and Extra Expense is provided at the premises described in the Declarations when the Declarations show that you have coverage for Business Income and Extra Expense.

##### **1. Business Income**

###### **a. Business Income means:**

(1) Net Income (Net Profit or Loss before Income taxes) that would have been earned or incurred, including:

(a) "Rental Value"; and

(b) "Maintenance Fees", if you are a condominium association; and

(2) Continuing normal operating expenses incurred, including payroll.

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

c. With respect to the requirements set forth in Paragraph b. above, if you rent, lease or occupy only part of the site at which the described premises are located, the described premises means:

(1) The portion of the building which you rent, lease or occupy; and

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

##### **2. Extra Expense**

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

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

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

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

c. we will also pay Extra Expense (including Expediting Expenses) to repair or replace the property, but only to the extent it reduces the amount of loss that otherwise would have been payable under Paragraph 1. Business Income above.

##### **3. Extended Business Income**

If the necessary "suspension" of your "operations" produces a Business Income loss payable under Paragraph 1. Business Income above, we will also pay for the actual loss of Business Income you sustain during the period that:

a. Begins on the date property is actually repaired, rebuilt or replaced and "operations" are resumed; and

b. Ends on the earlier of:

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

(2) Sixty consecutive days after the date determined in paragraph (1) above.

However, this extended Business Income does not apply to loss of Business Income incurred as a result of unfavorable business

conditions caused by the impact of the Covered Cause of loss in the area where the described premises are located.

**4. If the Declarations show for Business Income and Extra Expense:**

- a.** Actual loss sustained over 12 consecutive months, then we will pay for loss of Business Income and Extra Expense that occurs within

12 consecutive months following the date of direct physical loss or damage; or

- b.** Actual loss up to 12 consecutive months subject to a maximum dollar limit, then we will pay for loss of Business Income and Extra Expense that occurs within 12 consecutive months following the date of direct physical loss or damage, subject to the limit shown in any one occurrence.

sample



**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

## **SEASONAL INCREASE**

This endorsement modifies insurance provided under the following:

### **BUSINESSOWNERS SPECIAL PROPERTY COVERAGE FORM**

The following coverage is added to your Businessowners Special Property Coverage Form:

Subject to the Exclusions, Conditions and Limitations of this policy, you may extend the limits of insurance indicated below.

Unless otherwise stated, payment made under the following coverage will not increase the applicable Limits of Insurance.

- 1.** The Limit of Insurance for Business Personal Property shown in the Declarations will automatically increase by 25%, or the amount

shown in the Declarations to provide for seasonal variations.

- 2.** This increase will apply only if the Limit of Insurance shown for Business Personal Property in the Declaration is at least 100% of your average monthly values during the lesser of:

- a.** The 12 months immediately preceding the date of the loss or damage occurs; or
- b.** The period of time you have been in business at the location where the loss or damage occurs, on the date the loss or damage occurs.

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

## **ARSON & THEFT REWARD**

This endorsement modifies insurance provided under the following:

### **BUSINESSOWNERS SPECIAL PROPERTY COVERAGE FORM**

The following coverage is added to your Businessowners  
Special Property Coverage Form under Section 1.5.

#### **Additional Coverages.**

Unless otherwise stated, payments made under the  
following Additional Coverage is in addition to the  
applicable Limits of Insurance.

#### **Arson and Theft Reward**

1. We will pay for reasonable expenses you incur for  
rewards that lead to:

a. An arson conviction in connection with a  
covered fire or explosion loss; or

b. A theft conviction in connection with a  
covered "theft" loss.

2. The most we will pay under this Additional  
Coverage in connection with a particular loss is  
\$5,000.

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**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

## **CLAIM DATA EXPENSE**

This endorsement modifies insurance provided under the following:

### **BUSINESSOWNERS SPECIAL PROPERTY COVERAGE FORM**

The following coverage is added to your Businessowners Special Property Coverage under Section **A.5. Additional Coverages**:

Unless otherwise stated, payments made under the following Additional Coverage are in addition to the applicable Limit of Insurance.

#### **Claim Data Expense**

- 1.** We will pay the reasonable expenses you incur in preparing claim data when we require such data to show the extent of loss. This includes the cost of taking inventories, making appraisals, preparing income statements, and preparing other documentation.
- 2.** Under this Additional Coverage, we will not pay for:

- a.** Any expenses incurred, directed or billed by or payable to attorneys, insurance adjusters or their associates or subsidiaries;
  - b.** Any costs in connection with Paragraph **E.2.** Appraisal or
  - c.** Any expenses incurred, directed, or billed by or payable to insurance brokers or agents, or their associates or subsidiaries, without our written consent prior to such expenses being incurred.
- 3.** The most we will pay for preparation of claim data under this Additional Coverage in any one occurrence is \$5,000 regardless of the number of premises involved.

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

## **DEBRIS REMOVAL**

This endorsement modifies insurance provided under the following:

### **BUSINESSOWNERS SPECIAL PROPERTY COVERAGE FORM**

The following coverage is added to your Businessowners Special Property Coverage Form under Paragraph **A.5.**

#### **Additional Coverages.**

Unless otherwise stated, payments made under the following Additional Coverage is in addition to the applicable Limit of Insurance.

#### **Debris Removal**

1. We will pay your expenses to remove debris of Covered Property, other than outdoor trees, shrubs, plants and lawns as described in the Outdoor Trees, Shrubs, Plants and Lawns Coverage Extension, caused by or resulting from a Covered Cause of Loss that occurs during the policy period. The expenses will be paid only if they are reported to us within 180 days of the date of direct physical loss or damage
2. Debris Removal does not apply to costs to:
  - a. Extract "pollutants" from land or water; or

- b. Remove, restore or replace polluted land or water.

3. Except as provided in Paragraph **4.** below, payment for Debris Removal is included within the applicable Limit of Insurance shown in the Declarations. The most we will pay under this Additional Coverage is 25% of:

- a. The amount we pay for the direct physical loss or damage to Covered Property; plus
  - b. The deductible in this Coverage Form applicable to that loss or damage.

4. When the debris removal expense exceeds the 25% limitation in Paragraph **3.** above or when the sum of the debris removal expense and the amount we pay for the direct physical loss of or damage to Covered Property exceeds the applicable Limit of Insurance, we will pay up to an additional \$25,000 for debris removal expense in any one occurrence, at each described premises.



**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

## **EMPLOYEE DISHONESTY**

This endorsement modifies insurance provided under the following:

### **BUSINESSOWNERS SPECIAL PROPERTY COVERAGE FORM**

The following coverage is added to your Businessowners Special Property Coverage Form under Paragraph **A.5.**

#### **Additional Coverages:**

Unless otherwise stated, payments under the following Additional Coverage is in addition to the applicable Limit of Insurance.

#### **Employee Dishonesty**

1. We will pay for loss of or damage to Business Personal Property resulting directly from "Employee Dishonesty."

We will pay for loss or damage you sustain through acts committed by persons occurring during the Policy Period. Regardless of the number of years this insurance remains in force or the number of premiums paid, the Limit of Insurance cumulates from year to year or period to period.

2. Paragraphs **B.2.h.** and **B.2.o.** do not apply to this Additional Coverage.
3. We will not pay for loss resulting from the dishonest acts of any "employee" if coverage for that "employee" was either cancelled or excluded from any previous insurance of yours providing "employee dishonesty" coverage.
4. This Additional Coverage is cancelled as to any "employee immediately upon discovery by:
  - a. You; or
  - b. Any of your partners, "members," "managers," officers, directors or trustees not in collusion with the "employee,"

of any fraudulent dishonest act committed by that "employee" before or after being employed by you.

5. We will pay for covered loss or damage only if discovered no later than one year from the end of the Policy Period.
6. The most we will pay for loss under this Additional Coverage in any one occurrence is the limit shown on the Declarations regardless of the number of premises involved.
7. With respect to this Additional Coverage, occurrence means all loss or damage caused by or involving the same "employee(s)" whether the result of a single act or series of acts.
8. If, during the period of any prior "Employee Dishonesty" insurance, you (or any predecessor in interest) sustained loss or damage that you could not have recovered under that insurance, except that the time within which to discover loss or damage has expired, we will pay for it under this Additional Coverage, subject to the following:
  - a. This insurance became effective at the time of cancellation or termination of the prior insurance; and
  - b. The loss or damage would have been covered by this insurance had it been in effect when the acts or events causing the loss or damage were committed or occurred.
9. The insurance provided under paragraph 8. above is part of, not in addition to the Limit of Insurance described in Paragraph 6. above and is limited to the lesser of the amount recoverable under:
  - a. This Additional Coverage, as of its effective date; or
  - b. The prior "Employee Dishonesty" insurance, had it remained in effect.

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

## **EXPEDITING EXPENSES**

This endorsement modifies insurance provided under the following:

### **BUSINESSOWNERS SPECIAL PROPERTY COVERAGE FORM**

The following coverage is added to your Businessowners Special Property Coverage Form under Paragraph **A.5.** Additional Coverages.

Unless otherwise stated, payments made under the following Additional Coverage is in addition to the applicable Limits of Insurance.

#### **Expediting Expenses**

1. In the event of direct physical loss of or damage to Covered Property caused by or resulting from a Covered Cause of Loss, we will pay for the reasonable and necessary additional expenses you incur to make temporary repairs, expedite permanent repairs, or expedite permanent

replacement, at the premises sustaining loss or damage. Expediting expenses include overtime wages and the extra cost of express or other rapid means of transportation. Expediting expenses do not include expenses you incur for the temporary rental of property or temporary replacement of damaged property.

2. With respect to this Additional Coverages, "breakdown" to "covered equipment" will not be considered a Covered Cause of Loss, even if otherwise covered elsewhere in this Policy.
3. The most we will pay under this Additional Coverage in any one occurrence is \$25,000, regardless of the number of premises involved.





**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

## **FINE ARTS**

This endorsement modifies insurance provided under the following:

### **BUSINESSOWNERS SPECIAL PROPERTY COVERAGE FORM**

The following coverage is added to your Businessowners Special Property Coverage Form under Paragraph **A.5. Additional Expenses**.

Unless otherwise stated, payments made under the following Additional Coverage is in addition to the applicable Limits of Insurance.

#### **Fine Arts**

1. When a Limit of Insurance is shown in the Declarations for Building or Business Personal Property at any described premises, we will pay for direct physical loss of or damage to "fine arts" which are owned by:
  - a. You; or
  - b. Others and in your care, custody or control;caused by or resulting from a Covered Cause of Loss, including while on exhibit, anywhere within the Coverage Territory.
2. The breakage limitation under Paragraph **A.5.b.(2)** does not apply to this Additional Coverage.
3. The following exclusions apply to this Additional Coverage:
  - a. We will not pay for loss or damage caused by or resulting from wear and tear, any quality in the property that causes it to damage or destroy itself, gradual deterioration, insects, birds, rodents or other animals;
  - b. We will not pay for loss or damage caused by or resulting from dampness or dryness of

atmosphere, or changes in extremes of temperature;

- c. We will not pay for loss or damage caused by or resulting from any repairing, restoration or retouching process;

- d. We will not pay for loss or damage caused by or resulting from faulty packing;

- e. Paragraph **B.1.b.** Earth Movement;

- f. Paragraph **B.1.c.** Governmental Action;

- g. Paragraph **B.1.d.** Nuclear Hazard;

- h. Paragraph **B.1.f.** War and Military;

- i. Paragraph **B.1.g.** Water;

- j. Paragraph **B.1.h.** Neglect; and

- k. Paragraph **B.2.g.** Frozen Plumbing.

No other exclusions in Paragraph **B.** Exclusions apply to this Additional Coverage. However, if any exclusions are added by endorsement to this policy, such exclusions will apply to this Additional Coverage.

4. The most we pay for loss or damage under this Additional Coverage in any one occurrence is \$25,000, or the amount shown in the Declarations for "fine arts," whichever is greater. This limit applies regardless of the number of premises involved.

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

## **FIRE DEPARTMENT SERVICE CHARGE**

This endorsement modifies insurance provided under the following:

### **BUSINESSOWNERS SPECIAL PROPERTY COVERAGE FORM**

The following coverage is added to your Businessowners Special Property Coverage Form under Paragraph **A.5. Additional Coverages**.

Unless otherwise stated, payments made under this following Additional Coverage is in addition to the applicable Limit of Insurance.

When the fire department is called to save or protect Covered Property from a Covered Cause of loss, we will pay up to \$25,000 for your liability for fire department service charges:

1. Assumed by contract or agreement prior to loss; or
2. Required by local ordinance.

# Sample



**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

## **FIRE PROTECTIVE EQUIPMENT DISCHARGE**

This endorsement modifies insurance provided under the following:

### **BUSINESSOWNERS SPECIAL PROPERTY COVERAGE FORM**

The following coverage is added to your Businessowners Special Property Coverage Form under Paragraph **A.5. Additional Coverages**.

Unless otherwise stated, payments made under the following Additional Coverage is in addition to the Applicable Limits of Insurance.

1. If fire protective equipment discharges accidentally or to control a Covered Cause of Loss, we will pay your cost to:

- a. Refill or recharge the system with the extinguishing agents that were discharged; and

- b. Replace or repair faulty valves or controls which caused the discharge.

2. The most we will pay under this Additional Coverage in any one occurrence is \$10,000, regardless of the number of premises involved.

# **SAMPLE**

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

## **FORGERY AND ALTERATION**

This endorsement modifies insurance provided under the following:

### **BUSINESSOWNERS SPECIAL PROPERTY COVERAGE FORM**

The following coverage is added to your Businessowners Special Property Coverage Form under Paragraph **A.5.** Additional Coverages.

Unless otherwise stated, payment made under the following Additional Coverage is in addition to the applicable Limits of Insurance.

#### **Forgery and Alteration**

1. We will pay for loss resulting directly from "forgery" or alteration of checks, drafts, promissory notes, or similar written promises, orders or directions to pay a sum certain in money that are made or drawn by one acting as an agent or purported to have been so made or drawn.

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We will pay for loss that you sustain through acts committed or events occurring during the Policy Period. Regardless of the number of years this insurance remains in force or the number of premiums paid, no Limit of Insurance cumulates from year to year or period to period.

2. We will not pay for loss resulting from any dishonest or criminal acts committed by your or any of your partners, "employees," "members," "managers," officers, directors or trustees whether acting alone or in collusion with other persons.
3. We will pay for covered loss discovered no later than one year from the end of the Policy Period.
4. The most we will pay for loss under this Additional Coverage in any one occurrence is the limit shown on the Declarations regardless of the number of premises involved.
5. With respect to this Additional Coverage, occurrence means all loss caused by any person, or in which that

person is concerned or implicated, either resulting from a single act or any number of such acts, whether the loss involves one or more instruments.

6. If, during the period of any prior Forgery or Alteration insurance, you (or any predecessor in interest) sustained loss or damage that you could have recovered under that insurance, except that the time within which to discover loss or damage has expired, we will pay for it under this Additional Coverage provided:

- a. This insurance became effective at the time of cancellation or termination of the prior insurance; and

e been covered by this  
in effect when the acts or  
loss were committed or

7. The insurance provided under Paragraph 6. above is part of, and not in addition to the limit described in Paragraph 4. above and is limited to the lesser of the amount recoverable under:

- a. This Additional Coverage up to the applicable Limit of Insurance under this Policy, as of its effective date; or
- b. The prior Forgery or Alteration insurance, had it remained in effect.

8. If you are sued for refusing to pay any covered instrument described in Paragraph 1. 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 any reasonable legal expenses that you incur and pay in that defense. The amount we pay for these legal expenses will be part of and not in addition to the limit described in Paragraph 4. above.

**SAMPLE**



**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

## **NEWLY ACQUIRED OR CONSTRUCTED PROPERTY**

This endorsement modifies insurance provided under the following:

### **BUSINESSOWNERS SPECIAL PROPERTY COVERAGE FORM**

The following coverage is added to your Businessowners Special Property Coverage Form under Paragraph **A.5. Additional Coverages**.

Unless otherwise stated, payments made under the following Additional Coverage is in addition to the applicable Limits of Insurance.

#### **Newly Acquired or Constructed Property**

##### **1. Buildings**

- a.** We will pay for direct physical loss of or damage to the following property caused by or resulting from a Covered Cause of Loss:

**(1) Your:**

**(a)** New buildings while being built on a premises shown in the Declarations;

**(b)** New buildings while being built on newly acquired premises; and

**(i)** intended

**(ii)** used

**(c)** Materials, equipment, supplies and temporary structures used in connection with such buildings while they are being built; or

**(2)** Buildings you acquire by purchase or lease at any premises, including those premises shown in the Declarations.

- b.** The most we will pay for loss of or damage to newly constructed buildings or newly acquired buildings under this Additional Coverage in any one occurrence is \$500,000 at each premises.

##### **2. Business Personal Property**

- a.** When a Limit of Insurance is shown in the Declarations for Business Personal Property at any described premises, we will pay for direct physical loss of or damage to the following property caused by or resulting from a Covered Cause of Loss:

**(1)** Business Personal Property, including such property that you newly acquire, at a building you acquire by purchase or lease at any premises, including those premises shown in the Declarations; and

**(2)** Business Personal Property that you newly acquire at a described premises.

- b.** The most we will pay for loss of or damage to Business Personal Property under this Additional Coverage in any one occurrence is \$250,000 at each premises.

**SAMPLE**

ance under this Additional will end when any of the

following not occur:

**(1)** This policy expires;

**(2)** 180 days expire after you acquire the property or begin to construct the property;

**(3)** You report values to us; or

**(4)** The property is more specifically insured.

- b.** We will charge you additional premium for values reported to us from the date construction begins or you acquire the property.

**ORDINANCE OR LAW**

This endorsement modifies insurance provided under the following:

**BUSINESSOWNERS SPECIAL PROPERTY COVERAGE FORM**

The following coverage is added to your Businessowners Special Property Coverage Form under Section **A.5. Additional Coverages**.

Unless otherwise stated, payments made under the following Additional Coverage is in addition to the applicable Limits of Insurance.

1. In the event of damage by a Covered Cause of Loss to a building that is Covered Property, we will pay for:
  - a. Loss in value of the undamaged portion of the building as a consequence of enforcement of the minimum requirements of any ordinance or law that requires the demolition of undamaged parts of the same building;
  - b. Demolition cost, meaning the cost to demolish and clear the site of undamaged parts of the same building as a consequence of enforcement of the minimum requirements of any ordinance or law that required demolition of such undamaged property; and
  - c. The increased cost of construction, meaning the increased cost to repair, rebuild or reconstruct the property as a consequence of enforcement of the minimum requirement. This increased cost applies only if:
    - (1) The building is in
    - (2) The building is repaired, rebuilt or reconstructed; and
    - (3) The repaired, rebuilt or reconstructed building is intended for similar occupancy as the current building, unless otherwise required by zoning or land use ordinance or law.
2. The ordinance or law referred to in this Additional Coverage is an ordinance or law that:
  - a. Regulates the demolition, construction or repair of buildings, or establishes zoning or land use requirements at the described premises; and
  - b. Is in force at the time of the loss.
3. We will not pay under this Additional Coverage for:
  - a. 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; or

- b. Costs associated with the enforcement of any ordinance or law that requires any insured or other to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of "pollutants."
4. Paragraph **B.1.a.** does not apply to this Additional Coverage.
  5. Subject to the limit described in Paragraph **6.** below:
    - a. The insurance provided under this Additional Coverage for loss in value to the undamaged portion of the building is limited as follows:
      - (1) If Replacement Cost Coverage applies and the building is repaired or replaced on the same or another premises, we will not pay more than the lesser of:
        - (a) The amount you actually spend to repair, rebuild or reconstruct the undamaged portion of the building; or
        - (b) The amount it would cost to restore the undamaged portion of the building on the same or another premises to the same height, area and comparable quality of damaged portion of the building.
      - (2) If Replacement Cost Coverage applies and the building is not repaired or replaced, or if Replacement Cost Coverage does not apply, we will not pay more than the actual cash value of the undamaged portion of the building at the time of loss.
    - b. We will not pay more for demolition costs than the amount you actually spend to demolish and clear the site of the described premises.
    - c. The insurance provided under this Additional Coverage for increased cost of construction is limited as follows:
      - (1) 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 is the increased cost of construction at the same premises; or
      - (2) If the ordinance or law requires relocation to another premises, the most we will pay is the

**SAMPLE**



increased cost of construction at the new premises.

6. The most we will pay for loss under this Additional Coverage for the total of all coverages described in

Paragraph 1. above in any one occurrence is \$25,000 or the limit shown in the Declarations, whichever is greater at each described premises.

# SAMPLE

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

**OUTDOOR TREES, SHRUBS, PLANTS AND LAWNS**

This endorsement modifies insurance provided under the following:

**BUSINESSOWNERS SPECIAL PROPERTY COVERAGE FORM**

The following coverage is added to your Businessowners Special Property Coverage Form under Section **A.5. Additional Coverages**.

Unless otherwise stated, payments made under the following Additional Coverage is in addition to the applicable Limits of Insurance.

**Outdoor Trees, Shrubs, Plants and Lawns**

1. We will pay for direct physical loss of or damage to outdoor trees, shrubs, plants (other than "stock"

of trees, shrubs or plants) and lawns located at the described premises caused by or resulting from a Covered Cause of Loss.

2. The most we will pay for loss or damage under this Additional Coverage in any one occurrence is \$3,000 at each described premises.
3. Debris removal, because of covered loss or damage to outdoor trees, shrubs, plants and lawns, is included within the limits described in Paragraph **2.** above.

**SAMPLE**





**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

## **POLLUTANT CLEAN UP AND REMOVAL**

This endorsement modifies insurance provided under the following:

### **BUSINESSOWNERS SPECIAL PROPERTY COVERAGE FORM**

The following coverage is added to your Businessowners Property Coverage Form under Paragraph **A.5. Additional Coverages**.

Unless otherwise stated, payments made under the following Additional Coverage is in addition to the applicable Limits of Insurance.

#### **Pollutant Clean Up and Removal**

1. We will pay your necessary and reasonable 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 "specified causes of loss" that occurs:
  - a. On the described premises;
  - b. To Covered Property; and
  - c. During the policy period.
2. The expenses will be paid only if they are reported to us in writing within 180 days of the date on which the "specified cause of loss" occurs.
3. 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.
4. The most we will pay under this Additional Coverage is \$25,000 for the sum of all covered expenses arising out of all Covered Causes of Loss occurring during each separate 12 month period of this policy beginning with the effective date of this policy. This amount applies regardless of the number of premises involved.

# SAMPLE

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

## **PRESERVATION OF PROPERTY**

This endorsement modifies insurance provided under the following:

### **BUSINESSOWNERS SPECIAL PROPERTY COVERAGE FORM**

The following coverage is added to your Businessowners Special Property Coverage Form under Paragraph **A.5.** Additional Coverages.

Unless otherwise stated, payments made under the following Additional Coverage is in addition to the applicable Limits of Insurance.

#### **Preservation of Property**

- 1.** If it is necessary to move Covered Property from the described premises to preserve it from loss or damage by a Covered Cause of Loss, we will pay for:
  - a.** Any direct physical loss or damage to this property:
    - (1)** While it is being moved; or
    - (2)** Temporarily stored at another location only if the loss or damage occurs within 90 days after the property is first moved; and
  - b.** The costs incurred to:
    - (1)** Remove such property from the described premises; and
    - (2)** Return such property to the described premises.
- 2.** Coverage under this Additional Coverage will end when any of the following first occurs:
  - a.** When the policy is amended to provide insurance at the new location;
  - b.** The property is returned to the original described premises;
  - c.** 90 days expire after the property is first moved; or
  - d.** This policy expires.
- 3.** Payments under this Additional Coverage are subject to and not in addition to the applicable Limit of Insurance.

**SAMPLE**



**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

## **TEMPORARY RELOCATION OF PROPERTY**

This endorsement modifies insurance provided under the following:

### **BUSINESSOWNERS SPECIAL PROPERTY COVERAGE FORM**

The following coverage is added to your Businessowners Special Property Coverage Form under Paragraph **A.5. Additional Coverages**.

Unless otherwise stated, payments made under the following Additional Coverage is in addition to the applicable Limits of Insurance.

#### **Temporary Relocation of Property**

- 1.** If Covered Property is removed from the described premises and stored temporarily at a location you own, lease or operate while the described

premises is being renovated or remodeled, we will pay for loss or damage to that stored property:

- a.** Caused by or resulting from a Covered Cause of Loss;
  - b.** Up to \$50,000 at each temporary location; and
  - c.** During the storage period of up to 90 consecutive days but not beyond expiration of this policy.
- 2.** This Additional Coverage does not apply if the stored property is more specifically insured.

# **SAMPLE**