

## BUSINESS OWNERS COVERAGE

### INSURING AGREEMENT

In return for your payment of the premium when due, we agree to provide the coverage and limits of liability selected by you as shown on the Declarations, subject to all the terms, conditions, limitations, and exclusions of the Business Owners Coverage Policy. This Business Owners Coverage form, Declarations, as amended, your insurance application, and any endorsements issued, which may be changed or revised from time-to-time, make up your insurance Policy and form a legal contract between you and us, if you have paid the premium for such coverage. You or your representative must report changes to the information provided to us at the time of application, as we relied upon this information in issuing this Policy, including any endorsements, with the coverages, limits, and premium shown in the Declarations. There are provisions in this Policy that may restrict or remove coverage.

Read the entire Policy carefully to determine rights, duties, and what is and is not covered.

### POLICY DEFINITIONS

When used in this form or in any endorsement issued by us, the following words have the meanings ascribed below:

*We, us, and our* mean the insurance company that is providing this insurance, as shown in the Declarations.

*You and your* refer to the Named Insured shown in the Declarations as the Named Insured or Policyholder.

*Declarations* means the most recently dated form sent to the Named Insured from us that shows the: information for the property insured, named insured(s), coverage(s), limits, deductibles, other Policy options selected, premium charges, Policy period, Policy number, insurance company, and other information related to your Policy.

*Insured Location(s)* means the location or locations, including the buildings or structures at the location(s), shown on the Declarations for which the Policy provides coverage.

*Policy* means the Business Owners Coverage insurance contract and all attached endorsements containing the terms, limits, restrictions, and conditions that apply to the coverage(s) shown in your Declarations.

In any coverage part or section where we have separately defined *insured* or described *Who is an Insured*, the word *insured* when used in that part or section is limited to those persons or organizations falling within that definition.

Additional definitions are located elsewhere in this Policy, including under **Property Definitions** and **Liability And Medical Expenses Definitions**, and apply to those portions of the Policy in which they are used. Throughout this Policy, terms that appear in italics have special meaning as defined by us in your Policy, and those definitions or meanings as set forth in the Policy shall apply, whether used in the singular, plural, possessive, active, or passive tense.

### SECTION I – PROPERTY

#### A. Coverages

In return for your payment of the premium when due, we agree to provide the coverage and limits of liability selected by you as shown on the Declarations, subject to all the terms, conditions, limitations, and exclusions of this policy.

The *Coverage Territory* of this Policy is the United States of America, which is the fifty (50) states of the Union, its territories and possessions, and the District of Columbia.

We will pay for, and this Policy only insures against, sudden and accidental direct physical damage to Covered Property at the Insured Location(s) described in the Declarations caused by or resulting from any Covered Cause of Loss during the policy period shown in the Declarations, except as excluded or limited. Damage from all other causes of loss, whether caused directly or indirectly, are excluded from coverage under this Policy, including any pre-existing building damage at the time of any loss for which a claim is made under this Policy.

The Covered Causes of Loss are indicated on the Declarations, Coverage Information Section, if a selection of "Yes" is shown next to the coverage. If the word "No" is shown on the Declarations, Coverage Information Section, next to a coverage, then no coverage is provided.

If there is no limit for Coverage A, C, or D on the Declarations, the additional coverage that relates to Coverage A, C, or D has a \$0 sublimit for all endorsement packages attached to the Policy.

This policy form, the Declarations, the insurance application, and any endorsements issued by us, each of which may be amended or revised from time-to-time, make up your insurance policy and form a legal contract between you and us, if you have paid the premium for such coverage.

### **1. Coverage A - Covered Property**

"Covered Property" means the type of property described under the Covered Property Section and limited in the Property Not Covered Section, when a Limit of Insurance is shown in the Declarations for that type of property, including:

1. "Building", meaning the building or structure at an Insured Location or otherwise described in the Declarations, including:
  - 1) Completed additions;
  - 2) Fixtures, including outdoor fixtures and attached signs;
  - 3) Permanently installed:
    - a) Machinery; or
    - b) Equipment;
  - 4) "Hard costs", meaning the cost of:
    - a) Foundations, fixtures, attachments, and similar property that has become or is intended to become a permanent part of the building(s) or structure(s); or
    - b) Materials, supplies, and similar property owned by others in your care, custody, and control located at the Insured Location(s) and used in the construction operations insured under this Policy;
  - 5) "Business Personal Property", meaning property owned by you that is used to maintain or service the building or structure at the Insured Location(s) for your business shown on your Declarations, including:
    - a) Fire-extinguishing equipment;
    - b) Floor coverings; or
    - c) Appliances used for refrigerating, ventilating, cooking, dishwashing, or laundering; or
  - 6) If not covered by other insurance:
    - a) Additions under construction or alterations and repairs to the building or structure; or
    - b) Materials, equipment, supplies, and temporary structures, on or within 1,000 feet of the Insured Location(s), used for making additions, alterations, or repairs to the building or structure.

2. **Coverage C - Your Business Personal Property.** "Business Personal Property" means the following property located in or on the building(s) or structure(s) at the Insured Location or described in the Declarations, in the open, or located in a vehicle that is within 1,000 feet of the covered building or structure or within 1,000 feet of the Insured Locations described in the Declarations, whichever distance is greater:

- a. Furniture and fixtures;
- b. Machinery and equipment;
- c. *Stock*;
- d. All other Business Personal Property owned by you and used in your business;
- e. Labor, materials, or services furnished or arranged by you on Business Personal Property of others, in your care, custody and control, and located at the Insured Location;
- f. Your use interest as a tenant in improvements and betterments, which are fixtures, alterations, installations, or additions:
  - 1) Made a part of the building or structure you occupy but do not own; or
  - 2) You acquired or made at your expense but cannot legally remove;
- g. Leased Business Personal Property for which you have a contractual responsibility to insure, unless otherwise provided for under Business Personal Property of Others;
- h. Animals owned by others and boarded by you or, if owned by you, only as *Stock* while inside of buildings at the Insured Location;
- i. Swimming pools, detached garages, sheds, detached signs, and pump houses; or
- j. All fixed outdoor property, and some categories are subject to sublimits.

### 3. Property Not Covered

Covered Property does not include:

- a. Accounts, bills, currency, cryptocurrency, food stamps, or other evidences of debt, money, notes, or securities. Lottery tickets held for sale are not securities, except as provided in the:
  - 1. Money and Securities Optional Coverage; or
  - 2. Employee Dishonesty Optional Coverage;
- b. Animals, unless owned by others and boarded by you or, if owned by you, only as *Stock* while inside of buildings at the Insured Location;
- c. Air, *Land*, land values, any substance in or on *Land*, or any alteration to the natural condition of the *Land*, but not including the cost of reclaiming, restoring, or repairing *Land* or making improvements provided the loss is from a Covered Cause of Loss;
- d. Water, except water which is normally contained within any type of tank, piping system, or other process equipment;
- e. Standing timber, growing crops, turf, grass, or lawns;
- f. Bridges, boardwalks, roadways, drainage systems, walks, patios, or other paved surfaces;
- g. Contraband or property during illegal transportation or trade;
- h. The cost of excavations, grading, backfilling, or filling;
- i. Foundations of buildings, structures, machinery, or boilers if their foundations are below:
  - 1) The lowest basement floor; or
  - 2) The surface of the ground, if there is no basement;
- j. Business Personal Property while airborne or waterborne;
- k. Property shipped by mail;
- l. Bulkheads, pilings, piers, wharves, boathouses, docks, jetties, quays, or breakwaters;

- m. Property that is covered under another coverage form provided by this or any other policy where it is specifically described, except 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;
- n. Property sold by you under a conditional sale, trust agreement, installment plan, or other deferred payment plan after delivery to customers;
- o. Property in transit, except expressly as provided elsewhere in this Policy;
- p. Dams, dikes, levees, bridges, tunnels, reservoirs, sea walls, property lines, revetments, flood retaining walls, and canals, except when scheduled on the Declarations;
- q. Underground mines or mining shafts or any related mining property or equipment while underground;
- r. Underground pipes, flues, drains, or tanks;
- s. Offshore oil rigs or platforms or property contained therein or thereon;
- t. Satellites or spacecraft while on the launch pad or after launch;
- u. Collision with astronomical objects, including asteroids, meteors, meteorites, or satellites;
- v. Transmission and distribution lines, including support structures, of every type and description, except when located on the Insured Location or within 1,000 feet thereof;
- w. Property of unit owners within individual residential condominium units, consisting of:
  - 1) Personal property and improvements & betterments; or
  - 2) Floor coverings, wall coverings, and ceiling coverings which only serve that unit;However, Covered Property does include:
  - 3) Fixtures, installations, or permanent additions initially installed in accordance with the original plans and specifications and contained within individual residential condominium units, including appliances, refrigerators, air conditioning equipment (including air conditioning compressors), heating equipment, cooking ranges, dishwashers, and clothes washers/dryers;
- x. Computers which are permanently installed or designed to be permanently installed in any aircraft, watercraft, motortruck, or other vehicle subject to motor vehicle registration, but not including computers while held as *Stock*;
- y. *Electronic Data*, except as provided under the Additional Coverages, Electronic Data. *Electronic Data* means information, facts, or *Computer Programs* stored as or on, created or used on, or transmitted to or from computer software (including systems and applications software), on hard or floppy disks, CD-ROMs, tapes, drives, cells, data processing devices, or any other repositories of computer software which are used with electronically controlled equipment. *Computer Programs* means a set of related electronic instructions which direct the operations and functions of a computer or device connected to it, which enable the computer or device to receive, process, store, retrieve, or send data. However, if a Covered Cause of Loss results in sudden and accidental physical damage directly caused by electronic data, this Policy will provide coverage for such physical damage, as outlined in the **Electronic Data Exclusion** section. This paragraph does not apply to your *Stock* of prepackaged software or to *Electronic Data* which is integrated in and operates or controls the building's elevator, lighting, heating, ventilation, air conditioning, or security system;
- z. The cost to replace or restore the information or valuable papers and records, including those which exist as *Electronic Data*, including proprietary information, books of account, deeds, manuscripts, abstracts, drawings, and card index systems. Refer to the Additional Coverages for Valuable Papers and Records (Other Than Electronic Data) for limited coverage for valuable papers and records other than those which exist as *Electronic Data*;

aa. Aircraft, drones, UAVs, automobiles, motortrucks, motorcycles, dirt bikes, motor bikes, motorized bikes, watercraft (including, motors, equipment and accessories), and other vehicles subject to motor vehicle registration which are:

- 1) Held for sale or lease;
- 2) Licensed for use on public roads; or
- 3) Operated principally away from the Insured Locations;

However, this exclusion shall not apply to:

- a) Those that you manufacture, process, or warehouse; or
- b) Rowboats or canoes out of water at the Insured Locations;

bb. The following property while outside of buildings:

- 1) Grain, hay, straw, or other crops; or
- 2) Smokestacks, silos or their contents, windmills, wind pumps, or wind generators or their towers;

cc. Greenhouses, hothouses, gazebos, slat houses, trellises, pergolas, or cabanas or the outdoor equipment used for servicing any of them;

dd. Gas station pumps and gas station canopies;

ee. Solar Panels or solar panel systems or any related equipment; or

ff. Cannabis

1) "Cannabis" means any good or product that consists of or contains any amount of Tetrahydrocannabinol (THC) or any other cannabinoid, regardless of whether any such THC or cannabinoid is natural or synthetic including the following:

(a) Any plant of the genus Cannabis L. or Cannabis sativa L., or any part thereof, such as seeds, stems, flowers, stalks, or roots; or

(b) Any compound, byproduct, extract, derivative, mixture, or combination, such as:

- (i) Resin, oil, or wax;
- (ii) Hash or hemp; or
- (iii) Infused liquid or edible cannabis;

whether or not it is derived from any plant or part of any plant.

2) If you have purchased Business Income and Extra Expense Coverage under this Policy, such coverage does not apply to that part of Business Income loss or Extra Expense incurred due to a *Suspension* of your Operations which is attributable to the design, cultivation, manufacture, storage, processing, packaging, handling, testing, distribution, sale, serving, furnishing, possession, or disposal of "Cannabis".

#### **4. Coverage D - Business Income Coverages**

This Policy is extended to cover Business Income Coverages and Additional Business Income Coverages for the Actual Loss Sustained by you up to the annual limits shown in the Declarations, during the Period of Interruption directly resulting from a Covered Cause of Loss to Covered Property at the Insured Location(s) to which Business Income Coverages apply. We pay for:

a. Actual loss sustained in the event you are prevented from producing goods or from continuing business operations or services and are unable to:

- 1) Make up lost production within 365 continuous days after the Period of Interruption; or
- 2) Continue business Operations or services:
  - a) Through the use of any property or service owned or controlled by you;

- b) Obtainable from other sources, whether the property or service is at an Insured Location; or
- c) Through working extra time or overtime at any other substitute locations, including any other locations acquired or for this purpose;

then subject to all other conditions of this Policy, for the Actual Loss Sustained of the following during the Period of Interruption shall be Covered Property.

- b. The "Period of Interruption", which means the time, not to exceed 365 continuous days:
  - 1) from the time of physical damage insured against by this Policy up to the time, with the exercise of due diligence and dispatch, to either:
    - a) Resume normal operations; or
    - b) Repair, replace, or prepare for Operations, the physically damaged covered buildings and equipment, to the same or equivalent physical and operating conditions that existed prior to the damage, whichever is less.

Such period of time shall not be cut short by the expiration or earlier termination date of the Policy.
  - 2) If applicable, it includes such time as may be required with the exercise of due diligence and dispatch to:
    - a) Restore *Stock* in process to the same state of manufacture in which it stood at the time of the initial interruption of production or suspension of business Operations or services; or
    - b) Replace physically damaged or destroyed mercantile *Stock* necessary to resume Operations; or
    - c) Replace raw materials and supplies in order to continue Operations.

However, the inability to procure destroyed mercantile *Stock* or suitable raw materials and supplies to replace similar *Stock* or materials and supplies physically damaged or destroyed shall not increase the Period of Interruption.

- 3) Property under construction, from the time period between the anticipated date of substantial completion, had no covered loss occurred, and the actual date of completion. In calculating the amount of loss, consideration will be given to the actual experience of the business compiled after substantial completion and start-up.

The Period of Interruption does not include any additional time:

- a) Required for re-staffing or re-training employees; or
- b) Required due to your inability to resume Operations for reasons other than those enumerated in b.2.a. through b.2.c. above; or
- c) Required for making change(s) to the covered buildings, structures, or equipment for any reason except as provided in the Ordinance or Law coverage.

Consideration will be given to the experience of the business prior to the *Occurrence* of the Covered Cause of Loss and the probable experience had no loss occurred. Only normal charges and expenses that would have existed had no interruption of production or *Suspension* of business Operations or services occurred will be covered.

- c. **Business Income Monthly Limitation of Indemnity.** The most we will pay each month during the Period of Interruption for Business Income Coverage Actual Loss Sustained by you resulting directly from a Covered Cause of Loss will be not greater than 1/12 of the annual limit for Business Income Coverages shown on the Declarations. There shall be no liability under this Policy for more than the Business Income Monthly Limitation of Indemnity shown on the Declarations for all Business Income Coverages, except when the Policy has a sublimit on the Additional Coverages and Sublimits Endorsement attached. Business Income Monthly Limitation of Indemnity is payable each period of thirty (30) consecutive days after the beginning of the Period of Interruption.

d. **Business Income Coverages**, based on:

- 1) Gross earnings, of your business which in the event of a loss and for the purpose of this coverage will:
  - a) For manufacturing operations, be the net sales value of production less the cost of all raw *Stock*, materials and supplies utilized in such production; or
  - b) For mercantile or non-manufacturing operations, be the total net sales less cost of merchandise sold, materials and supplies consumed in the operations or services rendered by you;
  - c) Include, all other earnings derived from the Operation of the business;
  - d) Subtract all charges and expenses which do not necessarily continue during the interruption of production or *Suspension* of business Operations or services.
- 2) Net sales, which in the event of loss at mercantile or non-manufacturing operations, and for the purpose of this coverage, are determined as the amount for which merchandise could have been sold to your regular customers if there was no damage to merchandise.
- 3) Ordinary payroll, which is the entire payroll expense for all your employees except officers, executives, department managers, employees under contract, and other essential employees. The specified number of days that Ordinary Payroll expense is covered is shown on the Additional Coverages and Sublimits Endorsement, if attached to your Policy. The number of days need not be consecutive but must fall within the Period of Interruption of production or *Suspension* of business Operations or services, or fall within the extension of that period, if an extension is provided.
- 4) *Rental Value*, with respect to Covered Property held for rental to others, this Policy is extended to cover the Actual Loss Sustained during the Period of Interruption but not exceeding the reduction in *Rental Value* less charges and expenses which do not necessarily continue. Due consideration will be given to the historic rental expenses prior to the loss and the probable expenses would have been.

e. **Additional Business Income Coverages** which includes:

- 1) Contingent business income costs will be covered up to the sublimits shown on the Additional Coverages and Sublimits Endorsement, if attached, when sudden and accidental direct physical damage occurs to the real or personal property of a direct supplier that impacts your business operations, or a direct customer of your business is damaged when you sustain a Covered Cause of Loss under this Policy, which wholly or partially:
  - a) prevents any of your direct suppliers from supplying their goods and/or services to you; or
  - b) prevents any of your direct customers from accepting your goods and/or services;

This Policy is extended to cover the Actual Loss Sustained by you during the Period of Interruption with respect to such real or personal property, if the property of the supplier or customer which sustains damage is of the type of property which would be Covered Property under this Policy.

This coverage applies to your direct suppliers or direct customers located within the *Coverage Territory*.

- 2) An extended period of indemnity, provided for such additional length of time required to restore your business to the same condition as it existed had no loss occurred. This will commence on the later of the following dates:
  - a) the date on which the coverage for damage would otherwise terminate; or
  - b) the earliest date on which either normal Operations resume, or repair, replacement, or rebuilding of the property that has been damaged is actually completed;but in no event, will we cover a period of time exceeding the number of days specified in the Additional Coverages and Sublimits Endorsement, if attached, effective the later of 2) a) or 2)

b) above. The Extended Period of Indemnity does not apply to any Additional Business Income Coverages.

However, Extended Period of Indemnity 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 building described on the Declarations or at the Insured Location(s) are located. Loss of Business Income must be caused by direct physical damage to Covered Property at the building described on the Declarations or at the Insured Location caused by or resulting from a Covered Cause of Loss.

- 3) **Extra Expense** covers reasonable and necessary expenses, during the Period of Interruption, over and above your normal operating expenses, incurred by you to avoid or minimize the Suspension of business at the described *location* or at replacement *locations* or temporary *locations*, including relocation expenses and costs to equip and operate the replacement *location* or temporary *location* and to minimize Suspension of business if you cannot continue operations up to the sublimits shown on the Additional Coverages and Sublimits Endorsement attached.

You agree to use any suitable alternate property or service owned or controlled by you or obtainable from other sources to reduce any Extra Expense incurred under this Policy.

- 4) **Ingress and Egress** is extended to cover under the Policy the Actual Loss Sustained during the Period of Interruption when ingress to or egress from your Insured *Location* is prohibited as a direct result of a Covered Cause of Loss to real property not insured by this Policy. The physical damage due to the Covered Cause of Loss must occur within a five (5) statute miles from your Insured Location in order for coverage to apply. We will only cover the period of time beginning on the date that ingress to or egress from real or personal property is prohibited and ending when ingress or egress is no longer prohibited, but we cover no more than the number of days shown on the sublimits of the Additional Coverages and Sublimits Endorsement attached.
- 5) **Interruption by Civil or Military Authority** is extended to cover, under the Policy, the Actual Loss Sustained during the Period of Interruption when access to your Insured Location is prohibited by an order of civil or military authority, when, such order is a direct result of a Covered Cause of Loss to real property not insured under this Policy. The physical damage due to a Covered Cause of Loss must occur within five (5) statute miles from your insured Location for coverage to apply. We will only cover the period of time beginning on the effective date of the order of civil or military authority and ending when the order expires, but we will cover no more than the number of days shown on the Additional Coverages and Sublimits Endorsement attached.
- 6) **Royalties** is extended to cover, under the Policy, loss of income sustained by your business under a royalty, licensing fee, or commission agreement between you and another party during the Period of Interruption arising out of sudden and accidental direct physical damage by a Covered Cause of Loss during the term of this Policy to real or personal property of such other party, but only up to the sublimits shown on the Additional Coverages and Sublimits Endorsement, attached for all such Royalties. When determining the amount payable under the Policy for this coverage extension, consideration will be given to the amount of income derived by your business from such agreements before the date of the damages, and the probable amount of income after, the date of damage.
- 7) **Service Interruption** is extended to cover, under the Policy, the damage to Covered Property and Business Income Coverage resulting from sudden and accidental direct physical damage from a Covered Cause of Loss to: (1) incoming electrical, gas, water and telecommunication equipment and outgoing sewer; or (2) electrical, telecommunication, fuel, water, steam, refrigeration, or other service transmission lines; all situated outside the Insured Locations.
- a) However, Service Interruption DOES NOT apply to any loss caused by damage to any utility service listed under Additional Coverages, Contingent Business Income Costs above, that is located more than five (5) statute miles from the Insured Location.



- b) There shall be no loss payable under this Additional Business Income Coverage unless the interruption exceeds the qualifying period shown on the Additional Coverages and Sublimits Endorsement attached. In such case, the loss shall be measured from date and time of the loss. With respect to any Business Income Coverage provided, the Period of Interruption ends when: (1) incoming electrical, gas, water, or telecommunication equipment or outgoing sewer or (2) electrical, telecommunication, fuel, water, steam, refrigeration, or other service transmission lines, are restored.
- c) The Sublimit of Insurance shown on the Additional Coverages and Sublimits Endorsement applies to all damage to Covered Property and/or Business Income Coverages, combined arising out of one Service Interruption. None of the Additional Business Income Coverages apply to the Business Income Coverage provided herein, except *Rental Value*.  
Service Interruption does not include coverage for any increase in loss due to fines or damages for breach of contract or for late or non-completion of orders, or penalties of any nature.

**f. Business Income Not Covered:**

The following are excluded from Business Income Coverages:

- 1) Berth and/or Port Blockage:  
Any loss due to blockage of a port or berth. Blockage as used in the exclusion f.1), means an obstruction of any part of the port or berth arising from an *Occurrence* which results in the sinking or stranding of a ship, or the inability of a ship to gain access to a berth.
- 2) Finished Products:  
Any loss resulting from damage to finished products manufactured by you or for the time required for their reproduction.
- 3) Idle Periods:  
Any loss during any period in which goods would not have been produced, or business operations or services would not have been maintained, for any reason other than physical damage from a Covered Cause of Loss to which this coverage applies.
- 4) Remote Loss:
  - a) Any increase in loss due to the suspension, cancellation, or lapse of any lease, contract, license or order; and / or
  - b) Any loss due to fines or damages for breach of contract; or for late, or non-completion of orders or penalties of whatever nature; and / or
  - c) Any increase in loss due to interference at your Insured Location by strikers or other persons rebuilding, repairing, or replacing the property damaged or destroyed, or the resumption or continuation of business, or the re-occupancy of the Insured Locations.
  - d) Any liability under this Policy for any other consequential or remote loss, other than as specifically stated in the Additional Business Income Coverages in this Policy.
- 5) Transit:  
Any Business Income loss resulting from damage to property in transit.

**B. Covered Causes of Loss**

"Covered Cause of Loss" means the sudden and accidental direct physical loss unless the loss is excluded or limited under Section I – Property.

**C. Additional Coverages**

The following Additional Coverages are subject to the terms and conditions of this Policy, including the Deductibles and Sublimits of Insurance corresponding to each Additional Coverage as included on the Additional Coverages and Sublimits Endorsement attached. These Additional Coverage items are either included or excluded Sublimits of Insurance and are part of, and not in addition to, the Limits of Insurance

provided by this Policy.

**1. Accounts Receivable**

This Policy covers any shortage in the collection of Accounts Receivable directly resulting from a Covered Cause of Loss to Accounts Receivable records.

a. This additional coverage does not apply to loss due to:

- 1) Bookkeeping, accounting, or billing errors and omissions; or
- 2) Alteration, falsification, manipulation, concealment, destruction, or disposal of Accounts Receivable records committed to conceal the wrongful giving, taking, obtaining, or withholding of money, securities, or other property, but only to the extent of such wrongful giving, taking, obtaining, or withholding.

**2. Business Personal Property Temporarily in Portable Storage Units**

- a. You may extend the insurance that applies to Your Business Personal Property to apply to such property while temporarily stored in a portable storage unit (including a non-owned detached trailer) located within 1,000 feet of the building or structure described in the Declarations.
- b. If the applicable Covered Causes of Loss has a limitation or exclusion concerning damage from sand, dust, sleet, snow, ice, or rain to property in a structure under your Policy, such limitation or exclusion also applies to this Additional Coverage.
- c. This Additional Coverage does not apply to damage otherwise covered under this Policy and does not apply to damage to the storage unit itself.

**3. Debris Removal**

- a. We will pay your expense to remove debris of Covered Property and other debris that is on a building described on the Declarations or your Insured Location(s) when such debris is caused by or results from a Covered Cause of Loss that occurs during the policy period. The expenses will be paid only if the expenses are reported to us in writing within 180 days of the date of the sudden and accidental direct physical damage.
- b. Debris Removal does not apply to costs to:
  - 1) Remove debris of property owned by or leased to the landlord of the building where your building described on the Declarations or Insured Location(s) is located unless you have a contractual responsibility to insure such property and it is listed on the Declarations as insured under this Policy;
  - 2) Remove any property that is Property Not Covered, including property addressed under the Outdoor Signs, Fences, Antennas, and Vegetation Additional Coverage;
  - 3) Remove property of others;
  - 4) Remove deposits of mud or earth from the grounds of the buildings described on the Declarations or on Insured Locations;
  - 5) Extract *Pollutants or Contaminants* from *Land* or water; or
  - 6) Remove, restore, or replace polluted *Land* or water.

**4. Electronic Data**

- a. Under this Additional Coverage, Electronic Data has the meaning described under Property Not Covered, Electronic Data. This Additional Coverage does not apply to your *Stock* of prepackaged software or to Electronic Data which is integrated in and operates or controls the building's elevator, lighting, heating, ventilation, air conditioning, or security system.
- b. Subject to the provisions of this Additional Coverage, we will pay for the cost to replace or restore Electronic Data which has been destroyed or corrupted by a Covered Cause of Loss. To the extent that Electronic Data is not replaced or restored, the loss will be valued at the cost of replacement

of the media on which the Electronic Data was stored with blank media of substantially identical type.

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

- 1) Coverage under this Additional Coverage, Electronic Data, includes *Collapse*.
- 2) The Covered Causes of Loss includes a virus, harmful code, or similar instruction introduced into or enacted on a computer system (including covered Electronic Data) or a network to which it is connected that is designed to damage or destroy any part of the system or disrupt its normal operation. There is no coverage for damage caused by or resulting from manipulation of a computer system (including Electronic Data) by you, an employee, including a *Temporary Worker* or leased employee, or an entity retained by you or for you to inspect, design, install, modify, maintain, repair, or replace that system.
- 3) The most we will pay under this Additional Coverage, Electronic Data, is on the sublimit in the Additional Coverages and Sublimits Endorsement for all damage sustained in any one policy year, regardless of the number of *Occurrences* of damage, the number of Insured Locations, or the number of computer systems involved. If loss payment on the first *Occurrence* does not exhaust this amount, then the balance is available for subsequent damage sustained in but not after that policy year.

**6. Fine Arts**

This Policy is extended to cover sudden and accidental direct physical damage from a Covered Cause of Loss to *Fine Arts*. However, no coverage is provided for:

- a. Breakage, marring, scratching, chipping, or denting of *Fine Arts*, unless such breakage, marring, scratching, chipping, or denting is caused by a Covered Cause of Loss; or
- b. Physical damage as a result of restoring, repairing, or retouching processes.

**7. Fire Department Service Charge**

When the fire department is called to save or protect Covered Property from a Covered Cause of Loss, we will pay for services at each insured Location or building described in the Declarations. The sublimit in the Additional Coverages and Sublimits Endorsement is the most we will pay regardless of the number of responding fire departments or fire units and regardless of the number or type of services performed.

This Additional Coverage applies to your liability for fire department service charges:

- a. Assumed by contract or agreement prior to a loss; or
- b. Required by local ordinance.

No Deductible applies to this Additional Coverage. There is no coverage for any costs incurred as a result of a false alarm.

**8. Fire Extinguisher Systems Recharge Expense**

- a. We will pay:

- 1) The cost of recharging or replacing, whichever is less, your fire extinguishers and fire extinguishing systems (including hydrostatic testing if needed) if they are discharged on or within 100 feet of the described premises; and
- 2) For loss or damage to Covered Property if such loss or damage is the result of an accidental discharge of chemicals from a fire extinguisher or a fire extinguishing system.

- b. No coverage will apply if the fire extinguishing system is discharged during installation or testing.

- c. The most we will pay under this Additional Coverage is \$5,000 in any one *Occurrence*.

**9. Fungus, Mold(s), Mildew, Spores, or Yeast**

Losses under this Additional Coverage will be covered if you establish that the *Fungus, Mold(s), Mildew, Spores, or Yeast* is a direct result of a Covered Cause of Loss and the loss is reported to us within twelve (12) months from the expiration date of the Policy.

**10. Gems and Jewelry**

We will pay for sudden and accidental direct physical damage from a Covered Cause of Loss to precious stones, gems, and jewelry.

**11. Leased or Rented Equipment**

This Policy is extended to cover sudden and accidental direct physical damage at any Insured Location(s) from a Covered Cause of Loss to equipment that you have leased or rented for your business and for which you are legally liable.

**12. Leasehold Improvements and Betterments**

This Policy is extended to cover the value of undamaged tenant improvements and betterments when your lease is cancelled by the lessor acting under a valid condition of the lease due to sudden and accidental direct physical damage to a building or personal property caused by or resulting from a Covered Cause of Loss at an Insured Location.

**13. Leasehold Interest**

If Covered Property is: (1) rendered wholly or partially untenable by a Covered Cause of Loss during the policy period; and (2) your lease is canceled by a party, other than you, or an entity with any common ownership with you, in accordance with the conditions of the lease or as a result of a statutory requirement of the appropriate jurisdiction in which the damaged or destroyed Covered Property is located; then this Policy is extended to cover "The Interest of the Insured as Lessee" or "The Interest of the Insured as Lessor", whichever is applicable, but only for the first three (3) months succeeding the date of the loss, and "The Net Lease Interest" shall be paid for the remaining months of the unexpired lease.

- a. Recovery under this additional coverage shall be the pro-rata proportion from the date of loss to expiration date of the lease (to be paid without discount) on your interest in:
  - 1) The amount of bonus paid by you for the acquisition of the lease not recoverable under the terms of the lease;
  - 2) Improvements and betterments to real property which are not covered under any other section of this Policy; or
  - 3) The amount of advance rental paid by you and not recoverable under the terms of the lease.
- b. Definitions: The following terms, wherever used in this Paragraph 13, shall mean:
  - 1) "The Interest of the Insured as Lessee" is defined as:
    - a) The excess of the *Rental Value* of similar *Locations* over the actual rental payable by the lessee (including any maintenance or operating charges paid by the lessee) during the unexpired term of the lease; and
    - b) The rental income earned by you from sublease agreements, to the extent not covered under any other section of this Policy, over and above the rental expenses specified in the lease between you and the lessor.
  - 2) "The Interest of the Insured as Lessor" is defined as the difference between the rents payable to the lessor under the terms of the lease in effect at the time of loss and the actual rent collectible by the lessor during the unexpired term of the lease provided the lease is canceled by the lessee, to the extent not covered under any other section of this Policy.

- 3) "The Net Lease Interest" is defined as that sum which placed at 6% interest compounded annually will be equivalent to the "The Interest of the Insured as Lessee or Lessor."
- 4) There shall be no liability under this Policy for any increase of loss which may be occasioned by the suspension, lapse, or cancellation of any license or by you exercising any option to cancel the lease. Furthermore, you shall use due diligence, including all things reasonably practicable, to diminish loss under this additional coverage.

#### **14. Limited Pollutant or Contaminant Clean-up and Removal**

We will pay your reasonable and necessary additional expense incurred to extract, dispose of, or clean up the actual presence of *Pollutants or Contaminants* from *Land* or water at the described *Locations* if the discharge, dispersal, seepage, migration, release, or escape of the *Pollutants or Contaminants* are caused by or result from a Covered Cause of Loss that occurs during the Policy period. The additional expense will be paid only if reported to us in writing within 180 days of the date on which the Covered Cause of Loss occurs.

This Additional Coverage does not apply to the costs to test for, monitor, or assess the existence, concentration, or effects of *Pollutants or Contaminants*. However, we will pay for testing which is performed in the course of extracting the *Pollutants or Contaminants* from the *Land* or water.

The most we will pay under this Additional Coverage is the sublimit in the Additional Coverages and Sublimits Endorsement for the sum of all covered expenses arising out of Covered Causes of Loss occurring during each separate 12-month period of this Policy.

#### **15. Loading and Unloading of Property for Transit**

This Policy is extended to cover your Business Personal Property while being loaded and unloaded for transit.

#### **16. Lock and Key Replacement**

This Policy covers the necessary expense to repair or replace the exterior or interior door locks and keys of a covered building when there is sudden and accidental direct physical damage from a Covered Cause of Loss:

- a. If the door keys are stolen in a covered theft loss; or
- b. When the Covered Property is damaged, and the door keys are stolen by burglars.

#### **17. Money Orders and "Counterfeit Money"**

We will pay for loss resulting directly from your having accepted, in good faith, in exchange for merchandise, "money" or services:

- a. Money orders issued by any post office, express company, or bank that are not paid upon presentation; or
- b. "Counterfeit money" that is acquired during the regular course of business.

The most we will pay for any loss under this Additional Coverage is \$1,000.

#### **18. Moveable Equipment and Inventory in the Open**

We will pay for sudden and accidental direct physical damage from a Covered Cause of Loss to moveable equipment and inventory that is not in a fully enclosed structure.

#### **19. Newly Acquired or Constructed Property**

##### **a. Buildings**

If this Policy covers buildings, you may extend insurance to apply to:

- 1) Your new buildings while being built on the described *Locations*; or
- 2) Buildings you acquire at *Locations* other than the described *Locations* intended for:

- a) Similar use as the building described in the Declarations; or
- b) Use as a warehouse.

**b. Your Business Personal Property**

- 1) If this Policy covers Your Business Personal Property, you may extend insurance to apply to:
  - a) Business personal property, including such property that you newly acquire, at any *Location* you acquire other than at fairs, trade shows, or exhibitions; or
  - b) Business personal property, including such property that you newly acquire, located at your newly constructed or acquired buildings at the *Location* described in the Declarations.
- 2) This Additional Coverage does not apply to:
  - a) Personal property of others that is temporarily in your possession in the course of installing or performing work on such property; or
  - b) Personal property of others that is temporarily in your possession in the course of your manufacturing or wholesaling activities.

**c. Period of Coverage**

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

- 1. This Policy expires;
- 2. 60 days after you acquire the property or begin construction of that part of the building that would qualify as covered property;
- 3. You report values to us; or
- 4. When we notify you that we will not bind the newly acquired property.

There is no coverage for any property that is partially or wholly insured under any other insurance.

We will charge additional premium for values reported from the date you acquire the property or begin construction of that part of the building that would qualify as covered property.

**20. Ordinance or Law**

In the event of sudden and accidental direct physical damage from a Covered Cause of Loss under this Policy that results in the enforcement of any law, ordinance, governmental directive, or standard in effect at the time of damage regulating the construction, repair, or use and occupancy of the property, the following is covered under this Policy:

- a. **Coverage A – Coverage for Loss to Undamaged Portion of the Building** - For the loss in value of the undamaged portion of the building due to the enforcement of an Ordinance or Law that requires demolition of undamaged parts of the same building.
- b. **Coverage A – Demolition Cost Coverage** - For the cost to demolish and clear the site of undamaged parts of the same building due to the enforcement of an Ordinance or Law that requires demolition of such undamaged property.
- c. **Coverage C – Increased Cost of Construction** - For the increased cost of repair or replacement of the damaged and undamaged building on the same or another site, limited to the cost that would have been incurred to comply with the minimum requirements of such Ordinance or Law regulating the repair or reconstruction of the damaged property on the same site. However, there is no coverage for any increased cost of construction loss unless the damaged property is rebuilt or replaced.

**21. Outdoor Signs, Fences, Antennas, and Vegetation**

You may extend the insurance provided by this Policy to apply to your outdoor signs, fences, radio

and television antennas (including satellite dishes), trees, shrubs, and plants (other than trees, shrubs, or plants which are *Stock* or are part of a vegetated roof), including debris removal expense. Subject to all terms and limitations of coverage, this Additional Coverage includes the expense of removing from the described locations the debris of trees, shrubs, and plants which are the property of others, except when you are a tenant and such property is owned by the landlord of the described locations.

Outdoor Signs attached to the Building has a sublimit within Coverage A, Outdoor detached Signs, Fences, Antennas, and Vegetation has a sublimit within Coverage C, Other Buildings and Structures.

## **22. Pairs or Sets**

If two or more components or parts are necessary for a whole or complete product, then this Policy covers the reduction in value of insured components or parts of products due to sudden and accidental direct physical damage from a Covered Cause of Loss insured against by this Policy to the other insured components or parts of such products.

## **23. Personal Effects and Property of Others**

If this Policy covers Your Business Personal Property, you may extend insurance to apply to:

- a. Personal effects owned by you, your officers, your partners or members, your managers, and your employees, excluding damage caused by theft; or
- b. Personal property of others in your care, custody, or control.

Our payment for damage to personal property of others will only be for the account of the owner of the property.

## **24. Professional Fees**

This Policy is extended to cover reasonable and necessary Claim Preparation Costs (as defined below) incurred by you at our request to determine the extent or amount of insured damage as a result of a Covered Cause of Loss under this Policy, provided that you obtain our prior written approval for the vendor to be engaged.

- a. Claim Preparation Costs means:
  - 1) The cost of taking inventory and the cost of gathering and preparing other data to substantiate the extent or amount of damage; or
  - 2) The cost of services provided by accountants, contractors, or engineers solely to determine the extent or amount of loss.
- b. Claim Preparation Costs and Professional Fees does not mean and excludes the following:
  - 1) Legal fees, charges, and expenses;
  - 2) Fees and costs of a public claims adjuster, claim consultant, insurance broker or agent (except forensic accounting services), or any person acting for or on behalf of a public claims adjuster, claim consultant, or insurance broker or agent;
  - 3) Costs associated with negotiation or presentation of any claim or part of a claim that is disputed or denied;
  - 4) Costs associated with establishing that any claim or part of a claim is covered by the Policy; or
  - 5) Costs which represent your overhead or operating expenses, including salaries of your employees.

## **25. Property Removed from Insured Locations**

- a. You may extend the insurance provided by this policy to apply to your Covered Property while it is away from the insured *Locations* if it is:
  - 1) Temporarily at a *Location* you do not own, lease, or operate;

- 2) In storage at a *Location* you lease, provided the lease was executed after the beginning of the current Policy term; or
- 3) At any fair, trade show, or exhibition.

**26. Protection and Preservation of Property**

If it is necessary to move Covered Property from the described *Locations* to preserve it from damage by a Covered Cause of Loss, we will pay for any sudden and accidental direct physical damage to that property:

- a. While it is being moved or while temporarily stored at another *Location*; and
- b. Only if the damage occurs within 30 days after the property is first moved.

**27. Reclaiming, Restoring, or Repairing Land Improvements**

This Policy is extended to cover the cost of reclaiming, restoring, or repairing *Land* improvements, provided the loss is from a Covered Cause of Loss.

**28. Reward Reimbursement**

This Policy covers monetary rewards for information that leads to a criminal conviction in connection with damage to Covered Property by a Covered Cause of Loss up to amounts agreed by you and us.

**29. Seasonal Inventory**

We will cover temporary increases in Business Personal Property as stated on the Additional Coverages and Sublimits Endorsement during the months of November to May due to seasonal fluctuations as reflected on your historical inventory or, if not available, based on similar industry fluctuations.

**30. Sewer or Water Back Up**

We will pay for sudden and accidental direct physical damage due to a Covered Cause of Loss to Covered Property caused by or resulting from discharge of water or waterborne material from a sewer, drain, or sump located at the described *Location(s)* provided such discharge is not induced by *Flood* or *Flood* related conditions.

**31. Sidewalks, Paved Surfaces, and Roadways**

We will pay for sudden and accidental direct physical damage due to a Covered Cause of Loss to Covered Property to any Sidewalks, Paved Surfaces, or Roadways you own or are responsible for repairing or replacing.

**32. Spoilage**

This Policy is extended to cover Spoilage as a direct result of a Covered Cause of Loss. This Policy will pay for sudden and accidental direct physical damage to:

- a. *Perishable Goods* due to Spoilage;
- b. *Perishable Goods* due to contamination from the release of any refrigerant, including ammonia; or
- c. *Perishable Goods* due to Spoilage caused by a Covered Cause of Loss to equipment that is owned by a utility, landlord, or other supplier of any of the following services: electrical power, communications, waste disposal, air conditioning, refrigeration, heating, gas, air, water, or steam.

If you are unable to replace the *Perishable Goods* before their anticipated sale, payment will be determined based on the sales price of the *Perishable Goods* at the time of the loss less discounts and expenses that otherwise would have been incurred. Otherwise, payment will be determined in accordance with the Loss Settlement Conditions of this policy.



*Perishable Goods* means personal property:

- 1) Maintained under controlled conditions for its preservation; and
- 2) Susceptible to damage if the controlled conditions change.

Spoilage Exclusions: There is no coverage for loss or damage caused by or resulting from:

- 1) The disconnection of any refrigerating, cooling, or humidity control system from the source of power; or
- 2) The deactivation of electrical power caused by the manipulation of any switch or other device used to control the flow of electrical power or current.

### **33. Tenant's Glass**

We will pay for sudden and accidental direct physical damage due to a Covered Cause of Loss to glass that the insured is responsible to cover as a tenant.

### **34. Valuable Papers and Records (Other than Electronic Data)**

- a. When you pay any applicable premium due, you may extend the insurance that applies to Your Business Personal Property to apply to the cost to replace or restore the lost information on valuable papers and records for which duplicates do not exist. This Additional Coverage does not apply to valuable papers and records which exist as Electronic Data. Electronic Data has the meaning described under Property Not Covered, Electronic Data.
- b. Coverage under this Additional Coverage includes *Collapse*.
- c. We will also pay for the cost of blank material for reproducing the records (if duplicates exist) and (when there is a duplicate) for the cost of labor to transcribe or copy the records. The costs of blank material and labor are subject to the applicable Limit of Insurance on Your Business Personal Property, and, therefore, are excluded from this Additional Coverage.

### **35. Water or Other Liquid, Powder, or Molten Material**

If a loss or damage caused by or resulting from covered water or other liquid, powder, or molten material occurs, we will also pay the cost to tear out and replace any part of the building or structure at the Insured *Location* to repair damage to the system or appliance from which the water or other substance escapes.

We will not pay the cost to repair any defect that caused the loss or damage, but we will pay the cost to repair or replace damaged parts of fire extinguishing equipment if the damage:

- a. Results in the discharge of any substance from an automatic fire protection system; or
- b. Is directly caused by freezing.

## **D. Exclusions and Limitations**

The stated exclusions (or failure to include other exclusions) shall in no way expand the coverage provided by this Policy or provide coverage for perils not named in this Policy. Further, loss, damage, costs, and expenses associated with the exclusions are similarly excluded from coverage under this Policy, whether or not a Covered Cause of Loss contributes concurrently or in any sequence to such loss, damage, costs, or expenses.

For each Covered Cause of Loss shown on the Declarations Coverage Information section, the respective endorsement contains the Policy details relating to the respective peril. If the coverage is selected "Yes" in the Declarations, the peril as defined in the respective endorsement attached to this Policy shall be a Covered Cause of Loss and not be excluded. If the coverage is selected "No" in the Declarations, the peril as defined in the respective endorsement attached to this Policy shall be excluded from coverage under this Policy.

Any Covered Cause of Loss added by endorsement shall provide coverage only as defined in the respective endorsement. Any other exclusion contained in this policy shall be an exclusion if not specifically defined in the policy forms or attached endorsements.

There is no coverage under this policy 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 contributing concurrently or in any sequence to the loss or damage.

**1. Asbestos Exclusion**

- a. Loss, damage, or remediation expenses caused by or resulting from the presence of asbestos or asbestos-containing materials is excluded. As used in this exclusion, remediation expenses are expenses incurred for or in connection with the investigation, monitoring, removal, increased cost of reconstruction, disposal, treatment, abatement, or neutralization of asbestos or asbestos-containing materials to the extent required by federal, state, or local laws, regulations, or statutes, or any subsequent amendments, to address asbestos.
- b. This asbestos exclusion does not apply to the extent that coverage is provided under the following:
  - 1) This Policy insures asbestos located within an insured building or structure, and then only that part of the asbestos which has been physically damaged during the Policy period by a Covered Cause of Loss.
  - 2) This coverage is subject to all limitations in the Policy and, in addition, to each of the following specific conditions to coverage:
    - a) The said building or structure must be insured under this Policy for damage by this Covered Cause of Loss;
    - b) The Covered Cause of Loss must be the immediate, sole cause of the damage to the asbestos; and
    - c) Insurance under this Policy in respect of asbestos shall exclude any sum relating to:
      - i. Any faults in the design, manufacture, or installation of the asbestos; or
      - ii. Asbestos not physically damaged by a Covered Cause of Loss, including any governmental or regulatory authority direction or request of whatsoever nature relating to undamaged asbestos.

**2. Collapse Exclusion**

Loss or damage caused by *Collapse* is excluded.

**3. Defect Exclusion**

Loss or damage caused by faulty or defective workmanship, material, construction, installation, or design from any cause is excluded.

Loss or damage caused by faulty planning, zoning, development, surveying, or siting is excluded.

Loss or damage caused by fault, defect, error, deficiency, or omission in design, plan, or specification is excluded.

**4. Delay, Loss of Market, or Loss of Use Exclusion**

Loss or damage caused by the delay, loss of market, or loss of use, other than as expressly set forth in this Policy, is excluded.

**5. Depletion Exclusion**

Loss or damage caused by deterioration, depletion, rust, corrosion, erosion, wet or dry rot, decay, evaporation, leakage, inherent vice or latent defect, shrinkage or change in color, flavor, texture, or finish, extremes or changes of temperature, or changes in relative humidity damage (whether atmospheric or not) is excluded.

**6. Drought Exclusion**

*Drought* or any effect of *Drought* is excluded for all coverages afforded under this Policy, no matter how caused, unless physical damage not otherwise excluded by this Policy results, in which event this Policy shall cover only such resulting damage.

**7. Earth Movement Exclusion**

Loss or damage caused by *Earth Movement* is excluded.

**8. EIFS Exclusion**

Loss or damage caused by or resulting from the design, manufacture, installation, or use of any Exterior Insulation and Finish System (EIFS), Dryvit construction, or similar synthetic stucco finishing surfaces are excluded. However, this exclusion shall not apply to sudden and accidental direct physical damage to EIFS or Dryvit or similar synthetic stucco finishing surfaces as the direct result of a Covered Cause of Loss.

**9. Electrical Surge Exclusion**

Loss or damage caused by or resulting from any of the following is excluded:

- a. Artificially generated electrical, magnetic, or electromagnetic energy that damages, disturbs, disrupts, or otherwise interferes with any:
  - 1) Electrical or electronic wire, device, appliance, system, or network; or
  - 2) Device, appliance, system, or network utilizing cellular or satellite technology.

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

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

**10. Electronic Data Exclusion**

- a. Loss or damage caused by exposure to cyber liability.
- b. Loss, damage, destruction, distortion, erasure, corruption, alteration, loss of use, reduction in functionality, cost, or expense caused by or resulting from a *Computer Virus* is excluded.
- c. However, if a Covered Cause of Loss results from any of the matters described in this Electronic Data Exclusion paragraphs a. and b. above, this Policy, subject to all its terms, conditions, and exclusions, will cover sudden and accidental physical damage occurring during the Policy period to property insured by this Policy directly caused by such Covered Cause of Loss.

**11. Electronic Date Recognition Exclusion**

Loss, damage, cost, claim, or expense is excluded, whether preventative, remedial, or otherwise, directly or indirectly arising out of or relating to:

- a. The calculations, comparison, differentiation, sequencing, or processing of data involving any date change, including leap year calculations, by any computer system, hardware, program, software, or any microchip, integrated circuit, or similar device in computer equipment or non-computer equipment; or
- b. Any change, alteration, or modification involving any other date change, including leap year calculations, to any such computer system, hardware, program, software, or any microchip, integrated circuit, or similar device in computer equipment or non-computer equipment.

This clause applies regardless of any other cause or event that contributes concurrently or in any sequence to the loss, damage, cost, claim, or expense.

**12. Electromagnetic/Geomagnetic Storm**

The Policy does not insure any loss, damage, claim, cost, expense, or other sum directly or indirectly arising out of, attributable to, or occurring concurrently or in any sequence with Geomagnetic or Electromagnetic storm(s) or disturbances or any Space Weather phenomenon as classified by National Oceanic and Atmospheric Administration (NOAA).

**13. Equipment Breakdown or Explosion Exclusion**

Loss or damage caused by *Equipment Breakdown* or *Explosion* is excluded.

**14. Equipment Breakdown to Vehicles Exclusion**

Loss or damage caused by *Equipment Breakdown* to vehicles (or any equipment on vehicles), draglines, cranes, excavation, or construction equipment is excluded.

**15. Equipment Testing Exclusion**

Loss or damage caused by hydrostatic, pneumatic, or gas pressure test of any boiler or pressure vessel or an electrical insulation breakdown test of any type of electrical equipment is excluded.

**16. Erosion Exclusion**

Loss or damage caused by erosion of graded or planted finish or rough grades which results from normally expected or predictable precipitation and surface water runoff is excluded.

**17. Fines or Penalties Exclusion**

Costs, expenses, fines, or penalties incurred or sustained by or imposed on you at the order of any government agency, court, or other authority arising from any cause whatsoever are excluded.

**18. Dishonesty Exclusion**

Dishonest or criminal acts (including theft) by you, anyone else with an interest in the property, or any of your or their partners, "members", officers, "managers", employees (including *Temporary Workers* or leased employees), directors, trustees, or authorized representatives, whether acting alone or in collusion with each other or with any other party, or theft by any person to whom you entrust the property for any purpose, whether acting alone or in collusion with any other party, is excluded.

This exclusion:

- a. Applies whether or not an act occurs during your normal hours of operation; and
- b. Does not apply to acts of destruction by your employees (including *Temporary Workers* or leased employees) or authorized representatives; but theft by your employees (including *Temporary Workers* or leased employees) or authorized representatives is not covered.

With respect to accounts receivable and "valuable papers and records", this exclusion does not apply to carriers for hire.

This exclusion does not apply to coverage that is provided under the Employee Dishonesty Optional Coverage.

**19. Fungus, Mold(s), Mildew, Spore(s), Yeast, or Toxins Exclusion**

Loss or damage in the form of, caused by, arising out of, contributed to, or resulting from *Fungus, Mold(s), Mildew, Spore(s), Yeast*, or toxins created or produced by or emanating from such *Fungus, Mold(s), Mildew, Spore(s), Yeast*, or toxins is excluded.

However, this exclusion shall not apply provided you establish that the *Fungus, Mold(s), Mildew, Spore(s), Yeast*, or toxins is a direct result of a covered loss from a Covered Cause of Loss and the loss is reported within twelve (12) months from the expiration date of the Policy. The Limit of Insurance is limited to the sublimits on the Additional Coverages and Sublimits Endorsement.

**20. Government Authority Seizure Exclusion**

Loss or damage due to seizure or destruction of property by order of governmental authority is excluded. However, coverage is provided 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 is a Covered Cause of Loss.

**21. Ground Water Seepage Exclusion**

Loss or damage from 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,

is excluded.

**22. High Hazard Exclusion**

Loss or damage from explosives, fireworks, or high hazard material stored or maintained on the property is excluded.

**23. Hot Testing Exclusion**

Loss or damage from Hot Testing is excluded.

Hot Testing:

- a. Means:
  - 1) Startup, commissioning, or performance testing;
  - 2) Any testing involving the introduction of flammable or explosive feedstock or similar media beginning when such feedstock is first introduced; or
  - 3) The rotational operation of any turbine or generator, except for rotational operation by turning gear only when the turbine or generator is not energized; and
- b. Does not mean the startup, commissioning, or performance testing of:
  - 1) Heating;
  - 2) Cooling;
  - 3) Air handling; or
  - 4) Electrical systemsthat are part of building systems.

**24. Infestation, Disease, Freeze, Drought, Weight of Ice or Snow, or any Damage Caused by Insects, Vermin, Rodents, or Animals Exclusion**

Loss or damage caused by infestation, disease, freeze, drought, weight of ice or snow, or any damage caused by insects, vermin, rodents, or animals to plants, lawns, trees, or shrubs is excluded.

**25. Lack of Utility Supply Exclusion**

Loss or damage caused by the lack of incoming electricity, fuel, water, gas, steam, refrigerant, outgoing sewerage, or incoming or outgoing data or telecommunications caused by an *Occurrence* away from any Insured *Location* under this Policy is excluded unless coverage is specifically provided by an exception.

**26. Loss Due to Virus or Bacteria Exclusion**

Loss or damage caused by or resulting from any virus, bacterium, or other microorganism that induces or is capable of inducing physical distress, illness, or disease is excluded.

However, this exclusion does not apply to loss or damage caused by or resulting from *Fungus, Mold(s), Mildew, Spore(s), or Yeast*. Such loss or damage is addressed in a separate exclusion in this Policy. This exclusion supersedes any exclusion relating to *Pollutants or Contaminants*.

**27. Manufacturing Damage to Stock or Materials Exclusion**

Loss or damage attributable to *Manufacturing* or processing operations which result in damage to *Stock* or materials while such *Stock* or materials are being processed, manufactured, tested, or otherwise being worked upon is excluded.

**28. Mysterious Disappearance Exclusion**

Mysterious disappearance, loss, or shortage disclosed on taking inventory or any unexplained loss is excluded.

**29. Named Storm Exclusion**

Loss or damage directly or indirectly caused by a *Named Storm* that is in existence at the time that written request to bind is given to us until coverage for such *Named Storm* has been bound by written agreement between us and the Named Insured is excluded. In addition, no increase in limits or additional coverages will be provided for any Insured *Location(s)* threatened by such *Named Storm* until coverage for such *Named Storm* has been bound by written agreement between us and the Named Insured.

**30. Nuclear, Biological, Chemical, and Radiological Exclusions**

Loss, damage, cost, or expense, whether real or alleged, that is caused, results from, is exacerbated by, or is otherwise impacted by, either directly or indirectly, any of the following (including the threatened use of the following) is excluded:

- a. Nuclear Hazard - including nuclear reaction, nuclear detonation, nuclear radiation, radioactive contamination, and all agents, materials, products, or substances, whether engineered or naturally occurring, involved therein or released thereby;
- b. Biological Hazard - including any biological or poisonous or pathogenic agent, material, product, or substance, whether engineered or naturally occurring, that induces or is capable of inducing physical distress, illness, or disease;
- c. Chemical Hazard - including any chemical agent, material, product, or substance; or
- d. Radioactive Hazard - including any electromagnetic, optical, or ionizing radiation or energy, including all generators and emitters thereof, whether engineered or naturally occurring.

**31. Pollution / Contamination Exclusion**

Except as otherwise specifically provided in Additional Coverages:

- a. Any loss, damage, cost, or expense;
- b. Any increase in insured loss, damage, cost, or expense; or
- c. Any loss, damage, cost, expense, fine, or penalty which is incurred, sustained, or imposed by order, direction, instruction, request of, or agreement with any court, government agency, or public, civil, or military authority (whether or not as a result of public or private litigation);

Which arises from any kind of (or threat of) seepage, pollution, or contamination, whether or not caused by or resulting from a peril insured or from steps or measures taken in connection with the avoidance, prevention, abatement, mitigation, remediation, clean-up, or removal of such seepage, pollution, or contamination or threat thereof, is excluded.

The term "seepage, pollution, or contamination" as used in this clause includes:

- a. Seepage of, or pollution or contamination by, any actual, alleged, or threatened release, discharge, escape, or dispersal of *Pollutants or Contaminants*, all whether direct or indirect, proximate or remote, in whole or in part, caused by, contributed to, or aggravated by any sudden and accidental direct physical loss or damage from a Covered Cause of Loss insured by this Policy, including any material designated as a "hazardous substance" by the United States Environmental Protection Agency or as a "hazardous material" by the United States Department

of Transportation, defined as a "toxic substance" by the Canadian Environmental Protection Act for the purposes of Part II of that Act, or designated or defined as toxic, dangerous, hazardous, or deleterious to persons or the environment under any other Federal, State, Provincial, Municipal, or other law, ordinance, or regulation; and

- b. The presence, existence, or release of anything which endangers or threatens to endanger the health, safety, or welfare of persons or the environment.

*Pollutants or Contaminants* means any solid, liquid, gaseous, or thermal irritant or contaminant, including smog, smoke, vapor, soot, fumes, acids, alkalis, chemicals, and waste, which after its release can cause or threaten damage to human health or human welfare or causes or threatens damage, deterioration, loss of value, marketability, or loss of use to property insured, including bacteria, virus, or hazardous substances as listed in the Federal Water Pollution Control Act, Clean Air Act, Resource Conservation and Recovery Act of 1976, and Toxic Substances Control Act or as designated by the U.S. Environmental Protection Agency. Waste includes materials to be recycled, reconditioned, or reclaimed.

### 32. **Pre-Existing Damage Exclusion**

Loss or damage arising out of pre-existing damage as outlined below is excluded:

- a. Damages which occurred prior to Policy inception regardless of whether such damages were apparent at the time of the inception of this Policy or discovered at a later date, including any continuation, change, or recommencement of such loss during the Policy period;
- b. Claims or damages arising out of workmanship, repairs, or lack of repairs arising from damage which occurred prior to Policy inception;
- c. A building or any part of a building that is in danger of *Collapse*, falling down, or caving in,
- d. Any part of a building that has separated from another part of the building, or
- e. A building or any part of a building that is standing which shows evidence of cracking, bulging, sagging, bending, leaning, settling, shrinkage, or expansion.

### 33. **Property in the Open Exclusion**

Loss or damage from rain, snow, ice, or sleet to personal property in the open is excluded.

### 34. **Rain, Snow, Sleet, Sand, or Dust Exclusion**

Loss or damage caused by rain, snow, sleet, sand, or dust to the interior of a building or property contained in a building is excluded unless a Covered Cause of Loss first damages the building causing an opening in a roof or outside wall, door, or window and the rain, snow, sleet, sand, or dust enters through this opening.

### 35. **Remote or Consequential Loss or Damage Exclusion**

Remote or consequential loss or damage, including liquidated damages, performance penalties, penalties for non-completion, delay in completion, or noncompliance with contract conditions, whether caused by a Covered Cause of Loss or otherwise, is excluded. This exclusion does not apply to Business Income Coverages when Business Income is covered under this Policy.

### 36. **Sanction Limitation and Exclusion Clause**

Coverage is excluded to the extent the payment of any claim or providing of any benefit under this Policy would expose us or any reinsurer to any sanction, prohibition, or restriction under United Nations resolutions or the trade or economic sanctions, laws, or regulations of the European Union, United Kingdom, or United States of America.

### 37. **Smoke and Smog Exclusion**

Loss or damage caused by smog, smoke, vapor, or gas from agricultural smudging or industrial operations is excluded.

**38. Subsidence and Settling Exclusion**

Loss or damage from subsidence, settling, cracking, shrinking, bulging, or expansion of pavements, foundations, walls, floors, or ceilings is excluded.

**39. Tenant Relocation Cost Exclusion**

The cost or expense to move your tenants to a temporary *Location* due to the Covered Property becoming uninhabitable or unusable is excluded.

**40. Terrorism Exclusion**

Loss, damage, cost, or expense of any nature directly or indirectly caused by, resulting from, or in connection with any act of terrorism, regardless of any other cause or event contributing concurrently or in any other sequence to the loss, is excluded.

For the purpose of this exclusion, an "act of terrorism" means an act, including the threat or use of force or violence, of any person or group(s) of persons, whether acting alone or on behalf of or in connection with any organization(s) or government(s), committed for political, religious, ideological, or similar purposes, including the intention to influence any government or to put the public, or any section of the public, in fear.

This clause also excludes loss, damage, cost, or expense of any nature directly or indirectly caused by, resulting from, or incurred in connection with any action taken in controlling, preventing, suppressing, or in any way relating to any act of terrorism. Such loss or damage is excluded regardless of any other cause, event, or intervention that contributes concurrently or in sequence to the loss or damage.

When coverage is denied due to this exclusion, any loss, damage, cost, or expense is not covered by this Policy, and it is agreed the burden of proving the contrary shall be upon you.

In the event any portion of this exclusion is found to be invalid or unenforceable, the remainder shall remain in full force and effect.

**41. Vegetated Roof Exclusion**

Loss or damage to lawns, trees, shrubs, or plants which are part of a vegetated roof is excluded when caused by or resulting from:

- a. Dampness or dryness of atmosphere or of soil supporting the vegetation;
- b. Changes in or extremes of temperature;
- c. Disease;
- d. Frost or hail; or
- e. Rain, snow, ice, or sleet.

**42. Voluntary Parting with Title or Possession Exclusion**

Loss, damage, cost, or expense from the voluntary parting with the title or possession of any property, including voluntary parting which is the result of any fraudulent scheme, trick, devise, false pretenses, or any other similar act, is excluded.

**43. War and Terrorism Exclusions**

Damage, loss, cost, or expense from the following is excluded:

- a. War, hostile, terrorist, or warlike action in time of peace or war, whether or not declared, including action in hindering, combating, or defending against an actual, impending, or expected attack:
  - 1) By any government or sovereign power (de jure or de facto) or by any authority maintaining or using military, naval, or air forces;
  - 2) By military, naval, or air forces; or



- 3) By an agent of any such government, power, authority, or force;
- b. Any weapon of war employing atomic fission or radioactive force, whether in time of peace or war, whether or not its discharge was accidental; or
- c. Insurrection, rebellion, revolution, civil war, usurped power, or action taken by governmental authority in hindering, combating, or defending against such *Occurrence*, seizure, or destruction, including any consequence of Subparagraphs a.1., a.2., a.3., above.

**44. Water**

- a. *Flood*, surface water, waves (including tidal wave and tsunami), tides, tidal water, or overflow of any body of water, or spray from any of these, all whether or not driven by wind (including *Storm Surge*);
- b. Mudslide or mudflow;
- c. Water that backs up or overflows or is otherwise discharged from a sewer, drain, sump, sump pump, or related equipment;
- d. Water under the ground surface pressing on or flowing or seeping through:
  - 1) Foundations, walls, floors, or paved surfaces;
  - 2) Basements, whether paved or not; or
  - 3) Doors, windows, or other openings; or
- e. Waterborne material carried or otherwise moved by any of the water referred to in Subparagraphs a., c., or d., above, or material carried or otherwise moved by mudslide or mudflow.

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

But if any of the above, in Subparagraphs a. through e., results in fire, explosion, or sprinkler leakage, we will pay for the loss or damage caused by that fire, explosion, or sprinkler leakage.

**45. Frozen Plumbing**

Loss caused by 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:

- a. You do your best to maintain heat in the building or structure; or
- b. You drain the equipment and shut off the supply if the heat is not maintained.

**46. Neglect**

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

**47. Warranty Exclusion**

Loss, damage, cost, or expense covered under any express or implied guarantee or warranty from a manufacturer or supplier, whether or not such manufacturer or supplier is a Named Insured under this policy, is excluded.

**48. Wear and Tear Exclusion**

Loss or damage from wear and tear is excluded.

**49. Wiring Exclusion**

We will not pay for loss or damage caused by or resulting from the existence/use of pigtail wiring, aluminum wiring, or Federal Pacific Electrical Panels.

**50. Certain Computer-Related Losses**

- a. The failure, malfunction, or inadequacy of:
  - 1) Any of the following, whether belonging to any insured or to others:
    - a) *Computer* hardware, including microprocessors or other electronic data processing equipment as may be described elsewhere in this Policy;
    - b) *Computer* application software or other "electronic data" as may be described elsewhere in this Policy;
    - c) *Computer* operating systems and related software;
    - d) *Computer* networks;
    - e) Microprocessors (*Computer* chips) not part of any *Computer* system; or
    - f) Any other computerized or electronic equipment or components; or
  - 2) Any other products, services, data, or functions that directly or indirectly use or rely upon, in any manner, any of the items listed in Subparagraph 1), above;

Due to the inability to correctly recognize, distinguish, interpret, or accept one or more dates or times. An example is the inability of computer software to recognize the year 2000.

- b. Any advice, consultation, design, evaluation, inspection, installation, maintenance, repair, replacement, or supervision provided or done by you or for you to determine, rectify, or test for any potential or actual problems described in Subparagraph a., above.

However, if excluded loss or damage, as described in Subparagraph a., above, results in a "specified cause of loss" under Section I – Property, we will pay only for the loss or damage caused by such "specified cause of loss".

We will not pay for repair, replacement, or modification of any items in Subparagraph a.1) or a.2), above, to correct any deficiencies or change any features.

#### 51. Additional Limitations

- a. We will not pay for loss of or damage to:
  - 1) Steam boilers, steam pipes, steam engines, or steam turbines caused by or resulting from any condition or event inside such equipment. But we will pay for loss of or damage to such equipment caused by or resulting from an explosion of gases or fuel within the furnace of any fired vessel or within the flues or passages through which the gases of combustion pass.
  - 2) 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.
  - 3) Property that is missing, where the only evidence of the loss or damage is a shortage disclosed on taking inventory, or other instances where there is no physical evidence to show what happened to the property. This limitation does not apply to the Optional Coverage for Money and Securities.
  - 4) Property that has been transferred to a person or to a place outside the described premises on the basis of unauthorized instructions.
- b. We will not pay for loss of or damage to the following types of property unless caused by the "specified causes of loss" or building glass breakage:
  - 1) Animals, and then only if they are killed or their destruction is made necessary.
  - 2) Fragile articles such as glassware, statuary, marble, chinaware, and porcelain, if broken. This restriction does not apply to:
    - a) Glass that is part of the exterior or interior of a building or structure;
    - b) Containers of 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 (unless a higher Limit Of Insurance is shown in the Declarations):
  - 1) \$2,500 for furs, fur garments, and garments trimmed with fur.

- 2) \$2,500 for jewelry, watches, watch movements, jewels, pearls, precious and semiprecious stones, bullion, gold, silver, platinum, and other precious alloys or metals. This limit does not apply to jewelry and watches worth \$100 or less per item.
- 3) \$2,500 for patterns, dies, molds, and forms.

**52. Other Types of Loss Exclusion**

- a. Rust or other corrosion, decay, deterioration, hidden or latent defect, or any quality in property that causes it to damage or destroy itself;
- b. Smog;
- c. Settling, cracking, shrinking, or expansion;
- d. Nesting or infestation, or discharge or release of waste products or secretions, by insects, birds, rodents, or other animals;
- e. Mechanical breakdown, including rupture or bursting caused by centrifugal force;
- f. This exclusion does not apply with respect to the breakdown of *Computer(s)*; or
- g. The following causes of loss to personal property:
  - 1) Dampness or dryness of atmosphere;
  - 2) Changes in or extremes of temperature; or
  - 3) Marring or scratching.

But if an excluded cause of loss that is listed in Subparagraphs a. through f., above, results in a "specified cause of loss" or building glass breakage, we will pay for the loss or damage caused by that "specified cause of loss" or building glass breakage.

**53. Errors Or Omissions**

Errors or omissions in:

- a. Programming, processing, or storing data, as described under *Electronic Data* or in any *Computer* operations; or
- b. Processing or copying *Valuable Papers And Records*.

However, we will pay for direct physical loss or damage caused by resulting fire or explosion if these causes of loss would be covered by this Coverage Form.

**54. Installation, Testing, and Repair**

Errors or deficiency in design, installation, testing, maintenance, modification, or repair of your *Computer* system, including *Electronic Data*.

However, we will pay for direct physical loss or damage caused by resulting fire or explosion if these causes of loss would be covered by this Coverage Form.

**55. Electrical Disturbance**

Electrical or magnetic injury, disturbance, or erasure of *Electronic Data*, except as provided for under the Additional Coverages of Section I – Property.

However, we will pay for direct loss or damage caused by lightning.

**56. Continuous or Repeated Seepage or Leakage of Water**

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

**57. 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., above, to produce the loss or damage.

**58. Acts or Decisions**

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

### 59. Negligent Work

Faulty, inadequate, or defective:

- a. Planning, zoning, development, surveying, or siting;
- b. Design, specifications, workmanship, repair, construction, renovation, remodeling, grading, or compaction;
- c. Materials used in repair, construction, renovation, or remodeling; or
- d. Maintenance;

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

### 60. Loss or Damage to Products

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

### 65. 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" and any extension of the "period of restoration" in accordance with the terms of the Extended Business Income Additional Coverage.

b. Any other consequential loss.

With respect to this exclusion, suspension means:

1. The partial slowdown or complete cessation of your business activities; and
2. That a part or all of the Insured *Location(s)* is rendered untenable, if coverage for Business Income applies.

### 66. Accounts Receivable Exclusion

The following additional exclusion applies to the Accounts Receivable Coverage Extension:

We will not pay for:

- a. Loss or damage caused by or resulting from alteration, falsification, concealment, or destruction of records of accounts receivable done to conceal the wrongful giving, taking, or withholding of "money", "securities", or other property.

This exclusion applies only to the extent of the wrongful giving, taking, or withholding.

- b. Loss or damage caused by or resulting from bookkeeping, accounting, or billing errors or omissions.
- c. Any loss or damage that requires any audit of records or any inventory computation to prove its factual existence.

### E. Limits of Insurance

The total maximum limit in any one *Occurrence* as a result of a Covered Cause of Loss, regardless of the number of *Location(s)*, coverages, or perils insured under this Policy, shall not exceed the lesser amount

of the Actual Loss Sustained or the limit provided on the Declarations, *Locations* and Building Detail section, after the application of any Deductible.

The Sublimits of Insurance as stated on the Additional Coverages and Sublimits Packages Endorsement are included within and are not in addition to the Limit of Insurance. The Sublimits of Insurance and the specified limits of insurance contained in the forms, endorsements, and extensions attached, if any, are per *Occurrence* for loss at the locations(s) identified in the Location & Building Details in the Declaration, unless otherwise indicated.

If the word "No" is shown on the Declarations Coverage Information Section – Coverages Selected, then no coverage is provided for that coverage or Covered Cause of Loss.

#### **F. Deductible**

If the amount of loss is less than or equal to the Deductible, we will not pay for that loss. If the amount of loss exceeds the Deductible, we will then subtract the Deductible from the adjusted amount of loss and will pay the resulting amount or the Limit of Insurance, whichever is less.

A *Named Storm* Deductible will apply to the covered perils of wind & hail and All *Flood* or *Earthquake* losses, with a minimum *Occurrence* deductible of \$10,000. A *Named Storm* Deductible applies as an aggregate percentage of the total of all Coverages (A, C, and D) at the damaged *Location* on a per *Occurrence* basis.

The *Named Storm* Deductible amount will be determined by multiplying the percentage in the Declarations by the aggregate sum of Coverage A, Coverage C, and Coverage D values for each *building* as identified in the Location & Building Details in the Declaration and applying the policy percentage for the *Named Storm* Deductible to that amount.

If two or more *Locations* are indicated in the Declarations, then the applicable *Named Storm* Deductible will be applied separately at each *Location* against the sum of all losses or damages incurred at each *Location* on a per *Occurrence* basis.

An All Other Wind and Hail Deductible will apply to all other wind and hail losses that are not caused by a *Named Storm*. An All Other Wind Hail Deductible applies as an aggregate percentage of the total of all Coverages (A, C, and D). The deductible will apply as stated in the Declarations and will apply at the damaged *Location* on a per *Occurrence* basis. Only one All Other Wind and Hail Deductible will apply per *Occurrence*, regardless of the number of buildings identified in the Location & Building Details in the Declaration.

The All Other Wind Hail Deductible amount will be determined by multiplying the percentage in the Declarations by the aggregate sum of Coverage A, Coverage C, and Coverage D values for each *building* as identified in the Location & Building Details in the Declaration and applying the policy percentage for the All Other Wind Hail Deductible to that amount.

An All Other Peril Deductible will apply if the covered perils are other than wind, hail, *Flood*, or *Earthquake*. The All Other Peril Deductible applies per *Occurrence*.

#### **G. Property Loss Conditions**

The following Property Loss Conditions apply:

##### **1. Abandonment**

There can be no abandonment of any property to us.

##### **2. Adjustment of Loss and Named Insured Clause**

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

The first Named Insured shown in the Declarations is responsible for the payment of all premiums.

If this Policy insures more than one entity, the First Named Insured is authorized to act on behalf of all other insureds with respect to their rights, obligations, and duties under this policy. Payment of loss or return premium under this Policy shall constitute payment under this Policy with respect to all insureds.

**3. Arbitration Agreement and Choice of Law**

Any and all matters in difference between and/or among the Parties, as defined in this provision, in relation to this insurance, including, but not limited to, its formation, validity, and the arbitrability of any dispute, and whether arising during or after the period of this insurance, shall be referred to an Arbitration Tribunal in the manner hereinafter set out. A party must give advanced written notice to the other party of their intent to request arbitration of a matter in difference. This Agreement contains a delegation provision requiring the Arbitration Tribunal to resolve all issues arising out of relating to, involving, and/or resulting from this insurance, including, but not limited to, questions involving this Agreement. It is the Parties' intent to delegate all issues to the Arbitration Tribunal.

- a. This is an agreement to arbitrate (the "Agreement"). The Parties to the Agreement include the Insurers listed on the Policy's Declaration Page (the "Insurers"), you, any insured, additional insureds, mortgagees, loss payees, assignees, lienholders, and/or any person and/or any entity claiming rights and/or benefits related to this Policy (the "Parties"). This Agreement shall be considered a separate agreement that is enforceable, irrespective of any other provision contained in this Policy.
- b. This Agreement governs the appointment of the Arbitration Tribunal. The Arbitration Tribunal shall consist of disinterested persons. The Arbitrators may not have any interest or claimed interest in the outcome of the arbitration, including any contingency interest or an assignment of any portion of the claim.

The Claimant (the party requesting arbitration) shall appoint his or her Arbitrator and give written notice thereof to the Respondent (the party receiving a request for arbitration). Within thirty (30) days of receiving such notice, the Respondent shall appoint his or her Arbitrator and give written notice of his or her selection to the Claimant. If the Respondent does not provide written notice of his or her Arbitrator within thirty (30) days of receiving the Claimant's notice, the Claimant may nominate an Arbitrator on behalf of the Respondent. The Arbitrators selected by the Parties must be currently or formerly employed in a senior position in insurance underwriting or claims at an insurer.

The two Arbitrators shall then select an Umpire. The Umpire must be currently or formerly employed at an insurer of the following or an equivalent position: president, vice-president, assistant vice-president, general counsel, assistant general counsel, chief operating officer, or chief risk officer. If the two Arbitrators fail to agree on the selection of the Umpire within thirty (30) days of the appointment of the second named Arbitrator, each Arbitrator shall submit to the other a list of three Umpire candidates. Each Arbitrator shall then select one name from the list submitted by the other. The Umpire shall be selected from the two names chosen by a lot drawing procedure to be agreed upon by the Arbitrators.

The Arbitration Tribunal consists of the Umpire, the Claimant's selected Arbitrator, and the Respondent's selected Arbitrator.

- c. The Arbitration Tribunal shall have the power to fix all procedural rules for the Arbitration, including discretionary power to make orders as to any matter which it may consider proper in the circumstances of the case with regard to pleadings, discovery, inspection of documents, examination of witnesses, or any other matter whatsoever relating to the conduct of the Arbitration. The Arbitration Panel may receive and act upon such evidence in its discretion, regardless of whether that evidence is oral or written or strictly admissible or not. The Arbitration Panel, in fixing the procedural rules for Arbitration, must ensure due process and that the Parties are able to fully present their claims and defenses at the arbitration hearing. The Arbitration Tribunal should initially meet with the Parties to discuss the procedural issues at an Organizational Meeting and should continue to meet with the Parties as needed to address procedural issues.

- d. All aspects of the Arbitration shall be confidential, and the Parties, the Arbitrators, the Umpire, and the Arbitration Tribunal shall neither disclose nor permit the disclosure of any information related to the proceedings, including, but not limited to, discovery, testimony, evidence, briefs, decisions, and any award, except as the Arbitration Tribunal may authorize in writing. The Arbitration Tribunal shall only authorize disclosure of information to the extent disclosure is necessary to further the proceeding and/or to comply with applicable law. Any such authorization shall be as limited in scope as the Arbitration Tribunal deems practicable.
- e. The seat of the Arbitration shall be in New York, and the final arbitration hearing shall be held in New York, unless some other location is agreed to by the Parties and the Arbitration Tribunal. The Arbitration Tribunal shall apply the law of the State of New York when resolving all matters in difference between the Parties, regardless of the location of the Arbitration.
- f. The Parties shall each bear their own costs, expenses, and attorney's fees in any Arbitration proceeding. The Parties will also bear the costs of their own Arbitrator and will bear, jointly and equally with each other, the costs of the Umpire.
- g. The award of the Arbitration Tribunal shall be in writing and binding upon the Parties, who covenant to carry out the same. Any valid award shall be paid within forty-five days of receiving the Arbitration Tribunal's written decision. If either of the Parties should fail to carry out any award within forty-five (45) days, the other may apply for its enforcement as permitted by law.
- h. All Insurers shall be included and participate in any arbitration proceeding, including sharing the Insurers' portion of the arbitration costs. Further, irrespective of whom is sued and/or any purported waiver of claims, all Insurers shall have the right to participate in any litigation that relates to and/or concerns this Agreement, this Policy and/or the enforceability of any award issued by the Arbitration Tribunal. Nothing in this Paragraph shall affect the Insurers' several liability for losses covered under this Policy.
- i. The provisions in this Arbitration Agreement are severable, and, if any portion is found to be unenforceable, the other paragraphs, or parts thereof, shall remain full, valid, and enforceable.

**4. Brands and Labels**

If branded or labeled merchandise covered by this Policy is physically damaged and we elect to take all or any part of such merchandise at the value established by the terms of this Policy, you may, at your own expense, stamp "SALVAGE" on the merchandise or its containers or may remove or obliterate the brands or labels if such stamp, removal, or obliteration will not physically damage the merchandise. You must relabel the merchandise or containers in compliance with the requirements of law.

**5. Control of Damaged Merchandise**

Exercising reasonable discretion, you shall be the sole judge as to whether the goods involved in any loss under this policy are fit for normal intended use or consumption. No goods deemed by you to be unfit for consumption shall be sold or otherwise disposed of except by you or with your consent, but you shall allow us any salvage obtained by you on any sale or other disposition of such goods. You shall have full right to the possession of and retain control of all goods involved in any loss under this policy.

**6. Divisible Contract**

Subject to Section 15.c.17. Mortgage Holders, below, if the Insured *Location(s)* include two or more buildings or the contents of two or more buildings, the breach of any condition of this Policy in respect to any one or more of the buildings insured or containing the Covered Property shall not prejudice the right to recover for physical damage occurring in any building insured or containing the Covered Property where, at the time of such damage, a breach of condition does not exist.

## 7. Duties in the Event of Damage

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

- 1) Notify the police if a law may have been broken.
- 2) Give us prompt notice of the damage, including a description of the property involved.
- 3) As soon as possible, give us a description of how, when, and where the damage occurred.
- 4) Take all reasonable steps to protect the Covered Property from further damage, mitigate additional losses, and keep a record of expenses incurred in conjunction therewith to protect the Covered Property. This will not increase the Limit of Insurance. If feasible, set the damaged property aside and in the best possible order for examination. However, we will not pay for:
  - a. Any subsequent damage resulting from a cause of loss that is not a Covered Cause of Loss; or
  - b. Any expenses relating to inspection, testing, determining the Cause of Loss or extent of damage, engineers, or any other expense that is incurred without our prior written consent solely to protect Covered Property.
- 5) At our request, give us complete inventories of the damaged and undamaged property, including quantities, costs, values, and amount of loss claimed.
- 6) As often as may be reasonably required, permit us to inspect the property proving the damage and examine your books and records.

Also, permit us to take samples of damaged and undamaged property for inspection, testing, and analysis and 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 90 days after our request and include the following:
    - a. The time and origin of the loss;
    - b. Your interest and the interest of all others in the property;
    - c. The value of each item determined in accordance with the Loss Settlement Conditions of this policy, the amount of loss, and all related encumbrances;
    - d. All other contracts of insurance, whether collectible or not, covering any of said property; and
    - e. Any changes in the title, use, occupation, *Location*, possession, or exposures of Covered Property after the issuance of this Policy, by whom and for what purpose any building described and the several parts were occupied at the time of loss, and whether or not it then stood on leased ground.
  - 8) Cooperate with us and any other person or persons designated by us in the investigation, adjustment, or settlement of any claim.
- b. We may examine any insured under oath, while not in the presence of any other insured, and at such times as may be reasonably required, about any matter relating to this insurance or the claim, including an insured's books and records. In the event of an examination, an insured's answers must be signed.

## 8. Protection and Preservation of Property

In case of actual or imminent sudden and accidental direct physical damage by a Covered Cause of Loss, the expenses incurred by you in taking reasonable and necessary actions for the temporary protection and preservation of Covered Property shall be added to the total physical damage otherwise recoverable under this Policy and be subject to the applicable Deductible, Sublimit of Insurance, and Policy limit.



**9. Recovered Property**

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

**10. Salvage and Recoveries**

All Business Income Values, *Replacement Cost Basis*, Recoveries, and payments, excluding proceeds from subrogation and underlying insurance recovered or received prior to a loss settlement under this policy, shall reduce the loss accordingly.

**11. Settlement of Claims**

The amount of loss under this policy shall be payable within thirty (30) days after valid proof of loss is received and accepted and ascertainment of the amount of loss is made either by agreement with you or an amount is determined by binding Arbitration in accordance with the provisions of this policy.

We shall have the option to take all or any part of the property at the agreed or arbitrated value or to repair, rebuild, or replace the property physically lost or damaged with other of like kind and quality, within a reasonable time, on giving notice of our intention to do so within sixty (60) days after receipt of the proof of loss required.

**12. Subrogation**

An assignment of all rights of recovery against any party for loss may be required from you to the extent payment has been made, but the assignee shall not acquire any rights of recovery which you have expressly waived in writing prior to loss nor shall such waiver in writing affect your rights under this policy. We waive the rights of recovery against any Mortgagee listed on the Declarations. However, notwithstanding the foregoing, we shall be subrogated to all your rights of recovery against:

- a. Any architect or engineer, whether named as a Named Insured or not, for any damage arising out of the performance of professional services in their capacity as such and caused by an error, omission, deficiency, or act of the architect or engineer, by any person employed by them, or by any others for whose acts they are legally liable; and
- b. Any manufacturer or supplier of machinery, equipment, or other property, whether named as a Named Insured or not, for the cost of making good any damage which said party has agreed to make good under a guarantee or warranty, whether expressed or implied.

Any recovery as a result of subrogation proceedings arising out of an *Occurrence*, after expenses incurred in such subrogation proceedings are deducted, shall accrue in the proportion that the deductible amount and any provable uninsured loss amount bears to the entire provable loss amount.

You will cooperate with us and, upon our request, will:

- a. Attend hearings and trials; and
- b. Assist in effecting settlements, securing and giving evidence, obtaining the attendance of witnesses, and conducting suits.

**13. Transfer of Rights of Recovery Against Others to Us**

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. You may waive your rights against another party in writing:

- a. Prior to a loss to your Covered Property; or
- b. After a loss to your Covered Property or Covered Income only if, at 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.

#### 14. Undamaged Material

We will not pay to replace undamaged material due to mismatched material between undamaged material and new material used to repair or replace damaged material. We do not cover the loss in value to any property due to mismatched material between undamaged material and new material used to repair or replace damaged material.

#### 15. Loss Settlement Conditions

We will pay no more than the *Actual Cash Value* of covered damages until actual repair or replacement is complete. Once actual repair or replacement is complete, we will pay the applicable and supported *Replacement Cost* up to, but not in excess of, any applicable Policy limits, subject to the following conditions: You must notify us of your intent to repair, rebuild, or replace the property within one hundred eighty (180) days of the date of loss to recover *Replacement Cost*; and you must complete the repairs, rebuilds, and replacements within two (2) years of the date of loss (unless such requirement is waived in writing) to recover *Replacement Cost*. If there is an applicable law that is shorter than the two-year requirement of completing repairs, rebuilds, or replacement noted above, you must complete the repairs, rebuilds, and replacements within that specific time period in order to recover *Replacement Cost*.

We will pay for covered damage within 30 days after we receive the sworn proof of loss if 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 arbitration award has been made.

We shall have the option to take all or any part of the property at the agreed or arbitrated value or to repair, rebuild, or replace the property physically lost or damaged with other of like kind and quality, within a reasonable time, on giving notice of its intention to do so within sixty (60) days after receipt of the proof of loss herein required.

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

- a. The total maximum limit paid in any one *Occurrence* as a result of a Covered Cause of Loss regardless of the number of *Locations*, coverages, or perils insured under this policy shall not exceed the lesser amount of the Actual Loss Sustained or the limit provided on the Declarations, Locations and Building Detail section, after the application of any Deductible.
- b. If one Limit of Insurance applies to two or more separate items, this condition will apply to the total of all property to which the limit applies.
- c. Unless otherwise endorsed, the property, as described below, will be valued as follows:
  - 1) Accounts Receivable: the amount owed to you which you are unable to collect from customers, and shall include:
    - a) Any collection expenses over and above the normal collection costs;
    - b) Interest charges on any loan to offset impaired collections pending repayment of such sums that cannot be collected; and
    - c) Other reasonable and necessary expenses incurred by you to recreate Accounts Receivable records.

Unearned interest and service charges on deferred payment accounts and normal credit / losses on bad debts shall be deducted in determining the recovery.

After payment of loss, all amounts you recover on Accounts Receivable for which you have been paid will belong to and will be paid to us up to the total amount of loss paid. All recoveries more than such amounts will belong to you.

In the event it is possible to reconstruct your Accounts Receivable records after they have been physically lost or damaged so that no shortage in collection of Accounts Receivable is sustained, the only recoverable loss will be the costs of the material and the time required to reconstruct such records with the exercise of due diligence and dispatch, but only to the extent that such amounts are not covered by any other insurance.

- 2) Contractor's tools, machinery (including spare parts and accessories), equipment, and vehicles (if covered): will be valued at *Actual Cash Value*, unless an agreed value applies.
- 3) Electronic Data and Media: the cost of the blank media plus the costs of copying the Electronic Data and Media from back-up or from originals of a previous generation. These costs will not include research and engineering nor any costs of recreating, gathering, or assembling such Electronic Data and Media. If the Electronic Data and Media is not repaired, replaced, or restored, the basis of valuation shall be the cost of the blank media. However, this Policy does not insure any amount pertaining to the value of such Electronic Data and Media to you or any other party, even if such Electronic Data and Media cannot be recreated, gathered, or assembled.
- 4) *Fine Arts*:
  - a) The value of the *Fine Arts* shall be the lesser of:
    - i. The cost to repair or replace the *Fine Arts*; or
    - ii. The appraised value, which will be determined as of the time of the loss.
      - (a) If a *Fine Arts* article is part of a pair or set and a physically damaged article cannot be replaced or cannot be repaired or restored to the condition that existed immediately prior to the loss, the appraised value will be used in the settlement of such pair or set. You will surrender the damaged pair or set.
- 5) Finished Goods manufactured by you: the regular cash selling price at the *Location* where the loss occurs, less all discounts and charges to which the merchandise would have been subject had no loss occurred.
- 6) Jigs and Fixtures, dies, small tools, patterns, employees' jigs and fixtures personal property, and jigs and fixtures personal property of third parties: the *Replacement Cost* if *Replacement Cost* values have been reported and if replaced; otherwise, the *Actual Cash Value*, but not to exceed the cost to repair or replace the property with material of like kind and quality.
- 7) Leasehold Improvements and Betterments:
  - a) If repaired or replaced at your expense within two (2) years after the date of the loss, the cost to repair or replace the damaged improvements and betterments.
  - b) If not repaired or replaced within two (2) years after the date of the loss, the proportionate value of your original cost.

The proportionate value will be determined as follows:

    - i. Multiply the original cost by the number of days from the date of loss to the expiration of the lease; and
    - ii. Divide the amount determined in Subparagraph i., above, by the number of days from the installation of improvements to the expiration of the lease.
    - iii. 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) Party walls: A party wall is a wall that separates and is common to adjoining buildings that are owned by different parties. In settling covered losses involving a party wall, we will pay a proportion of the loss to the party wall based on your interest in the wall in proportion to the interest of the owner of the adjoining building. However, if you elect to repair or replace your building and the owner of the adjoining building elects not to repair or replace that building, we will pay you the full value of the loss to the party wall, subject to all applicable policy provisions, including Limits of Insurance, Loss Settlement Conditions, and all other provisions and conditions of this Policy. Our payment under the provisions of this paragraph does not alter any right of subrogation we may have against any entity, including the owner or insurer of the adjoining building, and does not alter the terms of the Transfer of Rights of Recovery Against Others to Us Condition in this Policy.
- 9) Property for Sale: If, at the time of the loss, any real property is being offered for sale, the damage to such property will be valued at the lesser of:
  - a) The cost to repair or replace the damaged property, or
  - b) The price at which the property is offered for sale less the market value of the *Land*.
- 10) Raw materials, supplies, and other merchandise not manufactured by you: the *Replacement Cost*.
- 11) *Stock in Progress*: the cost of raw materials and labor expended plus the proper proportion of overhead charges.
- 12) Business Income Value is determined by calculating the "Average Daily Value" (ADV). ADV means the total 100% Business Income Value that would have been projected for the Period of Interruption for the *Locations* where the physical damage occurs had no physical damage occurred divided by the number of working days in such Period of Interruption. The sum shall include all Business Income Values to which the operations of the *Locations* directly or indirectly contribute.
- 13) Valuable Papers and Records: the cost to replace or restore the property with like kind and quality, including the cost to research, gather, and assemble information. If not replaced, this Policy will only pay the blank value of the Valuable Papers and Records.
- 14) All Other Property: will be valued at *Replacement Cost* if replaced; otherwise, will be valued at the *Actual Cash Value*, but not to exceed the cost to repair or replace the property with material of like kind and quality.

With respect to Subparagraphs 1) through 14), inclusive, above, unless otherwise specifically stated, the valuations will be computed at the time and place of the loss.

- 15) The following property will always be valued at the *Actual Cash Value*, even when attached to the building:
  - a) Awnings or floor coverings;
  - b) Appliances for refrigerating, ventilating, cooking, dishwashing, or laundering; and
  - c) Outdoor equipment or furniture.
- 16) Glass: at the cost of replacement with safety-glazing material, if allowed by law.
- 17) Mortgage Holders:
  - a) The term mortgage holder includes trustee.
  - b) We will pay for covered damage to buildings or structures to each mortgage holder shown in the Declarations in their order of precedence, as interests may appear.
  - c) The mortgage holder has the right to receive loss payment even if the mortgage holder 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 Policy, the mortgage holder will still have the right to receive loss payment if the mortgage holder:
  - i. Pays any premium due under this Policy at our request if you have failed to do so;
  - ii. Submits a signed, sworn proof of loss within 60 days after receiving notice from us of your failure to do so; and
  - iii. Has notified us of any change in ownership, occupancy, or substantial change in risk known to the mortgage holder.

All the terms of this Coverage Part will then apply directly to the mortgage holder.

- e) If we pay the mortgage holder for any damage and deny payment to you because of your acts or because you have failed to comply with the terms of this Coverage Part:
  - i. The mortgage holder's rights under the mortgage will be transferred to us to the extent of the amount we pay; and
  - ii. The mortgage holder's right to recover the full amount of the mortgage holder's claim will not be impaired.

At our option, we may pay to the mortgage holder 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 mortgage holder at least:
  - i. 10 days before the effective date of cancellation if we cancel for your nonpayment of premium; or
  - ii. 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 mortgage holder at least 30 days before the expiration date of this policy.

#### 16. **Roof Replacement Conditions**

Partial repairs, recoating, or temporary repairs are considered maintenance only and do not determine the age of the roof.

#### 17. **Vacancy**

##### a. Description of Terms

- 1) As used in this Vacancy Condition, the term building and the term vacant have the following meanings:
  - 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; or
    - ii. Used by the building owner to conduct customary operations.
- 2) Buildings under construction or renovation are not considered vacant.

##### b. **Vacancy Provisions**

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

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

#### H. Property Definitions

- a. **Actual Cash Value** means the amount it would cost to repair or replace Covered Property, at the time of loss or damage, with material of like kind and quality, subject to a deduction for deterioration, depreciation, and obsolescence. *Actual Cash Value* applies to valuation of Covered Property regardless of whether that property has sustained partial or total loss or damage.  
  
The *Actual Cash Value* of the lost or damaged property may be significantly less than its *Replacement Cost*.
- b. **Actual Total Loss** means a loss that occurs when the insured property is totally destroyed or damaged in such a way that it can be neither recovered nor repaired for further use.
- c. **Cloud Computing** means on-demand network access to a shared pool of computing resources via networks, servers, storage, applications, and services provided by an organization with whom you have a contract using the following service models: Software as a Service (SaaS), Platform as a Service (PaaS), or Infrastructure as a Service (IaaS) on the following deployment models: public cloud, community cloud, hybrid cloud, or private cloud.
- d. **Collapse** means an abrupt falling down or caving in of a building or any part of a building with the result that the building or part of the building cannot be occupied for its current intended purpose.
- e. **"Computer"** means:
  - 1) Programmable electronic equipment that is used to store, retrieve, and process data; and
  - 2) Associated peripheral equipment that provides communication, including input and output functions such as printing and auxiliary functions such as data transmission.

"Computer" does not include equipment used to operate production-type machinery or equipment.
- f. **Computer Equipment** means electronic computer or other data processing equipment, including peripherals used in conjunction with such equipment and electronic media and records.
- g. **Computer Virus** means a set of corrupting, harmful, or otherwise unauthorized instructions or code, including a set of maliciously introduced unauthorized instructions or code, programmatic or otherwise, that propagate themselves through a computer system or network of any nature. *Computer Virus* includes "Trojan Horses," "worms," and "time or logic bombs."
- h. **Cosmetic Damage** means any kind of marring, pitting, or other superficial damage which may alter appearance but does not prohibit the property from functioning as intended.
- i. **Drought** is an event of prolonged shortages in the water supply, whether atmospheric (below-average precipitation), surface water, or ground water.

j. **Earth Movement** means:

- 1) Any natural or manmade landslide, mudslide, mudflow, or rock falls, including any earth sinking, rising, or shifting related to such event;
- 2) Subsidence of a man-made mine, whether or not mining activity has ceased; or
- 3) Earth sinking, 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.
- 4) **Earthquake**, meaning quaking, vibratory, or undulating movement of a portion of the earth's crust produced by tectonic or underground volcanic forces or by breaking, shaking, trembling, or shifting of rock beneath the earth's crust. The definition of *Earthquake* does not include subsidence, landslide, rockslide, mudflow, earth rising, earth sinking, earth shifting, or settling unless as a direct result of such *Earthquake*.
- 5) **Earthquake Shock**, meaning the sum of all your losses attributable directly from the peril of *Earthquake* sustained during any period of one hundred sixty-eight (168) consecutive hours due to one *Earthquake Shock* or a series of *Earthquake Shocks*.
- 6) **Volcanic Eruption**, meaning the eruption, *Explosion*, or effusion of a volcano, excluding tsunami. All *Volcanic Eruptions* that occur within any one hundred sixty-eight (168) hour period will constitute a single *Occurrence*.

k. **Electronic Equipment** means devices which operate using many small electrical parts such as, but not limited to, microchips, transistors, or circuits.

l. **Electronic Equipment Deficiency** means the quality or condition inside of *Electronic Equipment* which renders this equipment unexpectedly inoperable and which is operable again once a piece of *Electronic Equipment* has been replaced.

However, *Electronic Equipment Deficiency* will not include replacement of *Electronic Equipment* for any condition that could have been resolved without replacement of the *Electronic Equipment*, including but not limited to *Computer Equipment* maintenance or the reinstallation or incompatibility of software.

m. **Equipment Breakdown** means:

- 1) Physical loss or damage both originating within:
  - a) Boilers, fired or unfired pressure vessels, vacuum vessels, or pressure piping, all normally subject to vacuum or internal pressure other than static pressure of contents, excluding:
    - i. Waste disposal piping;
    - ii. Any piping forming part of a fire protective system;
    - iii. Furnaces; or
    - iv. Any water piping other than:
      - a. Boiler feed water piping between the feed pump and the boiler;
      - b. Boiler condensate return piping; or
      - c. Water piping forming part of a refrigerating or air conditioning system used for cooling, humidifying, or space heating purposes.
  - b) All mechanical, electrical, or fiber optic equipment or *Electronic Equipment*; and
- 2) Caused by, resulting from, or consisting of:
  - a) Mechanical breakdown;
  - b) Electrical or electronic breakdown or *Electronic Equipment Deficiency*; or
  - c) Rupture, bursting, bulging, implosion, or steam explosion.

However, *Equipment Breakdown* does not mean:

- 1) Physical loss or damage caused by or resulting from any of the following:
  - a) Wear and Tear;
  - b) Rust or other corrosion, decay, deterioration, hidden or latent defect, mold, or any other quality in property that causes it to damage or destroy itself;
  - c) Smog;
  - d) Settling, cracking, shrinking, or expansion;
  - e) Nesting or infestation or discharge or release of waste products or secretions by birds, rodents, or other animals;
  - f) Any accident, loss, damage, cost, claim, or expense, whether preventative, remedial, or otherwise, directly or indirectly arising out of or relating to the recognition, interpretation, calculation, comparison, differentiation, sequencing, or processing of data by any computer system, including any hardware, programs, or software;
  - g) Scratching and marring; or

- 2) Loss, damage, cost, or expense directly caused by, contributed to, resulting from, or arising out of the following causes of loss:  
Fire, lightning, combustion, *Explosion*, windstorm or hail, weight of snow, ice or sleet, freezing, falling objects, smoke, aircraft or vehicles, riot or civil commotion, vandalism, *Collapse*, *Earthquake*, leakage from fire extinguishing equipment, water, water damage, or *Flood*.

However, if an *Equipment Breakdown* not otherwise excluded results, then we will pay for such resulting damage.

- n. **Explosion** means a sudden, accidental, and destructive shattering or eruption.

*Explosion* does not include damage occasioned by or incident to explosion in or relating to the following equipment you own, operate, or control:

- 1) Steam boiler, steam turbines, steam engines, or steam pipes interconnecting any of the foregoing;
- 2) Moving or rotating machinery or parts when direct damage is caused by centrifugal force or mechanical breakdown; or
- 3) Combustion gas turbines

To the extent of the loss to products, any products you manufacture, or other property attached to these products or forming a part of these products, including those products and property undergoing pressure tests.

*Explosion* does include damage arising or resulting from:

- 1) The *Explosion* of accumulated combustible gases or unconsumed fuel within the furnace of a boiler or pressure vessel, other than combustion gas turbines, or within the flues or passages which conduct the gases of combustion; or
- 2) A combustion *Explosion* occurring outside of any equipment excluded above, even though such combustion *Explosion* may have been the direct result of the *Explosion* or such excluded equipment.

The following are not *Explosions* within the intent or meaning of this definition:

- 1) Electric arcing or any coincident rupture of electrical equipment due to such arcing;
- 2) Bursting or rupture caused by freezing;
- 3) Sonic shock waves, generally known as Sonic Boom; or
- 4) Bursting, rupture, or collapse of any safety disc, rupture diaphragm, or fusible link.

- o. **Fine Arts** means works of art, paintings, etchings, pictures, statuary, tapestries, stained glass, or other bona fide works of art which have rare or historical value or artistic merit on temporary exhibit.



- p. **Flood** means, whether natural or manmade, surface water, waves (including tidal wave and tsunami), tides, tidal water, overflow, or rupture of any body of water, dam, levee, dike, floodgate, or other surface containment structure, including *Storm Surge*, which rises, overflows, or breaks the boundaries of natural or manmade bodies of water, or the debris or spray from any of the foregoing, all whether driven by wind or not. Tsunami induced flooding is considered *Flood*.
- Water which backups or discharges from sewers, drains, or sumps on your *Location* is not considered *Flood* unless such backup or discharge was due to *Flood* as defined above.
- q. **Fungus, Mold, Mildew, Spores, or Yeast** means any type or form of *Fungus*, including *Mold* or *Mildew*, and any mycotoxins, *Spores*, scents, *Yeast*, or by-products produced or released by fungi.
- 1) **Fungus** includes any of the plants or organisms belonging to the major group fungi, lacking chlorophyll, and including *Mold(s)*, rusts, *Mildew*, smuts, and mushrooms.
  - 2) **Mold** includes any superficial growth produced on damp or decaying organic matter or on living organisms and fungi that produce *Mold(s)*.
  - 3) **Mildew** includes any of the similar coatings or discolorations caused by fungi that appear on fabric, paper, leather, etc. when exposed to moisture.
  - 4) **Spores** means any dormant or reproductive body produced by or arising or emanating out of any *Fungus*, *Mold(s)*, *Mildew*, plants, organisms, or microorganisms.
  - 5) **Yeast** includes any of various small, single-celled fungi that reproduce by fission or budding.
- r. **Land** means *Land* (except *Land* for which values are reported and premiums are charged), such as dikes, levees, or other surface containment structures. Surface containment structures are not *Land* to a depth of six inches below such surface containment structures.
- s. **Location(s)** is/are defined as specified in the Declarations; but, if not so specified, *Location(s)* mean any building(s) or any group of buildings bounded on all sides by public streets, clear *Land* space, or open waterways, each not less than two hundred feet wide. Any bridge or tunnel crossing such street, space, or waterway shall render such separation inoperative for the purpose of this definition.
- t. **Named Storm** means a storm that has been declared by the National Weather Service or the National Oceanic Atmospheric Administration to be a Hurricane, Typhoon, Tropical Cyclone, Tropical Storm, or Tropical Depression.
- u. **Occurrence(s)** means any one loss, disaster, casualty, incident, or series of losses, disasters, casualties, or incidents arising out of a single event, including all resultant or concomitant insured losses. However:
- 1) All *Earthquake* shocks or *Volcanic Eruptions* that occur within any 168-hour period will constitute a single *Earthquake* or *Volcanic Eruption* and will be considered a single *Occurrence*. The expiration of this policy will not reduce the 168-hour period.
  - 2) With respect to *Flood*, *Occurrence* means the sum of all *Flood* losses arising during a continuous period of 72 hours during the Policy period. You may elect the moment when the 72-hour period begins, but no two such periods shall overlap.
  - 3) With respect to Named Windstorm, *Occurrence* means the sum of all Named Windstorm losses arising during a continuous period of 72 hours during the Policy period. You may elect the moment when the 72-hour period begins, but no two such periods shall overlap.
  - 4) With respect to an *Occurrence* which begins in one Policy year and continues or results in additional loss or damage in a subsequent Policy year(s), all loss or damage is deemed to be sustained in the Policy year in which the *Occurrence* began.
  - 5) The *Occurrence* must begin during the Policy period.
- v. **Perishable Goods** means *Stock* preserved and maintained under controlled conditions and susceptible to damage if the controlled conditions change.

- w. **Pollutants or Contaminants** means any solid, liquid, gaseous, or thermal irritant or contaminant, including smog, smoke, vapor, soot, fumes, acids, alkalis, chemicals, and waste, which after its release can cause or threaten damage to human health or human welfare or causes or threatens damage, deterioration, loss of value, marketability, or loss of use to property insured, including bacteria, virus, or hazardous substances as listed in the Federal Water Pollution Control Act, Clean Air Act, Resource Conservation and Recovery Act of 1976, and Toxic Substances Control Act or as designated by the U.S. Environmental Protection Agency. Waste includes materials to be recycled, reconditioned, or reclaimed.
- x. **Production Machinery** means any machine which processes, forms, shapes, or transports raw materials, materials in process, waste materials, or finished products.
- y. **Reasonable Extra Cost** shall mean the extra cost of temporary repair and of expediting the repair of damaged equipment of the insured, including overtime and the extra cost of express or other rapid means of transportation.
- z. **Rental Value** means the sum of:
  - 1) The total anticipated gross rental income from tenant occupancy of the described property as furnished and equipped by you, including taxes, rent based on percentage of sales, or other charges paid by tenants in respect of the leased *Locations*;
  - 2) The amount of all charges which, by the terms of a written lease, are the legal obligation of the tenant(s) and which would otherwise be obligations of you; and
  - 3) The fair *Rental Value* of any portion of such property which is occupied by you.
- aa. **Replacement Cost** means the actual cost of repairs or replacement without deduction for depreciation, subject to limitations stated in the policy. Repairs or replacement will restore the property to the same current function using today's repairs and construction material up to any applicable policy sublimits or limits.
- bb. **Roof Replacement** means removal and replacement of the entire *Roof Surface*.
- cc. **Roof Surface** means the *Roof Surface* material type (slate, composition, wood, tile, metal, or all other *Roof Surface* material types) of the building or other structures covered under this policy and all other roof components, including:
  - 1) Flashing, caps, vents, drips edges, and ice shields;
  - 2) Sheathing, felt, and membranes;
  - 3) Modified bitumen, bitumen, rubber, built-up, and sprayed polyurethane foam roofing;
  - 4) Foam inserts and elastomeric coating;
  - 5) Finials, eaves, gable trim, and snow guards;
  - 6) Battens, counter battens, bird stops, and gravel stops; and
  - 7) Coatings, adhesives, adherents, and other finishing materials for *Roof Surface* materials and all other roof components.
- dd. **Stock** means merchandise held as inventory in storage or for sale, raw materials, and in-process or finished goods, including supplies used in their packing or shipping.
- ee. **Storm Surge** means water that is pushed toward the shore due to the force of winds swirling around a storm advancing across a body of water.
- ff. **Suspension** means:
  - 1) The slowdown or cessation of your business activities; or
  - 2) A part of or all of the described *Location* is rendered untenable, if coverage for Business Income including *Rental Value* applies.

## SECTION II – LIABILITY

### A. Coverages

#### 1. Business Liability

- a. We will pay those sums that the insured becomes legally obligated to pay as compensatory damages because of *Bodily Injury*, *Property Damage* or *Personal and Advertising Injury* to which this insurance applies. We will have the right and duty to defend the insured against any *Suit* seeking those damages. However, we will have no duty to defend the insured against any *Suit* seeking damages for *Bodily Injury*, *Property Damage* or *Personal and Advertising Injury* to which this insurance does not apply. We may, at our discretion, investigate any *Occurrence* or any offense and settle any claim or *Suit* that may result. But:

- 1) The amount we will pay for damages is limited as described in Paragraph **D. Liability And Medical Expenses Limits Of Insurance** in Section II – Liability; and
- 2) Our right and duty to defend end when we have used up the applicable Limit of Insurance in the payment of judgments or settlements or medical expenses.

No other obligation or liability to pay sums or perform acts or services is covered unless explicitly provided for under Paragraph **f. Coverage Extension – Supplementary Payments**.

- b. This insurance applies:

- 1) To *Bodily Injury* and *Property Damage* only if:

- a) The *Bodily Injury* or *Property Damage* is caused by an *Occurrence* that takes place in the *Coverage Territory*;
- b) The *Bodily Injury* or *Property Damage* occurs during the policy period; and
- c) Prior to the policy period, no insured listed under Subparagraph **C.1. Who Is An Insured** and no *Employee* authorized by you to give or receive notice of an *Occurrence* or claim, knew that the *Bodily Injury* or *Property Damage* had occurred, in whole or in part. If such a listed insured or authorized *Employee* knew, prior to the Policy period, that the *Bodily Injury* or *Property Damage* occurred, then any continuation, change or resumption of such *Bodily Injury* or *Property Damage* during or after the Policy period will be deemed to have been known before the policy period.

- 2) To *Personal and Advertising Injury* caused by an offense arising out of your business, but only if the offense was committed in the *Coverage Territory* during the Policy period.

- c. *Bodily Injury* or *Property Damage* which occurs during the Policy period and was not, prior to the Policy period, known to have occurred by any insured listed under Subparagraph **C.1. Who Is An Insured** or any *Employee* authorized by you to give or receive notice of an *Occurrence* or claim, includes any continuation, change or resumption of *Bodily Injury* or *Property Damage* after the end of the Policy period.

- d. *Bodily Injury* or *Property Damage* will be deemed to have been known to have occurred at the earliest time when any insured described in Subparagraph **C.1. Who Is An Insured**, or any *Employee* authorized by you to give or receive notice of an *Occurrence* or claim:

- 1) Reports all, or any part, of the *Bodily Injury* or *Property Damage* to us or any other insurer;
- 2) Receives a written or verbal demand or claim for damages because of the *Bodily Injury* or *Property Damage*; or
- 3) Becomes aware by any other means that *Bodily Injury* or *Property Damage* has occurred or has begun to occur.

- e. These compensatory damages include damages claimed and recoverable by any person or organization for care, loss of services or death resulting from a covered *Bodily Injury*.

#### f. Coverage Extension – Supplementary Payments

- 1) We will pay to or on behalf of an insured, with respect to any covered claim we investigate or settle, or any *Suit* against an insured we defend:
  - a) All expenses we incur to investigate, settle or defend suit against an insured, subject to:

- i. we will investigate, negotiate, settle, defend and/or appeal with counsel selected, hired and paid by us.
    - ii. we have no duty to settle, defend or pay any claim, lawsuit or judgment not covered under the terms this Policy.
  - b) Up to \$250 for cost of bail bonds required because of accidents or traffic law violations arising out of the use of any vehicle to which Business Liability Coverage for applies. We do not have to furnish these bonds.
  - c) The cost of bonds to release attachments, but only for bond amounts within our Limit of Insurance. We do not have to furnish these bonds.
  - d) All reasonable expenses incurred by the insured at our request to assist us in the investigation or defense of the claim or *Suit*, including actual loss of earnings incurred up to \$250 a day because of time off from work. We must be given original receipts, or written proof that can be verified, of expenses incurred. We have no duty to pay for expenses that cannot be verified.
  - e) All court costs taxed against the insured in a Suit defended by us. However, these payments do not include attorneys' fees or attorneys' expenses taxed against the insured.
  - f) Prejudgment interest awarded against the insured on that part of the judgment we pay. If we make an offer to pay the Limit of Insurance, we will not pay any prejudgment interest based on any period of time after we make the offer to pay the limit.
  - g) Post-judgment interest awarded on compensatory damages on that part of a judgment entered against the insured that does not exceed our limits of liability. We have no duty to make any interest payment if we have not been given both:
    - i. notice of *Suit*; and
    - ii. the chance to defend the insured.
- We have no duty to pay post-judgment interest after we have paid, offered to pay, or deposited in court the part of the judgment that is within our Limit of Insurance.
- Payment of this interest will not reduce the limit of liability.
- 2) If we defend an insured against a *Suit* and an indemnitee of the insured is also named as a party to the *Suit*, we will defend that indemnitee if all of the following conditions are met:
- a) The *Suit* against the indemnitee seeks damages for which the insured has assumed the liability of the indemnitee in a contract or agreement that is an *Insured Contract*;
  - b) This insurance applies to such liability assumed by the insured;
  - c) The obligation to defend, or the cost of the defense of, that indemnitee, has also been assumed by the insured in the same *Insured Contract*;
  - d) The allegations in the *Suit* and the information we know about the *Occurrence* are such that no conflict appears to exist between the interests of the insured and the interests of the indemnitee;
  - e) The indemnitee and the insured ask us to conduct and control the defense of that indemnitee against such *Suit* and agree that we can assign the same counsel to defend the insured and the indemnitee; and
  - f) The indemnitee:
    - i. Agrees in writing to:
      - a. Cooperate with us in the investigation, settlement or defense of the *Suit* and does provide such cooperation;
      - b. Immediately send us copies of any demands, notices, summonses or legal papers received in connection with the *Suit*;
      - c. Notify any other insurer whose coverage is available to the indemnitee; and
      - d. Cooperate with us with respect to coordinating other applicable insurance available to the indemnitee; and

- ii. Provides us with written authorization to:
  - a. Obtain records and other information we reasonably deem relevant to our investigation and defense of the *Suit*, and
  - b. Conduct and control the defense of the indemnitee in such *Suit*.
- 3) So long as the conditions in Subparagraph **(2)** are met, attorneys' fees incurred by us in the defense of that indemnitee, necessary litigation expenses incurred by us and necessary litigation expenses incurred by the indemnitee at our request will be paid as Supplementary Payments. Notwithstanding the provisions of Subparagraph **B.1.b.(2)** Exclusions in Section II – Liability, such payments will not be deemed to be damages for Bodily Injury and *Property Damage* and will not reduce the Limits of Insurance.  
Our obligation to defend an insured's indemnitee and to pay for attorneys' fees and necessary litigation expenses as Supplementary Payments ends when:
  - a) We have used up the applicable Limit of Insurance in the payment of judgments or settlements; or
  - b) The conditions set forth above, or the terms of the agreement described in Subparagraph **(2)(f)** above, are no longer met.

## **2. Medical Expenses**

- a. We will pay medical expenses as described below for *Bodily Injury* caused by an accident:
  - 1) On premises you own or rent;
  - 2) On ways adjacent to premises you own or rent; or
  - 3) Because of your operations;provided that:
  - a) The accident takes place in the *Coverage Territory* and during the policy period;
  - b) The expenses are incurred and reported to us within one year of the date of the accident, with proof of expense incurred and amount paid or due; and
  - c) The injured person submits to examination, at our expense, by medical care professionals of our choice as often as we reasonably require.
- b. We will make these payments regardless of fault. These payments will not exceed the Limits of Insurance of Section II – Liability. We will pay reasonable expenses incurred for:
  - 1) First aid administered at the time of an accident;
  - 2) Necessary medical, surgical, X-ray and dental services, including prosthetic devices; and
  - 3) Necessary ambulance, hospital, professional nursing and funeral services;due to *Bodily Injury* sustained in the covered accident.
- c. We will not pay more than the customary charge for medical expenses or medical services that the insured is obligated to pay.

## **B. Exclusions**

### **1. Applicable To Business Liability Coverage**

This insurance does not apply to:

#### **a. Expected Or Intended Injury**

*Bodily Injury* or *Property Damage* expected or intended from the standpoint of the insured. This exclusion does not apply to *Bodily Injury* resulting from the use of reasonable force to protect persons or property.

#### **b. Contractual Liability**

*Bodily Injury* or *Property Damage* for which the insured is obligated to pay damages by reason of the assumption of liability in a contract or agreement. This exclusion does not apply to liability for damages:

- 1) That the insured would have in the absence of the contract or agreement; or

- 2) Assumed in a contract or agreement that is an *Insured Contract*, provided the *Bodily Injury or Property Damage* occurs subsequent to the execution of the contract or agreement. Solely for the purposes of liability assumed in an *Insured Contract*, reasonable attorneys' fees and necessary litigation expenses incurred by or for a party other than an insured are deemed to be damages because of *Bodily Injury or Property Damage*, provided:

- a) Liability to such party for, or for the cost of, that party's defense has also been assumed in the same *Insured Contract*; and
- b) Such attorney fees and litigation expenses are for defense of that party against a civil or alternative dispute resolution proceeding in which damages to which this insurance applies are alleged.

**c. Liquor Liability**

*Bodily Injury or Property Damage* for which any insured may be held liable by reason of:

- 1) Causing or contributing to the intoxication of any person;
- 2) The furnishing of alcoholic beverages to a person under the legal drinking age or under the influence of alcohol; or
- 3) Any statute, ordinance or regulation relating to the sale, gift, distribution or use of alcoholic beverages.

This exclusion applies even if the claims allege negligence or other wrongdoing in:

- a) The supervision, hiring, employment, training or monitoring of others by an insured; or
- b) Providing or failing to provide transportation with respect to any person that may be under the influence of alcohol;

if the *Occurrence* which caused the *Bodily Injury or Property Damage*, involved that which is described in Subparagraph (1), (2) or (3) above.

However, this exclusion applies only if you are in the business of manufacturing, distributing, selling, serving or furnishing alcoholic beverages. For the purposes of this exclusion, permitting a person to bring alcoholic beverages on your premises, for consumption on your premises, whether or not a fee is charged or a license is required for such activity, is not by itself considered the business of selling, serving or furnishing alcoholic beverages.

**d. Workers' Compensation And Similar Laws**

Any obligation of the insured under a workers' compensation, disability benefits or unemployment compensation law or any similar law.

**e. Employer's Liability**

*Bodily Injury* to:

- 1) An *Employee* of the insured arising out of and in the course of:
  - a) Employment by the insured; or
  - b) Performing duties related to the conduct of the insured's business; or
- 2) The spouse, child, parent, brother or sister of that *Employee* as a consequence of Subparagraph (1) above.

This exclusion applies whether the insured may be liable as an employer or in any other capacity and to any obligation to share damages with or repay someone else who must pay damages because of the injury.

This exclusion does not apply to liability assumed by the insured under an *Insured Contract*.

**f. Pollution**

- 1) *Bodily Injury or Property Damage* arising out of the actual, alleged or threatened discharge, dispersal, seepage, migration, release or escape of *Pollutants* at any time:
  - a) At or from any premises, site or location which is or was at any time owned or occupied by, or rented or loaned to, any insured. However, this subparagraph does not apply to:

- i. *Bodily Injury* if sustained within a building and caused by smoke, fumes, vapor or soot produced by or originating from equipment that is used to heat, cool or dehumidify the building, or equipment that is used to heat water for personal use, by the building's occupants or their guests;
    - ii. *Bodily Injury or Property Damage* for which you may be held liable, if you are a contractor and the owner or lessee of such premises, site or location has been added to your policy as an additional insured with respect to your ongoing operations performed for that additional insured at that premises, site or location and such premises, site or location is not and never was owned or occupied by, or rented or loaned to, any insured, other than that additional insured; or
    - iii. *Bodily Injury or Property Damage* arising out of heat, smoke or fumes from a *Hostile Fire*;
  - b) At or from any premises, site or location which is or was at any time used by or for any insured or others for the handling, storage, disposal, processing or treatment of waste;
  - c) Which are or were at any time transported, handled, stored, treated, disposed of, or processed as waste by or for:
    - i. Any insured; or
    - ii. Any person or organization for whom you may be legally responsible;
  - d) At or from any premises, site or location on which any insured or any contractors or subcontractors working directly or indirectly on any insured's behalf are performing operations if the *Pollutants* are brought on or to the premises, site or location in connection with such operations by such insured, contractor or subcontractor. However, this subparagraph does not apply to:
    - i. *Bodily Injury or Property Damage* arising out of the escape of fuels, lubricants or other operating fluids which are needed to perform the normal electrical, hydraulic or mechanical functions necessary for the operation of *Mobile Equipment* or its parts, if such fuels, lubricants or other operating fluids escape from a vehicle part designed to hold, store or receive them. This exception does not apply if the *Bodily Injury or Property Damage* arises out of the intentional discharge, dispersal or release of the fuels, lubricants or other operating fluids, or if such fuels, lubricants or other operating fluids are brought on or to the premises, site or location with the intent that they be discharged, dispersed or released as part of the operations being performed by such insured, contractor or subcontractor;
    - ii. *Bodily Injury or Property Damage* sustained within a building and caused by the release of gases, fumes or vapors from materials brought into that building in connection with operations being performed by you or on your behalf by a contractor or subcontractor; or
    - iii. *Bodily Injury or Property Damage* arising out of heat, smoke or fumes from a *Hostile Fire*; or
  - e) At or from any premises, site or location on which any insured or any contractors or subcontractors working directly or indirectly on any insured's behalf are performing operations if the operations are to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of, *Pollutants*.
- 2) Any loss, cost or expense arising out of any:
- a) Request, demand, order or statutory or regulatory requirement that any insured or others test for, monitor, clean up, mitigate, remediate, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of, *Pollutants*; or
  - b) Claim or *Suit* by or on behalf of a governmental authority for damages because of testing for, monitoring, cleaning up, mitigating, remediating, removing, containing, treating, detoxifying or neutralizing, or in any way responding to, or assessing the effects of, *Pollutants*.

**g. Auto, Aircraft And Watercraft**

*Bodily Injury, Property Damage or Personal and Advertising Injury* arising out of the ownership, maintenance, use or entrustment to others of any aircraft, *Auto*, "unmanned aircraft", drone, UAV or watercraft owned or operated by or rented or loaned to any insured. Use includes operation and *Loading or Unloading*.

This exclusion applies even if the claims allege negligence or other wrongdoing in the supervision, hiring, employment, training or monitoring of others by an insured, if the *Occurrence* which caused the *Bodily Injury or Property Damage* involved the ownership, maintenance, use or entrustment to others of any aircraft, *Auto* or watercraft that is owned or operated by or rented or loaned to any insured.

This exclusion does not apply to:

- 1) A watercraft while ashore on premises you own or rent;
- 2) A watercraft you do not own that is:
  - a) Less than 51 feet long; and
  - b) Not being used to carry persons or property for a charge;
- 3) Parking an *Auto* on, or on the ways next to, premises you own or rent, provided the *Auto* is not owned by or rented or loaned to you or the insured;
- 4) Liability assumed under any *Insured Contract* for the ownership, maintenance or use of aircraft or watercraft; or
- 5) *Bodily Injury or Property Damage* arising out of:
  - a) The operation of machinery or equipment that is attached to, or part of, a land vehicle that would qualify under the definition of *Mobile Equipment* if it were not subject to a compulsory or financial responsibility law or other motor vehicle insurance or motor vehicle registration law where it is licensed or principally garaged; or
  - b) The operation of any of the following machinery or equipment:
    - i. Cherry pickers and similar devices mounted on automobile or truck chassis and used to raise or lower workers; and
    - ii. Air compressors, pumps and generators, including spraying, welding, building cleaning, geophysical exploration, lighting and well servicing equipment.

However, this exclusion does not apply to *Personal and Advertising Injury* arising out of:

- 1) The use of another's advertising idea in your *Advertisement*; or
- 2) Infringing upon another's copyright, trade dress or slogan in your *Advertisement*.

As used in this exclusion, "unmanned aircraft" means an aircraft that is not:

- 1) Designed;
- 2) Manufactured; or
- 3) Modified after manufacture;

to be controlled directly by a person from within or on the aircraft.

**h. Mobile Equipment**

*Bodily Injury or Property Damage* arising out of:

- 1) The transportation of *Mobile Equipment* by an *Auto* owned or operated by or rented or loaned to any insured; or
- 2) The use of *Mobile Equipment* in, or while in practice for, or while being prepared for, any prearranged racing, speed, demolition or stunting activity.

**i. War**

*Bodily Injury, Property Damage or Personal and Advertising Injury*, however caused, arising, directly or indirectly, out of:

- 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 government authority in hindering or defending against any of these.

**j. Professional Services**

*Bodily Injury, Property Damage or Personal and Advertising Injury* caused by the rendering or failure to render any professional service. This includes but is not limited to:

- 1) Legal, accounting or advertising services;
- 2) Preparing, approving, or failing to prepare or approve maps, drawings, opinions, reports, surveys, change orders, designs or specifications;
- 3) Supervisory, inspection or engineering services;
- 4) Medical, surgical, dental, X-ray or nursing services treatment, advice or instruction;
- 5) Any health or therapeutic service treatment, advice or instruction;
- 6) Any service, treatment, advice or instruction for the purpose of appearance or skin enhancement, hair removal or replacement or personal grooming;
- 7) Optometry or optical or hearing aid services including the prescribing, preparation, fitting, demonstration or distribution of ophthalmic lenses and similar products or hearing aid devices;
- 8) Body piercing services; and
- 9) Services in the practice of pharmacy.

This exclusion applies even if the claims allege negligence or other wrongdoing in the supervision, hiring, employment, training or monitoring of others by an insured, if the *Occurrence* which caused the *Bodily Injury or Property Damage*, or the offense which caused the *Personal and Advertising Injury*, involved the rendering or failure to render of any professional service.

**k. Damage To Property**

*Property Damage* to:

- 1) Property you own, rent or occupy, including any costs or expenses incurred by you, or any other person, organization or entity, for repair, replacement, enhancement, restoration or maintenance of such property for any reason, including prevention of injury to a person or damage to another's property;
- 2) Premises you sell, give away or abandon, if the *Property Damage* arises out of any part of those premises;
- 3) Property loaned to you;
- 4) Personal property in the care, custody or control of the insured;
- 5) That particular part of real property on which you or any contractor or subcontractor working directly or indirectly on your behalf is performing operations, if the *Property Damage* arises out of those operations; or
- 6) That particular part of any property that must be restored, repaired or replaced because *Your Work* was incorrectly performed on it.

Subparagraphs **(1)**, **(3)** and **(4)** of this exclusion do not apply to *Property Damage* (other than damage by fire) to premises, including the contents of such premises, rented to you for a period of seven or fewer consecutive days. A separate Limit of Insurance applies to Damage To Premises Rented To You as described in Paragraph **D. Liability And Medical Expenses Limits Of Insurance** in Section **II – Liability**.

Subparagraph **(2)** of this exclusion does not apply if the premises are *Your Work* and were never occupied, rented or held for rental by you.

Subparagraphs **(3)**, **(4)**, **(5)** and **(6)** of this exclusion do not apply to liability assumed under a sidetrack agreement.

Subparagraph (6) of this exclusion does not apply to *Property Damage* included in the *Products-Completed Operations Hazard*.

**I. Damage To Your Product**

*Property Damage* to *Your Product* arising out of it or any part of it.

**m. Damage To Your Work**

*Property Damage* to *Your Work* arising out of it or any part of it and included in the *Products-Completed Operations Hazard*.

This exclusion does not apply if the damaged work or the work out of which the damage arises was performed on your behalf by a subcontractor.

**n. Damage To Impaired Property Or Property Not Physically Injured**

*Property Damage* to *Impaired Property* or property that has not been physically injured, arising out of:

- 1) A defect, deficiency, inadequacy or dangerous condition in *Your Product* or *Your Work*; or
- 2) A delay or failure by you or anyone acting on your behalf to perform a contract or agreement in accordance with its terms.

This exclusion does not apply to the loss of use of other property arising out of sudden and accidental physical injury to *Your Product* or *Your Work* after it has been put to its intended use.

**o. Recall Of Products, Work Or Impaired Property**

Damages claimed for any loss, cost or expense incurred by you or others for the loss of use, withdrawal, recall, inspection, repair, replacement, adjustment, removal or disposal of:

- 1) *Your Product*;
- 2) *Your Work*; or
- 3) "Impaired property";

if such product, work or property is withdrawn or recalled from the market or from use by any person or organization because of a known or suspected defect, deficiency, inadequacy or dangerous condition in it.

**p. Personal And Advertising Injury**

*Personal and Advertising Injury*:

- 1) Caused by or at the direction of the insured with the knowledge that the act would violate the rights of another and would inflict *Personal and Advertising Injury*;
- 2) Arising out of oral or written publication, in any manner, of material, if done by or at the direction of the insured with knowledge of its falsity;
- 3) Arising out of oral or written publication, in any manner, of material whose first publication took place before the beginning of the policy period;
- 4) For which the insured has assumed liability in a contract or agreement. This exclusion does not apply to liability for damages that the insured would have in the absence of the contract or agreement;
- 5) Arising out of a breach of contract, except an implied contract to use another's advertising idea in your *Advertisement*;
- 6) Arising out of the failure of goods, products or services to conform with any statement of quality or performance made in your *Advertisement*;
- 7) Arising out of the wrong description of the price of goods, products or services stated in your *Advertisement*;
- 8) Committed by an insured whose business is:
  - a) Advertising, broadcasting, publishing or telecasting;
  - b) Designing or determining content of web sites for others; or
  - c) An Internet search, access, content or service provider.

However, this exclusion does not apply to Subparagraphs **14.a.**, **b.** and **c.** of *Personal and Advertising Injury* under Paragraph **F.** Liability And Medical Expenses Definitions.

For the purposes of this exclusion, the placing of frames, borders or links, or advertising, for you or others anywhere on the Internet, by itself, is not considered the business of advertising, broadcasting, publishing or telecasting;

- 9) Arising out of the actual, alleged or threatened discharge, dispersal, seepage, migration, release or escape of *Pollutants* at any time;
- 10) With respect to any loss, cost or expense arising out of any:
  - a) Request, demand or order that any insured or others test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of, *Pollutants*; or
  - b) Claim or *Suit* by or on behalf of a governmental authority for damages because of testing for, monitoring, cleaning up, removing, containing, treating, detoxifying or neutralizing, or in any way responding to, or assessing the effects of, *Pollutants*;
- 11) Arising out of an electronic chatroom or bulletin board the insured hosts, owns or over which the insured exercises control;
- 12) Arising out of the infringement of copyright, patent, trademark, trade secret or other intellectual property rights. Under this exclusion, such other intellectual property rights do not include the use of another's advertising idea in your *Advertisement*.  
  
However, this exclusion does not apply to infringement, in your *Advertisement*, of copyright, trade dress or slogan;
- 13)** Arising out of the unauthorized use of another's name or product in your e-mail address, domain name or metatags, or any other similar tactics to mislead another's potential customers.

**q. Employment-Related Practices**

*Bodily Injury or Personal and Advertising Injury* to:

- 1) A person arising out of any:
  - a) Refusal to employ that person;
  - b) Termination of that person's employment; or
  - c) Employment-related practices, policies, acts or omissions, such as coercion, demotion, evaluation, reassignment, discipline, defamation, harassment, humiliation or discrimination directed at that person; or
- 2) The spouse, child, parent, brother or sister of that person as a consequence of *Bodily Injury or Personal and Advertising Injury* to that person at whom any of the employment-related practices described in SUBPARAGRAPH **(1)(a)**, **(1)(b)**, or **(1)(c)** above is directed.

This exclusion applies:

- 1) Without regard to whether the insured may be liable as an employer or in any other capacity; and
- 2) To any obligation to share damages with or repay someone else who must pay damages because of the injury.

**r. Electronic Data And Confidential Information**

- 1)** Damages arising out of the loss of, loss of use of, damage to, corruption of, inability to access, or inability to manipulate electronic data. However, this exclusion does not apply to liability for damages because of *Bodily Injury*; or
- 2)** Damages, other than damages because of *Personal and Advertising Injury*, arising out of any access to or disclosure of any person's or organization's confidential or personal information, including patents, trade secrets, processing methods, customer lists, financial information, credit card information, health information or any other type of nonpublic information, or violation of any state, federal, foreign or local privacy statute or regulation.

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

**s. Criminal Acts**

*Personal and Advertising Injury* arising out of a criminal act committed by or at the direction of the insured.

**t. Recording And Distribution Of Material Or Information In Violation Of Law**

*Bodily Injury, Property Damage or Personal and Advertising Injury* arising directly or indirectly out of any action or omission that violates or is alleged to violate:

- 1) The Telephone Consumer Protection Act (TCPA), including any amendment of or addition to such law;
- 2) The CAN-SPAM Act of 2003, including any amendment of or addition to such law;
- 3) The Fair Credit Reporting Act (FCRA), and any amendment of or addition to such law, including the Fair and Accurate Credit Transaction Act (FACTA); or
- 4) Any federal, state or local statute, ordinance or regulation, other than the TCPA, CAN-SPAM Act of 2003 or FCRA and their amendments and additions, that addresses, prohibits, or limits the printing, dissemination, disposal, collecting, recording, sending, transmitting, communicating or distribution of material or information.

**u. Punitive Damages Applicable To Business Liability Coverage**

Any punitive damages, exemplary damages, or double, treble or statutory multiple damages, that are not compensatory damages, or similar damages that may be awarded to:

- 1) Punish or deter; and/or
- 2) Fine, penalize or impose a statutory penalty due to;  
conduct that is malicious, wanton, willful, grossly negligent, fraudulent or unlawful.

This includes, but is not limited to, any:

- 1) Damages that have been defined by law as punitive damages; exemplary damages; or double, treble or statutory multiple damages; and
- 2) Costs, attorney fees, other fees or interest awarded because of such damages.

**v. *Bodily Injury, Property Damage or Personal and Advertising Injury* arising directly or indirectly out of:**

- 1) the actual or threatened abuse or molestation by anyone of any person while in the care, custody or control of any insured; or
- 2) The negligent:
  - a) Employment;
  - b) Investigation;
  - c) Supervision;
  - d) Reporting to the proper authorities, or failure to so report; or
  - e) Retention;of a person for whom any insured is or ever was legally responsible and whose conduct would be excluded by **v.(1)** above.

**w. Communicable Disease**

Any actual, alleged or threatened transmission of a communicable disease, including any communicable disease, illness or virus that results from person-to-person transmission or contact, contact with an object, or contracted from any airborne droplets, particles, spores or bacterium.

This exclusion applies even if the claims against any insured allege negligence or other wrongdoing in the:

- 1) Supervising, hiring, employing, training or monitoring of others that may be infected with and spread a communicable disease;
- 2) Testing for a communicable disease;
- 3) Failure to prevent the spread of the disease; or
- 4) Failure to report the disease to authorities.

**x. Cannabis**

- 1) *Bodily Injury, Property Damage or Personal and Advertising Injury* arising out of:

- a) The design, cultivation, manufacture, storage, processing, packaging, handling, testing, distribution, sale, serving, furnishing, possession or disposal of "cannabis"; or
- b) The actual, alleged, threatened or suspected inhalation, ingestion, absorption or consumption of, contact with, exposure to, existence of, or presence of "cannabis"; or

- 2) *Property Damage* to "cannabis".

This exclusion applies even if the claims against any insured allege negligence or other wrongdoing in the supervision, hiring, employment, training or monitoring of others by that insured, if the *Occurrence* which caused the *Bodily Injury or Property Damage*, or the offense which caused the *Personal and Advertising Injury*, involved the actions or activity described in **1.(a)** or **1.(b)** above.

This exclusion does not apply to *Personal and Advertising Injury* arising out of the following offenses false arrest, detention or imprisonment, or the wrongful eviction from, wrongful entry into, or invasion of the right or private occupancy of a room, dwelling or premises that a person occupies, committed by or on behalf of its owner, landlord or lessor.

The exclusion in **(1)(b)** above does not apply to *Bodily Injury or Property Damage* arising out of the actual, alleged, threatened or suspected inhalation, ingestion, absorption or consumption of, or contact with, "cannabis" by:

- 1) An insured; or
- 2) Any other person for whom you are legally responsible;

if the *Bodily Injury or Property Damage* does not arise out of your selling, serving or furnishing of "cannabis" to any person described above.

- y. If you have purchased **Electronic Data Liability – Broad Coverage** under this Policy, this added coverage does not apply to any *Electronic Data* that is used in the design, manufacture, distribution, sale, serving, furnishing, use or possession of *Cannabis*, or *Loss Of Electronic Data* arising out of:

- 1) The design, cultivation, manufacture, storage, processing, packaging, handling, testing, distribution, sale, serving, furnishing, possession or disposal of "cannabis"; or
- 2) The actual, alleged, threatened or suspected inhalation, ingestion, absorption or consumption of, contact with, exposure to, existence of, or presence of "cannabis".

This exclusion applies even if the claims against any insured allege negligence or other wrongdoing in the supervision, hiring, employment, training or monitoring of others by that insured, if the *Electronic Data Incident* which caused the *Loss Of Electronic Data* involved the actions or activity described in **y.(1)** or **y.(2)** above.

The exclusion in **y.(2)** above does not apply to *Loss Of Electronic Data* arising out of the actual, alleged, threatened or suspected inhalation, ingestion, absorption or consumption of, or contact with, "cannabis" by:

- 1) An insured; or
- 2) Any other person for whom you are legally responsible;

if the *Loss Of Electronic Data* does not arise out of your selling, serving or furnishing of "cannabis" to any person described above.

For the purpose of this exclusion, "cannabis" means any good or product that consists of or contains any amount of Tetrahydrocannabinol (THC) or any other cannabinoid, regardless of whether any such THC or cannabinoid is natural or synthetic. This includes, but is not limited to, any of the following containing such THC or cannabinoid:

- 1) Any plant of the genus *Cannabis* L., or any part thereof, such as seeds, stems, flowers, stalks and roots; or
- 2) Any compound, byproduct, extract, derivative, mixture or combination, such as:
  - a) Resin, oil or wax;
  - b) Hash or hemp; or
  - c) Infused liquid or edible cannabis;whether or not derived from any plant or part of any plant set forth in Subparagraph (1) immediately above.

z. *Bodily Injury, Property Damage, or Personal and Advertising Injury* arising out of a "cyber incident". "Cyber incident", as used here, means any:

- 1) Unauthorized access to or use of any computer system.
- 2) Malicious code, virus or any other harmful code that is directed at, enacted upon or introduced into any computer system and is designed to access, alter, corrupt, damage, delete, destroy, disrupt, encrypt, exploit, use or prevent or restrict access to or the use of any part of any computer system or otherwise disrupt its normal functioning or operation.
- 3) Denial of service attack which disrupts, prevents or restricts access to or use of any computer system, or otherwise disrupts its normal functioning or operation.

This exclusion applies even if damages are claimed for notification costs, credit or identity monitoring expenses, forensic expenses, public relations expenses, data restoration expenses, extortion expenses or any other similar cost or expense incurred by you or others arising out of a "cyber incident".

aa. *Bodily Injury or Property Damage* which would not have occurred, or *Personal and Advertising Injury* which would not have taken place, in whole or in part, but for the actual, alleged, threatened or suspected inhalation, ingestion, absorption, consumption, discharge, dispersal, seepage, migration, release or escape of, contact with, exposure to, existence of, or presence of, any "perfluoroalkyl or polyfluoroalkyl substances". This includes, but is not limited to, any loss, cost or expense arising, in whole or in part, out of the abating, mitigating, testing for, monitoring, cleaning up, removing, containing, treating, detoxifying, neutralizing, remediating or disposing of, or in any way responding to or assessing the effects of, "perfluoroalkyl or polyfluoroalkyl substances", by any insured or by any other person or entity.

"Perfluoroalkyl and polyfluoroalkyl substances", as used here, means any:

- 1) Chemical or substance that contains one or more alkyl carbons on which hydrogen atoms have been partially or completely replaced by fluorine atoms, including:
  - a) Polymer, oligomer, monomer or nonpolymer chemicals and their homologues, isomers, telomers, salts, derivatives, precursor chemicals, degradation products or by-products;
  - b) Perfluoroalkyl acids (PFAA), such as perfluorooctanoic acid (PFOA) and its salts, or perfluorooctane sulfonic acid (PFOS) and its salts;
  - c) Perfluoropolyethers (PFPE);
  - d) Fluorotelomer-based substances; or
  - e) Side-chain fluorinated polymers; or
- 2) Good or product, including containers, materials, parts or equipment furnished in connection with such goods or products, that consists of or contains any chemical or substance described in Subparagraph 1. above.

**ab. Silica Or Silica-related Dust**

Bodily Injury, *Property Damage* or *Personal and Advertising Injury* arising out of the actual, alleged, threatened or suspected contact with, inhalation of, ingestion of, exposure to, existence of, presence of, "silica" or "silica-related dust". This includes, but is not limited to, any loss, cost or expense arising, in whole or in part, out of the abating, testing for, monitoring, mitigating, cleaning up, removing, containing, treating, detoxifying, neutralizing, remediating or disposing of, or in any way responding to or assessing the effects of, "silica" or "silica-related dust", by any insured or by any other person or entity.

As used in this exclusion:

- 1) "Silica" means silicon dioxide, (occurring in crystalline, amorphous and impure forms), silica particles, silica dust or silica compounds.
- 2) "Silica-related dust" means a mixture or combination of silica and other dust or particles.

**Exception For Fire To Rented Premises**

Exclusions **c., d., e., f., g., h., i., k., l., m., n.** and **o.** in Section II – Liability do not apply to damage by fire to premises while rented to you, or temporarily occupied by you with permission of the owner. A separate Damage To Premises Rented To You Limit of Insurance applies to this coverage as described in Paragraph **D.** Liability And Medical Expenses Limits of Insurance in Section II – Liability.

**2. Applicable To Medical Expenses Coverage**

We will not pay expenses for *Bodily Injury*:

- a. To any insured, except *Volunteer Workers*.
- b. To a person hired to do work for or on behalf of any insured or a tenant of any insured.
- c. To a person injured on that part of premises you own or rent that the person normally occupies.
- d. To a person, whether or not an *Employee* of any insured, if benefits for the *Bodily Injury* are payable or must be provided under a workers' compensation or disability benefits law or a similar law.
- e. To a person injured while practicing, instructing or participating in any physical exercises or games, sports or athletic contests.
- f. Included within the *Products-Completed Operations Hazard*.
- g. Excluded under Business Liability Coverage.

**3. Applicable To Both Business Liability Coverage And Medical Expenses Coverage – Nuclear, Radioactive & Hazardous Materials Liability Exclusion**

This insurance does not apply:

- a. Under Business Liability Coverage, to *Bodily Injury* or *Property Damage*:
  - 1) With respect to which an insured under the policy is also an insured under a nuclear energy liability policy issued by the Nuclear Energy Liability Insurance Association, Mutual Atomic Energy Liability Underwriters or Nuclear Insurance Association of Canada, or would be an insured under any such policy but for its termination upon exhaustion of its limit of liability; or
  - 2) Resulting from the "hazardous properties" of "nuclear material" and with respect to which:
    - a) Any person or organization is required to maintain financial protection pursuant to the Atomic Energy Act of 1954, or any law amendatory thereof; or
    - b) The insured is, or had this policy not been issued would be, entitled to indemnity from the United States of America, or any agency thereof, under any agreement entered into by the United States of America, or any agency thereof, with any person or organization.
- b. Under Medical Expenses Coverage, to expenses incurred with respect to *Bodily Injury* resulting from the "hazardous properties" of "nuclear material" and arising out of the operation of a "nuclear facility" by any person or organization.
- c. Under Business Liability Coverage, to *Bodily Injury* or *Property Damage* resulting from "hazardous properties" or "nuclear material"; if:

- 1) The "nuclear material":
    - a) Is at any "nuclear facility" owned by, or operated by or on behalf of, an insured; or
    - b) Has been discharged or dispersed therefrom;
  - 2) The "nuclear material" is contained in "spent fuel" or "waste" at any time possessed, handled, used, processed, stored, transported or disposed of by or on behalf of an insured; or
  - 3) The *Bodily Injury* or *Property Damage* arises out of the furnishing by an insured of services, materials, parts or equipment in connection with the planning, construction, maintenance, operation or use of any "nuclear facility"; but if such facility is located within the United States of America, its territories or possessions or Canada, this Exclusion B.(3) applies only to *Property Damage* to such "nuclear facility" and any property thereat.
  - 4) The *Bodily Injury* or *Property Damage* arises out of the manufacturing or furnishing by an insured of services, materials, parts or equipment in connection with the planning, construction, maintenance, operation or use of any medical device within the United States of America, its territories or possessions or Canada using radioactive materials,
- d. As used in this exclusion:
- 1) "By-product material" has the meaning given it in the Atomic Energy Act of 1954 or in any law amendatory thereof;
  - 2) "Hazardous properties" includes any solid, liquid, gaseous or thermal substance that is radioactive, toxic, or explosive, or contains irritant or contaminant properties. This includes but is not limited to:
    - a) Smoke, vapor, soot, fumes, acids, alkalis, toxic chemicals, asbestos, lead.
    - b) Explosive or flammable substances.
    - c) Any waste material or product (this includes, but is not limited to, materials that may be recycled, reconditioned, or reclaimed, whether or not known to result in environmental damage).
    - d) Any harmful biological, pathogenic, poisonous or toxic chemical, liquid, gas or substance;
  - 3) "Nuclear facility" means:
    - a) Any "nuclear reactor";
    - b) Any equipment or device designed or used for:
      - i. Separating the isotopes of uranium or plutonium;
      - ii. Processing or utilizing "spent fuel"; or
      - iii. Handling, processing or packaging "waste";
    - c) Any equipment or device used for the processing, fabricating or alloying of "special nuclear material" if at any time the total amount of such material in the custody of the insured at the premises where such equipment or device is located consists of or contains more than 25 grams of plutonium or uranium 233 or any combination thereof, or more than 250 grams of uranium 235;
    - d) Any structure, basin, excavation, premises or place prepared or used for the storage or disposal of "waste";

and includes the site on which any of the foregoing is located, all operations conducted on such site and all premises used for such operations;
  - 4) "Nuclear material" means "source material", "special nuclear material", "by-product material" or any other materials with radioactive properties;
  - 5) "Nuclear reactor" means any apparatus designed or used to sustain nuclear fission in a self-supporting chain reaction or to contain a critical mass of fissionable material;
  - 6) *Property Damage* includes all forms of radioactive contamination of property;
  - 7) "Source material" has the meaning given it in the Atomic Energy Act of 1954 or in any law amendatory thereof;



- 8) "Special nuclear material" has the meaning given it in the Atomic Energy Act of 1954 or in any law amendatory thereof;
- 9) "Spent fuel" means any fuel element or fuel component, solid or liquid, which has been used or exposed to radiation in a "nuclear reactor";
- 10) "Waste" means any waste material:
  - a) Containing "by-product material" other than the tailings or wastes produced by the extraction or concentration of uranium or thorium from any ore processed primarily for its "source material" content; and
  - b) Resulting from the operation by any person or organization of any "nuclear facility" included under Subparagraphs **(a)** and **(b)** of the definition of "nuclear facility".

**4. Loss Due To By-Products Of Production Or Processing Operations**

With respect to rental unit(s) described in the Schedule, and to the building(s) in which such unit(s) are located, including any contents of such unit(s) and building(s), all of which constitute the described premises, this insurance does not apply to *Property Damage* caused by by-products of business production or processing operations, including by-products of a restaurant or cooking business operation, or the long-term presence of grease released by a tenant's restaurant's cooking operations, without regard to whether the risk is foreseeable, known or unknown. Additionally, we will not pay for loss or damage to the described premises, caused by or resulting from smoke, vapor, gas or any substance released in the course of production operations or processing operations performed at the rental unit(s) described in the Schedule. This exclusion applies regardless of whether such operations are:

- 1) Legally permitted or prohibited;
- 2) Permitted or prohibited under the terms of the lease; or
- 3) Usual to the intended occupancy of the premises.

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

If the loss or damage results in Business Income loss or Extra Expense, there is no coverage for such loss or expense under any Business Income or Extra Expense Additional Coverages.

The conduct of a tenant's production or processing operations will not be considered to be vandalism of the rental premises regardless of whether such operations are:

- 1) Legally permitted or prohibited;
- 2) Permitted or prohibited under the terms of the lease; or
- 3) Usual to the intended occupancy of the premises.

**C. Who Is An Insured**

1. If you are designated in the Declarations as:
  - a. An individual, you and your spouse are insureds, but only with respect to the conduct of a business of which you are the sole owner.
  - b. A partnership or joint venture, you are an insured. Your members, your partners and their spouses are also insureds, but only with respect to the conduct of your business.
  - c. A limited liability company, you are an insured. Your members are also insureds, but only with respect to the conduct of your business. Your managers are insureds, but only with respect to their duties as your managers.
  - d. An organization other than a partnership, joint venture or limited liability company, you are an insured. Your *Executive Officers* and directors are insureds, but only with respect to their duties as your officers or directors. Your stockholders are also insureds, but only with respect to their liability as stockholders.
  - e. A trust, you are an insured. Your trustees are also insureds, but only with respect to their duties as trustees.
2. Each of the following is also an insured:

- a. Your *Volunteer Workers* only while performing duties related to the conduct of your business, or your *Employees*, other than either your *Executive Officers* (if you are an organization other than a partnership, joint venture or limited liability company) or your managers (if you are a limited liability company), but only for acts within the scope of their employment by you or while performing duties related to the conduct of your business. However, none of these *Employees* or *Volunteer Workers* are insureds for:

1) *Bodily Injury or Personal and Advertising Injury*:

- a) To you, to your partners or members (if you are a partnership or joint venture), to your members (if you are a limited liability company), or to a co-*Employee* while in the course of his or her employment or performing duties related to the conduct of your business, or to your other *Volunteer Workers* while performing duties related to the conduct of your business;
- b) To the spouse, child, parent, brother or sister of that co-*Employee* as a consequence of Subparagraph (a) above;
- c) For which there is any obligation to share damages with or repay someone else who must pay damages because of the injury described in Subparagraph (a) or (b) above; or
- d) Arising out of his or her providing or failing to provide professional health care services.

2) *Property Damage* to property:

- a) Owned, occupied or used by;
- b) Rented to, in the care, custody or control of, or over which physical control is being exercised for any purpose by;

you, any of your *Employees*, *Volunteer Workers*, any partner or member (if you are a partnership or joint venture), or any member (if you are a limited liability company).

- b. Any person (other than your *Employee* or *Volunteer Worker*), or any organization while acting as your real estate manager.
- c. Any person or organization having proper temporary custody of your property if you die, but only:
  - 1) With respect to liability arising out of the maintenance or use of that property; and
  - 2) Until your legal representative has been appointed.
- d. Your legal representative if you die, but only with respect to duties as such. That representative will have all your rights and duties under this policy.

No person or organization is an insured with respect to the conduct of any current or past partnership, joint venture or limited liability company that is not shown as a Named Insured in the Declarations.

**D. Liability And Medical Expenses Limits Of Insurance**

- 1. The Limits of Insurance of Section II – Liability shown in the Declarations and the rules below fix the most we will pay regardless of the number of:
  - a. Insureds;
  - b. Claims made or *Suits* brought; or
  - c. Persons or organizations making claims or bringing *Suits*.
- 2. The most we will pay for the sum of all damages because of all:

- a. *Bodily Injury*, *Property Damage* and medical expenses arising out of any one *Occurrence*; and
- b. *Personal and Advertising Injury* sustained by any one person or organization;

is the Liability and Medical Expenses limit shown in the Declarations. But the most we will pay for all medical expenses because of *Bodily Injury* sustained by any one person is the Medical Expenses limit of \$5,000 unless otherwise shown in the Declarations.

3. The most we will pay under Business Liability Coverage for damages because of *Property Damage* to a premises while rented to you or in the case of fire while rented to you or temporarily occupied by you with permission of the owner is the applicable Damage To Premises Rented To You limit of \$100,000 unless otherwise shown for that premises in the Declarations. For a premises temporarily occupied by you, the applicable limit will be \$100,000 or the highest Damage To Premises Rented To You limit shown in the Declarations.

4. **Aggregate Limits**

The most we will pay for:

- a. All *Bodily Injury* and *Property Damage* that is included in the *Products-Completed Operations Hazard* is twice the Liability and Medical Expenses limit.
- b. All:
- 1) *Bodily Injury* and *Property Damage* except damages because of *Bodily Injury* or *Property Damage* included in the *Products-Completed Operations Hazard*;
  - 2) Plus medical expenses;
  - 3) Plus all *Personal and Advertising Injury* caused by offenses committed;
- is twice the Liability and Medical Expenses limit.

Subject to Subparagraph **a.** or **b.** above, whichever applies, the Damage To Premises Rented To You limit is the most we will pay for damages because of *Property Damage* to any one premises, while rented to you, or in the case of fire, while rented to you or temporarily occupied by you with permission of the owner.

The Limits of Insurance of Section II – Liability apply separately to each consecutive annual period and to any remaining period of less than 12 months, starting with the beginning of the policy period shown in the Declarations, unless the policy period is extended after issuance for an additional period of less than 12 months. In that case, the additional period will be deemed part of the last preceding period for purposes of determining the Limits of Insurance.

**E. Liability And Medical Expenses General Conditions**

**1. Bankruptcy**

Bankruptcy or insolvency of the insured or of the insured's estate will not relieve us of our obligations under this Policy.

**2. Duties In The Event Of Occurrence, Offense, Claim Or Suit**

- a. You must see to it that we are notified as soon as practicable of an *Occurrence* or an offense which may result in a claim. To the extent possible, notice should include:
- 1) How, when and where the *Occurrence* or offense took place;
  - 2) The names and addresses of any injured persons and witnesses; and
  - 3) The nature and location of any injury or damage arising out of the *Occurrence* or offense.
- b. If a claim is made or *Suit* is brought against any insured, you must:
- 1) Immediately record the specifics of the claim or *Suit* and the date received; and
  - 2) Notify us as soon as practicable.
- You must see to it that we receive written notice of the claim or *Suit* as soon as practicable.
- c. You and any other involved insured must:
- 1) Immediately send us copies of any demands, notices, summonses or legal papers received in connection with the claim or *Suit*;
  - 2) Authorize us to obtain records and other information;
  - 3) Cooperate with us in the investigation or settlement of the claim or defense against the *Suit*; and
  - 4) Assist us, upon our request, in the enforcement of any right against any person or organization that may be liable to the insured because of injury or damage to which this insurance may also apply.

- d. No insured will, except at that insured's own cost, voluntarily make a payment, assume any obligation, or incur any expense, other than for first aid, without our consent.

### 3. Action Against Us

No person or organization may commence, cause to be commenced, or assert any action against us, unless:

- a. There has been full compliance with all terms and conditions of this Policy.
- b. Any action is brought within one (1) year after the date of the *Occurrence* or event which occasioned the sudden and accidental direct physical loss or damage from a Covered Cause of Loss.
- c. Any action asserted that relates to an arbitration award is not subject to Subsection (b) of this provision. Such an action must be brought within 180 days of the final award being entered, but no sooner than 45 days after the final award is entered.
- d. In the event any part of this provision is considered unenforceable, invalid, or void, any action against us must be brought within the shortest limit of time permitted by the applicable law of the state in which the loss occurred.

Nothing in this provision impacts your Duties in the Event of Damage, including, but not limited to, the duty to provide prompt notice of damage.

A person or organization may bring an action against us to recover on an agreed settlement with us or on a final judgment against an insured; but we will not be liable for damages that are not payable under the terms of this policy or that are in excess of the applicable Limit of Insurance. An agreed settlement means a settlement and release of liability signed by us, the insured and the claimant or the claimant's legal representative.

### 4. Separation Of Insureds

Except with respect to the Limits of Insurance of Section II – Liability, and any rights or duties specifically assigned in this policy to the first Named Insured, this insurance applies:

- a. As if each Named Insured were the only Named Insured; and
- b. Separately to each insured against whom claim is made or *Suit* is brought.

## F. Liability And Medical Expenses Definitions

- 1. *Advertisement* means a notice that is broadcast or published to the general public or specific market segments about your goods, products or services for the purpose of attracting customers or supporters. For the purposes of this definition:
  - a. Notices that are published include material placed on the Internet or on similar electronic means of communication; and
  - b. Regarding web sites, only that part of a web site that is about your goods, products or services for the purposes of attracting customers or supporters is considered an *Advertisement*.
- 2. *Auto* means:
  - a. A land motor vehicle, trailer or semitrailer designed for travel on public roads, including any attached machinery or equipment; or
  - b. Any other land vehicle that is subject to a compulsory or financial responsibility law or other motor vehicle insurance or motor vehicle registration law where it is licensed or principally garaged.However, *Auto* does not include *Mobile Equipment*.
- 3. *Bodily Injury* means bodily injury, sickness or disease sustained by a person, including death resulting from any of these at any time.
- 4. *Coverage Territory* means:
  - a. The United States of America (including its territories and possessions), Puerto Rico and Canada;
  - b. International waters or airspace, but only if the injury or damage occurs in the course of travel or transportation between any places included in Subparagraph a. above; or
  - c. All other parts of the world if the injury or damage arises out of:
    - 1) Goods or products made or sold by you in the territory described in Subparagraph a. above;

- 2) The activities of a person whose home is in the territory described in Subparagraph **a.** above, but is away for a short time on your business; or
- 3) *Personal and Advertising Injury* offenses that take place through the Internet or similar electronic means of communication;

provided the insured's responsibility to pay damages is determined in a *Suit* on the merits in the territory described in Subparagraph **a.** above or in a settlement we agree to.

5. *Employee* includes a *Leased Worker*. *Employee* does not include a *Temporary Worker*.
6. *Executive Officer* means a person holding any of the officer positions created by your charter, constitution, bylaws or any other similar governing document.
7. Hostile Fire means one which becomes uncontrollable or breaks out from where it was intended to be.
8. *Impaired Property* means tangible property, other than *Your Product* or *Your Work*, that cannot be used or is less useful because:
  - a. It incorporates *Your Product* or *Your Work* that is known or thought to be defective, deficient, inadequate or dangerous; or
  - b. You have failed to fulfill the terms of a contract or agreement;if such property can be restored to use by:
  - 1) The repair, replacement, adjustment or removal of *Your Product* or *Your Work*; or
  - 2) Your fulfilling the terms of the contract or agreement.
9. *Insured Contract* means:
  - a. A contract for a lease of premises. However, that portion of the contract for a lease of premises that indemnifies any person or organization for damage by fire to premises while rented to you or temporarily occupied by you with permission of the owner is not an *Insured Contract*;
  - b. A sidetrack agreement;
  - c. Any easement or license agreement, except in connection with construction or demolition operations on or within 50 feet of a railroad;
  - d. An obligation, as required by ordinance, to indemnify a municipality, except in connection with work for a municipality;
  - e. An elevator maintenance agreement;
  - f. That part of any other contract or agreement pertaining to your business (including an indemnification of a municipality in connection with work performed for a municipality) under which you assume the tort liability of another party to pay for *Bodily Injury* or *Property Damage* to a third person or organization. Tort liability means a liability that would be imposed by law in the absence of any contract or agreement.Subparagraph **f.** does not include that part of any contract or agreement:
  - 1) That indemnifies a railroad for *Bodily Injury* or *Property Damage* arising out of construction or demolition operations, within 50 feet of any railroad property and affecting any railroad bridge or trestle, tracks, roadbeds, tunnel, underpass or crossing;
  - 2) That indemnifies an architect, engineer or surveyor for injury or damage arising out of:
    - a) Preparing, approving or failing to prepare or approve maps, drawings, opinions, reports, surveys, field orders, change orders, designs or specifications; or
    - b) Giving directions or instructions, or failing to give them, if that is the primary cause of the injury or damage; or
  - 3) Under which the insured, if an architect, engineer or surveyor, assumes liability for an injury or damage arising out of the insured's rendering or failure to render professional services, including those listed in Subparagraph **(2)** above and supervisory, inspection, architectural or engineering services.
10. *Leased Worker* means a person leased to you by a labor leasing firm under an agreement between you and the labor leasing firm, to perform duties related to the conduct of your business. *Leased Worker* does not include a *Temporary Worker*.

11. *Loading or Unloading* means the handling of property:
- a. After it is moved from the place where it is accepted for movement into or onto an aircraft, watercraft or *Auto*;
  - b. While it is in or on an aircraft, watercraft or *Auto*; or
  - c. While it is being moved from an aircraft, watercraft or *Auto* to the place where it is finally delivered; but *Loading or Unloading* does not include the movement of property by means of a mechanical device, other than a hand truck, that is not attached to the aircraft, watercraft or *Auto*.
12. *Mobile Equipment* means any of the following types of land vehicles, including any attached machinery or equipment:
- a. Bulldozers, farm machinery, forklifts and other vehicles designed for use principally off public roads;
  - b. Vehicles maintained for use solely on or next to premises you own or rent;
  - c. Vehicles that travel on crawler treads;
  - d. Vehicles, whether self-propelled or not, on which are permanently mounted:
    - 1) Power cranes, shovels, loaders, diggers or drills; or
    - 2) Road construction or resurfacing equipment such as graders, scrapers or rollers;
  - e. Vehicles not described in Subparagraph **a.**, **b.**, **c.** or **d.** above that are not self-propelled and are maintained primarily to provide mobility to permanently attached equipment of the following types:
    - 1) Air compressors, pumps and generators, including spraying, welding, building cleaning, geophysical exploration, lighting and well servicing equipment; or
    - 2) Cherry pickers and similar devices used to raise or lower workers;
  - f. Vehicles not described in Subparagraph **a.**, **b.**, **c.** or **d.** above maintained primarily for purposes other than the transportation of persons or cargo.
- However, self-propelled vehicles with the following types of permanently attached equipment are not *Mobile Equipment* but will be considered *Autos*:
- 1) Equipment designed primarily for:
    - a) Snow removal;
    - b) Road maintenance, but not construction or resurfacing; or
    - c) Street cleaning;
  - 2) Cherry pickers and similar devices mounted on automobile or truck chassis and used to raise or lower workers; and
  - 3) Air compressors, pumps and generators, including spraying, welding, building cleaning, geophysical exploration, lighting and well servicing equipment.
- However, *Mobile Equipment* does not include land vehicles that are subject to a compulsory or financial responsibility law or other motor vehicle insurance or motor vehicle registration law where they are licensed or principally garaged. Land vehicles subject to a compulsory or financial responsibility law or other motor vehicle insurance law or motor vehicle registration law are considered *Autos*.
13. *Occurrence* means an accident, including continuous or repeated exposure to substantially the same general harmful conditions.
14. *Personal and Advertising Injury* means injury, including consequential *Bodily Injury*, arising out of one or more of the following offenses:
- a. False arrest, detention or imprisonment;
  - b. Malicious prosecution;
  - c. The wrongful eviction from, wrongful entry into, or invasion of the right of private occupancy of a room, dwelling or premises that a person occupies, committed by or on behalf of its owner, landlord or lessor;
  - d. Oral or written publication, in any manner, of material that slanders or libels a person or organization or disparages a person's or organization's goods, products or services;

- e. Oral or written publication, in any manner, of material that violates a person's right of privacy;
  - f. The use of another's advertising idea in your *Advertisement*, or
  - g. Infringing upon another's copyright, trade dress or slogan in your *Advertisement*.
15. *Pollutants* means any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste. Waste includes materials to be recycled, reconditioned or reclaimed, whether or not known to result in environmental damage. *Pollutants* also includes any harmful biological, pathogenic, poisonous or toxic chemical, liquid, gas or substance.
16. *Products-Completed Operations Hazard*:
- a. Includes all *Bodily Injury* and *Property Damage* occurring away from premises you own or rent and arising out of *Your Product* or *Your Work* except:
    - 1) Products that are still in your physical possession; or
    - 2) Work that has not yet been completed or abandoned. However, *Your Work* will be deemed completed at the earliest of the following times:
      - a) When all of the work called for in your contract has been completed.
      - b) When all of the work to be done at the job site has been completed if your contract calls for work at more than one job site.
      - c) When that part of the work done at the job site has been put to its intended use by any other person or organization other than another contractor or subcontractor working on the same project.

Work that may need service, maintenance, correction, repair or replacement, but which is otherwise complete, will be treated as completed.

The *Bodily Injury* or *Property Damage* must occur away from premises you own or rent, unless your business includes the selling, handling or distribution of *Your Product* for consumption on premises you own or rent.
  - b. Does not include *Bodily Injury* or *Property Damage* arising out of:
    - 1) The transportation of property, unless the injury or damage arises out of a condition in or on a vehicle not owned or operated by you, and that condition was created by the *Loading or Unloading* of that vehicle by any insured; or
    - 2) The existence of tools, uninstalled equipment or abandoned or unused materials.
17. *Property Damage* means:
- a. Physical injury to tangible property, including all resulting loss of use of that property. All such loss of use shall be deemed to occur at the time of the physical injury that caused it; or
  - b. Loss of use of tangible property that is not physically injured. All such loss of use shall be deemed to occur at the time of the *Occurrence* that caused it.
- For the purposes of this insurance, electronic data is not tangible property.
- As used in this definition, electronic data means information, facts or programs stored as, created or used on, or transmitted to or from computer software, including systems and applications software, hard or floppy disks, CD-ROMs, tapes, drives, cells, data processing devices or any other media which are used with electronically controlled equipment.
18. *Suit* means a civil proceeding in which damages because of *Bodily Injury*, *Property Damage*, or *Personal and Advertising Injury* to which this insurance applies are alleged. *Suit* includes:
- a. An arbitration proceeding in which such damages are claimed and to which the insured must submit or does submit with our consent; or
  - b. Any other alternative dispute resolution proceeding in which such damages are claimed and to which the insured submits with our consent.
19. *Temporary Worker* means a person who is furnished to you to substitute for a permanent *Employee* on leave or to meet seasonal or short-term workload conditions.

20. *Volunteer Worker* means a person who is not your *Employee*, and who donates his or her work and acts at the direction of and within the scope of duties determined by you, and is not paid a fee, salary or other compensation by you or anyone else for their work performed for you.

21. *Your Product*:

a. Means:

- 1) Any goods or products, other than real property, manufactured, sold, handled, distributed or disposed of by:
  - a) You;
  - b) Others trading under your name; or
  - c) A person or organization whose business or assets you have acquired; and
- 2) Containers (other than vehicles), materials, parts or equipment furnished in connection with such goods or products.

b. Includes:

- a. Warranties or representations made at any time with respect to the fitness, quality, durability, performance or use of *Your Product*; and
- b. The providing of or failure to provide warnings or instructions.
- c. Does not include vending machines or other property rented to or located for the use of others but not sold.

22. *Your Work*:

a. Means:

- 1) Work or operations performed by you or on your behalf; and
- 2) Materials, parts or equipment furnished in connection with such work or operations.

b. Includes:

- 1) Warranties or representations made at any time with respect to the fitness, quality, durability, performance or use of *Your Work*; and
- 2) The providing of or failure to provide warnings or instructions.

**SECTION III – COMMON POLICY CONDITIONS (APPLICABLE TO SECTION I – PROPERTY AND SECTION II – LIABILITY)**

**A. Cancellation, Non-Renewal, and Additions or Deletions**

1. If we do not receive any payment for this Policy, there is no contract or coverage, and a flat cancellation will be issued.
2. This Policy can be canceled by you by providing:
  - a. An advanced written request for cancellation stating when the cancellation shall be effective; and
  - b. The original Policy or a lost policyholder release signed by you or your legal representative.
  - c. Minimum earned premium may apply per Minimum Earned Premium Endorsement LUCL NA 405.
3. We may cancel this Policy by giving you at least thirty (30) days written notice of cancellation for all cancellation reasons except mid-term non-payment of premium.
4. We may cancel this Policy by giving you at least ten (10) days written notice of cancellation for mid-term non-payment of premium.
5. Notwithstanding paragraph A.3. and 4. above, we may void this Policy, meaning that coverage is cancelled as of the inception date of this Policy, without providing advance notice, if you or your representatives have concealed or misrepresented any material fact or circumstance, made a material misstatement or a material misrepresentation when applying for this Policy, or committed fraud or false swearing as it relates to this Policy. We may provide written notice if this Policy is voided ab initio per



the foregoing, but such notice shall not be required to be provided in advance of the void or cancellation effective date.

6. The cancellation will be effective even if a refund has not been made or offered.
7. If you cancel this Policy, we will send you any premium refund due subject to any earned premium and fees provisions affixed to this Policy.
8. The Policy may be non-renewed on the anniversary of the Policy. This Policy will be non-renewed by us, in compliance with state statutes controlling non-renewal, if applicable, and will include the reason for non-renewal. If there is no controlling law or regulation, the written non-renewal notice will be mailed at least thirty (30) days prior to the end of the Policy period, and proof of mailing will be sufficient proof of notice of the non-renewal. If a notice conditioning renewal on changes to the offered limits, covered perils, premium, terms, conditions, or exclusions is sent, such notice shall not be deemed a non-renewal unless that renewal is not accepted. If the conditional offer is not accepted, the Policy will end, and all coverage ceases at the expiration of the Policy period. Failure to pay the premium applicable to any renewal term will mean that you have not accepted the renewal offer, and this Policy will expire, and all coverage will cease, at the end of the Policy period. Proof of mailing of any cancellation or non-renewal notice to any additional Insureds, loss payees, or mortgagee endorsed onto this Policy shall be sufficient proof of notice.
9. Expiration. This Policy will automatically end and all coverage ceases at the expiration of the Policy period if no offer to renew is extended or if an offer to renew is not accepted.
10. Additions and Deletions:
  - a. Coverage cannot be increased and additional *Locations* cannot be added if a *Named Storm* is in existence, unless with our express written consent.
  - b. Nothing will act to provide coverage for the Newly Acquired Property:
    - (1) Beyond a period of sixty (60) days from the date of acquisition or lease of such property; or
    - (2) When we notify you that we will not bind the Newly Acquired Property.
11. Proof of mailing will be sufficient proof of notice of cancellation.

## **B. Changes**

This Policy, the Declarations, and any endorsements issued by us contains all the agreements between you and us for this insurance. The first Named Insured shown in the Declarations is authorized to make changes to the terms of this Policy with our consent. This Policy's terms can be amended or waived only by endorsement issued by us and made a part of this Policy. You agree to give us prompt notice if any of the material information we received from you and is shown in the Declarations changes. Material information includes, but is not limited to, changes in the condition or description of the Covered Property and changes in your interest in the Covered Property.

## **C. Concealment, Misrepresentation, or Fraud**

It is agreed that:

1. We have the right to rescind and void this Policy from its inception if in the initial application you or your representative:
  - a. Made untrue or incorrect statements or representations to us or our authorized agent as to any material fact;
  - b. Concealed, omitted, or misrepresented any material fact; or
  - c. Engaged in fraudulent conduct.

A fact is deemed "material" to us if we would not have: issued the Policy, agreed to insure the risk, or insure the risk at the premium charged if the truth were known to us. Material facts include, but are not limited to, the condition or description of the Covered Property and your interest in the Covered Property.

2. After the initial application, any changes to this Policy that we make at your request are made in reliance upon the information you or your representative provide. If you or your representative:
  - a. Made untrue or incorrect statements or representations to us or our authorized agent as to any material fact;
  - b. Concealed, omitted, or misrepresented any material fact; or
  - c. Engaged in fraudulent conduct

In connection with a requested change or at the time of renewal, we have the right to, at our option:

- a. Rescind and void this Policy effective the date of that change; or
  - b. Reform the Policy as it existed immediately prior to the requested change.
3. We have the right to rescind and void this Policy back to the date of renewal, and will do so, if at renewal you or your representative:
    - a. Made incorrect or untrue statements or representations to us or our authorized agent as to any material fact;
    - b. Concealed, omitted, or misrepresented any material fact; or
    - c. Engaged in fraudulent conduct.
  4. Our receipt of a valid payment in full of the initial down-payment of premium when due is a condition for issuing this Policy. If the initial down-payment is unpaid or dishonored by the issuing financial institution for any reason (such as being made with an uncollectible instrument, NSF check, closed account, refused credit card, or any other payment that is rejected or not honored upon presentment), we have the right to void the entire Policy from its inception and start date.

If we rescind and void this Policy, it is as if the contract was never formed and there is NO coverage for any accidents, claims, damages, losses, or expenses.

Additionally, coverage and benefits will not be provided under this Policy to or for you or any insured or other person who has, with respect to any accident, loss, or claim under this Policy:

1. Misrepresented, concealed, omitted, or misstated a material fact or circumstance;
2. Engaged in fraudulent conduct; or
3. Aided, abetted, or directed any behavior of the acts listed above in this clause.

#### **D. Reimbursement by You to Us**

If we assert any of our rights to rescind or void this Policy, you are responsible to repay us for all:

1. Amounts we are required by law to pay, and our related expenses, if law requires us to make payment to protect any innocent third parties or requires us to pay any other amount; and
2. Our lawyer fees, costs, and expenses if you, or your assignee or representative, dispute our right to void or deny coverage due to any conduct that caused us to rescind or void the Policy or deny a claim and we prevail in any legal action to resolve that issue.

#### **E. Examination of Your Books and Records**

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

#### **F. Inspections and Surveys**

1. We have the right to:
  - a. Make inspections and surveys at any time;
  - b. Give you reports on the conditions we find; and
  - c. Recommend changes.
2. We are not obligated to make any inspections, surveys, reports, or recommendations, and any such actions we do undertake relate only to insurability and the premiums to be charged. We do not make safety inspections. We do not undertake to perform the duty of any person or organization to provide for the health or safety of workers or the public. And we do not warrant that conditions:
  - a. Are safe and healthful; or

- b. Comply with laws, regulations, codes, or standards.
- 3. Subparagraph **1.** and **2.** of this condition apply not only to us but also to any rating, advisory, rate service, or similar organization which makes insurance inspections, surveys, reports, or recommendations.
- 4. Subparagraph **2.** of this condition does not apply to any inspections, surveys, reports, or recommendations we may make relative to certification, under state or municipal statutes, ordinances or regulations, of boilers, pressure vessels, or elevators.

**G. 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. No one shall receive payments from us that duplicate the same elements of damages, loss, costs, or expense already paid or to be payable under this policy or from any source of benefit or recovery.

**H. Liberalization**

If we adopt any revision that would broaden the coverage under this Policy without additional premium within 30 days prior to or during the Policy period, the broadened coverage will immediately apply to this Policy.

**I. Other Insurance**

- 1. If there is other insurance covering the same loss or damage, 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 of Section I – Property.
- 2. Business Liability Coverage is excess over:
  - a. Any other insurance that insures for direct physical loss or damage; or
  - b. Any other primary insurance available to you covering liability for damages arising out of the premises or operations for which you have been added as an additional insured.
- 3. When this insurance is excess or secondary, we will have no duty under Business Liability Coverage to defend any claim or *Suit* that any other insurer has a duty to defend. If no other insurer defends, we will undertake to do so; but we will be entitled to the insured's rights against all those other insurers.

**J. Premiums**

- 1. The first Named Insured shown in the Declarations:
  - a. Is responsible for the payment of all premiums; and
  - b. Will be the payee for any return premiums we pay.
- 2. The premium shown in the Declarations was computed based on rates in effect at the time the Policy was issued. On each renewal, continuation, or anniversary of the effective date of this Policy, we will compute the premium in accordance with our rates and rules then in effect.
- 3. With our consent, you may continue this Policy in force by paying a continuation premium for each successive one-year period. The premium must be:
  - a. Paid to us prior to the anniversary date; and
  - b. Determined in accordance with Paragraph **2.**, above.

Our forms then in effect will apply. If you do not pay the continuation premium, this Policy will expire on the first anniversary date that we have not received the premium.
- 4. Undeclared exposures or change in your business operation, acquisition, or use of *Locations* may occur during the Policy period that are not shown in the Declarations. If this occurs, we may require an additional premium. That premium will be determined in accordance with our rates and rules then in effect.

**K. Premium Audit**

- 1. This Policy is subject to audit if a premium designated as an advance premium is shown in the Declarations. We will compute the final premium due when we determine your actual exposures.

2. Premium shown in this Policy as advance premium is a deposit premium only. At the close of each audit period, we will compute the earned premium for that period and send notice to the first Named Insured. The due date for audit premiums is the date shown as the due date on the bill. If the sum of the advance and audit premiums paid for the Policy period is greater than the earned premium, we will return the excess to the first Named Insured.
3. The first Named Insured must keep records of the information we need for premium computation and send us copies at such times as we may request.

**L. Transfer of Rights of Recovery Against Others to Us**

1. Applicable to Business Owners 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
- b. After a loss to your Covered Property only if, at 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.

You may also accept the usual bills of lading or shipping receipts limiting the liability of carriers.

This will not restrict your insurance.

2. Applicable to Business Owners Liability Coverage:

If the insured has rights to recover all or part of any payment we have made under this policy, those rights are transferred to us. The insured must do nothing after loss to impair them. At our request, the insured will bring *Suit* or transfer those rights to us and help us enforce them. This condition does not apply to Medical Expenses Coverage.

**M. Transfer or Assignment of Your Rights and Duties Under this Policy**

Your rights, interests, and duties under this Policy may not be transferred or assigned without our written consent except in the case of death of an individual Named Insured or where we have given our written consent to the assignment of medical expense benefits.

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

Any person or insured who obtains any interest in this Policy or its benefits is subject to all the terms and conditions of the Policy. Policy notice requirements are met if we mail the notice to the deceased named insured's last known address in our records.

**N. Policy Not Severable or Divisible**

1. This Policy is neither severable nor divisible.
2. Any cancellation or nonrenewal of the Policy, no matter the reason, will be effective for all persons, property, and parties.

**O. Compliance with Law**

This Policy and all its terms will be applied to comply with state law. If any of the terms of this Policy do not comply with the laws of the state where this Policy is issued (as shown in our records), those terms are amended to comply with applicable law, and all other terms remain unchanged.

**P. Electronic Transactions**

It is agreed between you and us that:

1. Electronic signatures, notices, and forms:
  - a. May be used to transact this insurance;
  - b. Will satisfy any legal or other requirement for written signatures, notices, or delivery of forms; and
  - c. Shall include, but are not limited to, any acceptance, agreement, assent election, selection, rejection, notice, or form done as a recorded telephonic signature or assent or sent via e-mail, internet, mobile application, text message, or fax.
2. You will notify us if you are unable to print, download, or otherwise retain documents delivered electronically by us to you.
3. When a law requires a signature on any form or document or letter or document to be notarized, verified, acknowledged, or made under oath, the electronic signatures will satisfy this requirement if the signature of the person authorized to perform the service of notarizing, verification, or acknowledgment is attached or logically associated with the signature or electronic signatures of record.

**Q. Notice and Proof**

1. Your notice to our authorized agent shall be deemed to be notice to us.
2. Notice from us to any Named Insured is deemed notice to all Named Insureds on the Policy.
3. Notice from us will be done as follows when allowed by law:
  - a. We may send or deliver any notice by electronic devices, means, or other methods instead of mailing. By accepting this Policy, you consent to receipt of all notices from us by electronic means.
  - b. Sufficient proof of notice includes, but is not limited to, proof of:
    - 1) Mailing evidenced by a business record that the notice has been presented to the United States Postal Service for mailing, which may be shown by use of:
      - a) Any certificate of mailing or certificate of bulk mailing;
      - b) Intelligent mail barcode or another similar tracking method used and approved by the United States Postal Service; or
      - c) Any other credible proof of mailing or sending of actual notice; or
    - 2) Electronic delivery directly to any named insured, including records maintained in the ordinary course of our business.
4. Sufficient proof we have sent notice is any proof we have:
  - a. Mailed notice; or
  - b. Sent or delivered notice electronically or by any other means.

**R. 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 Policy at any one or more locations will not affect coverage at any *Location* where, at the time of damage, the breach of condition does not exist.

**S. Currency**

Any amount of money specified in the policy, including Limits of Insurance, Deductibles, and Premiums, shall be in the currency of the United States of America.

**T. Increase in Hazard**

If the circumstances in which this insurance was entered shall be altered or if the risk shall be materially increased, you shall give us notice as soon as possible.

**U. Action Against Us**

No person or organization may commence, cause to be commenced, or assert any action against us unless:

1. There has been full compliance with all terms and conditions of this Policy; and

2. Any action must be brought within one (1) year after the date of the *Occurrence* or event which occasioned the sudden and accidental direct physical loss or damage from a Covered Cause of Loss or within the shortest limit of time permitted by applicable law, whichever is longer.
3. Any action asserted that relates to an arbitration award is not subject to Subsection (b) of this provision. Such an action must be brought within 180 days of the final award being entered, but no sooner than 45 days after the final award is entered.
4. In the event any part of this provision is considered unenforceable, invalid, or void, any action against us must be brought within the shortest limit of time permitted by the applicable law of the state in which the loss occurred.
5. Damages outside the terms and conditions of this Policy and more than the Policy sublimits and limits will not be paid. Any settlements agreed to must be signed by all parties involved and must release us from all future liability.

Nothing in this provision impacts your Duties in the Event of Damage, including, but not limited to, the duty to provide prompt notice of damage.

**V. Location and Building Details**

The *Locations* and buildings, as provided by you at Policy inception and each subsequent Policy term, as listed on the Location and Building Detail of the Declarations, shall consist 100% of the Property and Business Income Values for all insured *Locations*.

Such values shall be reported separately for each *Location*, with separate figures shown for each type of coverage at each *Location*. The property values shall be shown on a *Replacement Cost* basis for property which is covered on a *Replacement Cost* basis and on an *Actual Cash Value* basis for other property. The value of *Stock* and supplies to be included in the property values shall be in accordance with the Loss Settlement Conditions clause contained in this Policy and shall be based on the approximate average of the *Stock* and supplies on hand during the twelve months immediately preceding the annual review of values. Business Income Values (if covered) shall be provided in accordance with the terms of the applicable Business Income Coverages provisions.

**W. No Benefit to Bailee**

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

**X. Reinstatement of Limits**

Except for any Covered Cause of Loss which is subject to an annual aggregate limit or Sublimit of Insurance, payment of a claim will not reduce the amount payable under this Policy for any subsequent covered loss.

**Y. Several Liability Clause**

Our Limit of Insurance under this Policy for covered losses is several and not joint with other insurers party to this contract. We are liable only for the proportion of insurance we have underwritten. We are not jointly liable for the proportion of insurance underwritten by any other insurer. Nor are we otherwise responsible for any liability of any other insurer that may underwrite this Policy.

Our liability may not be increased if any other insurer or other party to this contract does not satisfy all or part of its obligations.

**Z. Titles of Paragraphs**

The titles of the various paragraphs of this Policy (and of endorsements included in this Policy) are solely for reference and shall not in any way affect the provisions to which they relate.