

FLORIDA POLICYHOLDER NOTICE

SURPLUS LINES INSURERS' POLICY RATES AND FORMS ARE NOT APPROVED BY ANY FLORIDA REGULATORY AGENCY.

SURPLUS LINES AGENT: Dawn M. Belin

LIC # A290258

318 South US Hwy One, Ste 206

Jupiter, FL 33477

PROD. AGT. Patricia Bailey

Street P.O Box 1030

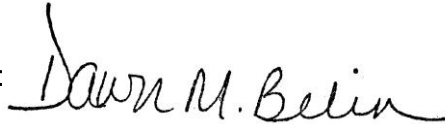
City Brandon Zip 33509

This insurance is issued pursuant to the Florida Surplus Lines Laws. Persons insured by Surplus Lines carriers do not have the protection of the Florida Insurance Guaranty Act to the extent of any right of recovery for the obligation of an insolvent unlicensed insurer.

Quarter 2ND 2021

Premium \$86,093.00 Tax \$4,267.07

Agents Countersignature:



Policy Fee:	<u>\$100.00</u>
Inspection Fee:	<u>\$185.00</u>
FL SL Tax:	<u>\$4,267.07</u>
FSLSO Service Fee:	<u>\$51.83</u>
Hurricane Cat. Fund:	<u>N/A</u>
Citizens Assessment Fee:	<u>N/A</u>
EMPA Surcharge:	<u>\$4.00</u>
<u>Total Payable at Inception :</u>	<u>\$90,700.90</u>



COMMERCIAL PROPERTY POLICY DECLARATIONS

This insurance is provided by the Company listed below:

Renaissance Re Syndicate 1458
HDI Global Specialty SE
Arcus Syndicate 1856
W. R. Berkley Syndicate 1967
Western World Insurance Company
Navigators Specialty Insurance Company
General Security Indemnity Company of Arizona
Evanston Insurance Company
United Specialty Insurance Company
The Princeton Excess and Surplus Lines Insurance Company

Policy Number:	JEM-21-PP-1224	Renewal of Number:	New
Named Insured and Mailing Address: Regency Key Homeowners Association Inc 24701 US Highway 19 North Suite 102 Clearwater, FL 33763		Program Administrator and Mailing Address: JEM Underwriting Managers 180 N. Stetson Ave, Suite 4600 Chicago, IL 60601	
Policy Period: Effective Date: 5/14/2021 Expiration Date: 5/14/2022 <i>12:01 A.M. standard time both dates at the Named Insured Address stated above.</i>		Producer and Mailing Address: RT Specialty, a division of RSG Specialty, LLC 12750 Citrus Park Ln, Ste 110 Tampa, FL 33625 Producer Code: 2262	
Policy Territory: 50 States of the United States of America & District of Columbia excluding Puerto Rico and US Virgin Islands			

Premium: \$85,000.00
TRIA Premium: Declined
Equipment Breakdown Premium: \$1,093.00
Inspection Fee \$185.00
Total Premium: \$86,278.00
Minimum Earned Premium: \$21,250.00

CAT MEP Wording: As per attached CAT Minimum Earned Premium-JEM-CPC-108(2020)

JEM Underwriting Managers, LLC is a Delaware limited liability company and a subsidiary of Ryan Specialty Group, LLC. In California: JEM Insurance Services, LLC (License # pending).



THE PREMIUM AMOUNT DOES NOT INCLUDE SURPLUS LINES TAX. YOUR OFFICE IS RESPONSIBLE FOR THE COLLECTION AND FILINGS.

“THIS INSURANCE IS ISSUED PURSUANT TO THE FLORIDA SURPLUS LINES LAW. PERSONS INSURED BY SURPLUS LINES CARRIERS DO NOT HAVE THE PROTECTION OF THE FLORIDA INSURANCE GUARANTY ACT TO THE EXTENT OF ANY RIGHT OF RECOVERY FOR THE OBLIGATION OF AN INSOLVENT UNLICENSED INSURER.”

“SURPLUS LINES INSURERS’ POLICY RATES AND FORMS ARE NOT APPROVED BY ANY FLORIDA REGULATORY AGENCY.”



COMMERCIAL PROPERTY POLICY DECLARATIONS

This insurance is provided by the Company listed below:

Renaissance Re Syndicate 1458
HDI Global Specialty SE
Arcus Syndicate 1856
W. R. Berkley Syndicate 1967
Western World Insurance Company
Navigators Specialty Insurance Company
General Security Indemnity Company of Arizona
Evanston Insurance Company
United Specialty Insurance Company
The Princeton Excess and Surplus Lines Insurance Company

Policy Number:	JEM-21-PP-1224	Renewal of Number:	New
-----------------------	-----------------------	---------------------------	------------

Limit of Insurance:	\$20,588,300 excess of policy deductibles
Perils:	All Risks excluding Flood, Earth Movement and Sinkhole Loss, including CAT Ground Cover Collapse and Equipment Breakdown
Description of Property Covered:	Real Property
Coinsurance:	NIL
Total Insured Value at Inception:	\$20,588,300 as per schedule on file with the company
Valuation:	Replacement Cost on Real Property
Forms and Endorsements:	See Schedule of Forms and Endorsements

This Declaration is in addition to the Coverage Part Forms(s) and endorsements issued to complete the above captioned policy. The Schedules, Forms and Endorsements applicable to the overall policy and individual Coverage Parts and made a part of this policy at the time of issuance are listed on the **Schedule of Forms and Endorsements**.

JEM Underwriting Managers, LLC is a Delaware limited liability company and a subsidiary of Ryan Specialty Group, LLC. In California: JEM Insurance Services, LLC (License # pending).



Notice of Claims:

Company: Peninsula Insurance Bureau

Address: 2842 Lent Road, Apopka, FL 32712

Email Address: tpa@pibadjusters.com

Countersigned:

Sawn M. Belin

Kathleen Jarvis
Authorized Representative



ISSUING CARRIERS

SCHEDULE PARTICIPATING HEREON:

	<u>Insurer</u>	<u>Policy Number</u>	<u>Participation</u>
Security Package B			25.00%
	The Princeton Excess and Surplus Lines Insurance Company	9BA3PP0000080-00	100.00%
Total Security Package B:			100.00%
Security Package A			75.00%
	HDI Global Specialty SE	20016571156-21	15.00%
	General Security Indemnity Company of Arizona	3709701544-2100	7.50%
	Navigators Specialty Insurance Company	IS21HABJEM1089	10.00%
	United Specialty Insurance Company	WMA0001012-21	7.00%
	Renaissance Re Syndicate 1458	21016310440-21	32.50%
	Western World Insurance Company	VJM0001856-21	15.50%
	Arcus Syndicate 1856	21024230441-21	5.00%
	Evanston Insurance Company	EJM0001828-21	5.00%
	W.R. Berkley Syndicate 1967	20024371155-21	2.50%
Total Security Package A Participation:			100.00%

EQUIPMENT BREAKDOWN CARRIER POLICY NUMBERS

Insurer	Policy Number	Participation
HDI Global Specialty SE	20016571156-21	100%

JEM Underwriting Managers, LLC is a Delaware limited liability company and a subsidiary of Ryan Specialty Group, LLC. In California: JEM Insurance Services, LLC (License # pending).

SCHEDULE OF FORMS AND ENDORSEMENTS

The Forms and Endorsement listed below are attached to and change the policy.

Forms and Endorsements

Name	Number
Commercial Property Policy Declarations	JEM-DEC-01(2020)
Schedule of Forms	
Jem Property Form	JEM-CPC-37(2020)
Advisory Notice - Economic and Trade Sanctions U.S. Department of the Treasury Office of Foreign Assets Control (OFAC) Applicable Law (U.S.A.)	JEM-CPC-21(2018)
Application Of Sublimits Endorsement	JEM-CPC-46(2018)
Asbestos Exclusion	JEM-CPC-49(2018)
Biological or Chemical Materials Exclusion	JEM-CPC-04(2018)
Cancellation Clause	JEM-CPC-05(2018)
Claims Co-Operation Clause (LM3)	JEM-CPC-48(2018)
Catastrophic Ground Cover Collapse	JEM-CPC-65(2018)
Fraudulent Claim Clause	JEM-CPC-108(2020)
Mold, Mildew & Fungus Clause and Microorganism Exclusion (Time Limit and Sublimit)	JEM-CPC-38(2018)
Nuclear Incident Exclusion Clause-Liability-Direct (Broad)	JEM-CPC-42(2018)
Pre-Existing Property Damage Exclusion	JEM-CPC-50(2018)
Radioactive Contamination Exclusion Clause - Liability - Direct (U.S.A.)	JEM-CPC-69(2018)
Sanction and Limitation Exclusion Clause	JEM-CPC-41(2018)
Sanction Limitation and Exclusion Clause	JEM-CPC-54(2018)
Service of Suit Clause (U.S.A.) - NY	JEM-CPC-24(2018)
Several Liability Clause (Combined Certificate)	JEM-CPC-53(2018)
Several Liability Notice (Insurance)	JEM-CPC-66(2018)
Seepage & Pollution, Land, Air Water Exclusion & Debris Removal Endorsement	JEM-CPC-71(2018)
SCOR Service of Suit Clause Updated October 2020	JEM-CPC-51(2020-a)
War And Terrorism Exclusion Endorsement	JEM-CPC-92(2021)
Property Cyber and Data Exclusion	JEM-CPC-47(2018)
Actual Cash Value Limitation Roofs and Roof Surfacing	JEM-CPC-101(2020)
Additional Coverage Endorsement - Wind Driven Precipitation	JEM-CPC-74(2018)
U.S. Terrorism Risk Insurance Act of 2002 as Amended Not Purchased Clause	JEM-CPC-32(2018)
Communicable Disease Endorsement	JEM-CPC-109(2020)
CAT Minimum Earned Premium	LMA5393 25 March 2020 - JEM-CPC-107(2020)
Contract Allocation Endorsement	JEM-CPC-08(2018)
Equipment Breakdown Coverage Form	JEM-CPC-09(2018)
Earth Movement Exclusion	JEM-CPC-67(2018)
Electronic Data Recognition Exclusion (EDRE)	JEM-CPC-56(2018)
Ordinance or Law Coverage	JEM-CPC-12(2018)
Flood Exclusion	JEM-CPC-61(2018)
Equipment Breakdown Coverage Schedule	JEM-CPC-61(2018)
Equipment Breakdown Electronic Vandalism Limitation	JEM-CPC-13(2018)
Occurrence Limit of Liability - Stated Value	JEM-CPC-97(2021)
Sewer Backup and Underground Water	JEM-CPC-115(2021)
Producer Compensation Notice	JEM-CPC-18(2020)
	JEM-CPC-58(2018)
	G-3418-0-NAVG (09-19)
	- JEM-CPC-100(2020)

Florida Surplus Lines Notice (Guaranty Act)
Florida Surplus Lines Notice (Rates and Forms)
General Change Endorsement - Appraisal

LMA9037
LMA9038
JEM-CPC-113(2021)



JEM PROPERTY FORM

PROPERTY DAMAGE COVERAGE SCHEDULE	6
Premium	6
Policy Territory.....	6
Insured Location	6
Limit of Liability	6
Sub-Limits of Liability.....	7
DEDUCTIBLES	9
Unit of Insurance	10
Application of Deductibles.....	10
PROPERTY DAMAGE COVERAGE	12
Covered Property	12
Property Not Covered	12
EXTENSIONS OF PROPERTY DAMAGE COVERAGE	13
Accounts Receivable	14
Arson and Theft Reward.....	14
Debris Removal.....	15
Electronic Data Processing Equipment Breakdown	15
Electronic Data Processing Media Breakdown	15
Expediting Expense.....	15
Fine Arts	15
Fire Department Service Charge and Extinguishing Expenses	16
Leasehold Improvements and Betterments	16
Loss Adjusting Expenses.....	16
Miscellaneous Unnamed Locations	16
Newly Acquired Property	16
Ordinance or Law	16
Outdoor Property	18
Permanently Moored Piers, Docks and Wharves	18

Pollutant Clean Up and Removal.....	18
Preservation of Property	18
Professional Fees.....	19
Property Off-Premises	19
Property in Transit	19
Service Interruption	21
Sewer Back Up.....	22
Soft Costs.....	22
Valuable Papers and Records (Other Than Electronic Data)	22
TIME ELEMENT COVERAGE.....	22
COVERAGE.....	22
Business Income	22
Extra Expense	23
Leasehold Interest.....	23
Rental Value.....	24
Experience of the Business	24
TIME ELEMENT EXTENSIONS OF COVERAGE	24
Additional Property Management Fees.....	24
Civil Authority	25
Contingent Business Income – Direct Only.....	25
Emergency Evacuation Expense	25
Extended Period of Indemnity.....	25
Ingress or Egress	26
Service Interruption.....	26
Tenant Relocation Expense.....	26
TIME ELEMENT CONDITIONS.....	26
Resumption of Operations	26
Property in the Course of Construction including Soft Costs	27

Experience of the Business	27
COVERED CAUSES OF LOSS AND EXCLUSIONS	27
Covered Causes of Loss	27
Exclusions	28
GENERAL CONDITIONS.....	31
Cancellation Conditions	31
Changes to Policy.....	32
Inspections and Surveys.....	32
Premiums	32
Severability of Interests	33
Transfer of Insured Rights and Duties under this Policy	33
Vacancy	33
Subrogation	33
Coinsurance Waiver	34
Valuation	34
RELATIONSHIP BETWEEN LAYERS AND POLICIES	35
Priority of Payments	35
Drop Down Provision.....	35
Contributing Insurance	35
Excess Insurance	36
Underlying Insurance.....	36
Other Insurance.....	36
Insurance Under Two or More Coverages	36
Joint or Disputed Loss Agreement.....	36
Self-Insurance in Layers	38
CONDITIONS IN A LOSS	39
Notice of Loss.....	39
Abandonment	40

Appraisal	40
Control of Damaged Merchandise	40
Salvage and Recoveries	40
Loss Payment.....	40
ADDITIONAL CONDITIONS	41
Concealment, Misrepresentation, or Fraud	41
Knowledge or Control	41
Legal Action against Insureds.....	41
Mortgageholders.....	42
No Benefit to Bailee	42
Transfer of Rights of Recovery against Others to Insurers	42
Conformity with Statute.....	43
DEFINITIONS.....	43

PROPERTY DAMAGE COVERAGE SCHEDULE

A. Premium

The premium shown herein is the premium for the Policy Term and based on the values submitted at inception. This policy will charge additional premium for values added after the inception date based on those values and the appropriate rates for the exposures added. The Insurer may return premium for values sold after the inception date based upon the appropriate rates for exposures sold.

B. Policy Territory

This policy covers loss or damage occurring in the 50 states of the United States of America and the District of Columbia.

C. Insured Location

The coverages under this policy apply to an insured location unless otherwise provided.

An insured location is a location within the Policy Territory and:

1. listed on the Schedule of Locations attached to this policy or listed on the latest schedule on file with the Insurer; or
2. covered under the terms and conditions of the Property Off-Premises coverage extension; or
3. covered under the terms and conditions of the Miscellaneous Unnamed Locations coverage extension; or
4. covered under the terms and conditions of the Newly Acquired Property coverage extension.

D. Limit of Liability

The Insurer shall not be liable for more than US \$20,588,300 as a result of all covered loss or damage in any one occurrence regardless of the number of locations or coverages involved or perils insured under this policy.

Sub-Limits of Liability

The sub-limits of liability as specified under this provision, or any other part this policy or the endorsements attached hereto, are part of and not in addition to the Limit of Liability. These sub-limits do not increase the Limit of Liability or any other sub-limit. The Insurer shall not be liable for more than the sub-limit specified.

When a sub-limit is shown as in the aggregate, the Insurer's maximum limit of liability will not exceed such limit during the term of the policy.

When a sub-limit applies to property that sub-limit also applies to any time element coverage associated with that property.

When a sub-limit is shown as No Coverage, it means that no coverage is provided for that aspect of the policy to which that sub-limit applies.

Sub-limits of Liability:		All are per occurrence (unless shown as in the aggregate) and are part of, not in addition to, the Limit of Liability.	
PROPERTY DAMAGE COVERAGE - Extensions of Coverage			
1.	Accounts Receivable	\$250,000	
2.	Arson and Theft Reward	\$25,000	
3.	Debris Removal	\$250,000	Or 25% of the loss whichever is lesser
4.	Electronic Data Processing Equipment Breakdown	No Coverage Given	
5.	Electronic Data Processing Media Breakdown	No Coverage Given	
6.	Expediting Expense	\$100,000	
7.	Fine Arts	\$25,000 subject to \$5,000 any one item unless scheduled	
8.	Fire Department Service Charge and Extinguishing Expenses	\$10,000	
9.	Landscaping	\$100,000 subject to \$10,000 any one plant, tree or shrub	
10.	Mold, Mildew & Fungus Clause and Microorganism Exclusion (Time Limit and Sublimit)	\$15,000 Annual Aggregate	
11.	Loss Adjusting Expenses (excluding Public Adjusters and Attorney Fees, or any individual or entity directly or indirectly employed by an insurance broker are expressly excluded.)	\$100,000	
12.	Miscellaneous Unnamed Locations	No Coverage Given	
13.	Newly Acquired Property	\$250,000	
14.	Ordinance or Law	A - Included B & C (combined) - 10% of Building Value	
15.	Outdoor Property	\$10,000	
16.	Permanently Moored Piers, Docks and Wharves	No Coverage Given	

17.	Pollutant Clean Up and Removal	\$100,000	Annual Aggregate
18.	Preservation of Property	\$25,000	
19.	Professional Fees	\$25,000	
20.	Property Off-Premises	\$25,000	
21.	Property in Transit	No Coverage Given	
22.	Service Interruption	\$250,000	
23.	Sewer Back Up	\$25,000	
24.	Valuable Papers and Records	\$250,000	
25.	Wind Driven Precipitation	\$100,000	
26.	CAT Ground Cover Collapse	\$20,588,300	
27.	Underground pipes, flues, and drains	\$25,000	

Time Element Coverage			
1.	Business Income	No Coverage Given	
2.	Extra Expense	No Coverage Given	
3.	Leasehold Interest	No Coverage Given	
4.	Rental Value	No Coverage Given	
5.	Property in the Course of Construction including Soft Costs	No Coverage Given	

Time Element Coverage - Extensions of Coverage			
1.	Additional Property Management Fees	No Coverage Given	
2.	Civil Authority (30 day limitation)	No Coverage Given	
3.	Contingent Business Income – Direct Only	No Coverage Given	
4.	Emergency Evacuation Expense	No Coverage Given	
5.	Extended Period of Indemnity	No Coverage Given	
6.	Ingress or Egress (30 day limitation)	No Coverage Given	
7.	Newly Acquired Property	No Coverage Given	
8.	Service Interruption	No Coverage Given	
9.	Tenant Relocation Expense	No Coverage Given	

Endorsement – Extensions of Coverage			
1.	Earth Movement	No Coverage Given	Annual Aggregate
2.	Flood	No Coverage Given	Annual Aggregate

E. Deductibles

All losses, damages, or expenses arising out of a single occurrence shall be adjusted separately and the Insurer will be liable only if the Insured sustains a loss in a single occurrence greater than the applicable deductible specified below

1.	For each and every loss or damage to Covered Property to all locations, except as specifically stated below or in endorsements attached to this policy.	\$5,000 Property Damage 24 hours Time Element waiting period
2.	All Other Windstorm/Hail	\$25,000
3.	Named Storm	3% per building affected at the time of loss, subject to \$25,000 minimum

F. Unit of Insurance

In the application of the deductibles made a part of this coverage, each of the following shall be considered a separate Unit of Insurance:

1. Each separate building or structure
2. Electronic Data Processing Equipment and Media in each separate building or structure
3. Machinery and Equipment in each separate building or structure
4. Furniture and Fixtures in each separate building or structure
5. Inventory in each separate building or structure
6. Property in each yard of each separate building or structure
7. Time Element values impacted by the direct loss or damage that sustains loss or damage.

The values to be used when calculating the deductibles above shall be those as specified for each Unit of Insurance as shown in the most recent Statement of Values (SOV) on file with the Insurer. If the property damaged is a property in the course of construction and/ or during erection, renovation, alterations, additions, assembly and/ or installation, the values will be determined at the time of loss. When Time Element values are to be determined at the time of loss, the values will be calculated for the 12 months, which would have been earned, following the inception date of the policy term in which the loss occurs. Time element as used in this policy refers to the following coverage's:

- Business interruption (BI)
- Extra expense (EE)
- Leasehold Interest
- Rental Value and Rental Income
- Commissions, Profits, and Royalties
- Contingent Time Element (Contingent BI and Contingent EE)
- Ingress/ Egress
- Civil or Military Authority
- Service Interruption (On or Off premises)

G Application of Deductibles

Except as may be more specifically otherwise stated in this policy, deductibles will be applied according to the following provisions. For the purposes of applying these provisions, specific type of coverage shall mean those coverage(s) under Property Damage Coverage or any Time Element coverage and specific type of property shall mean a type of property (building or personal property) or as more specifically described in a deductible.

1. Stated percentage deductibles, dollar deductibles, time exclusion or Average Daily Value deductibles which are related to a specific type of coverage or a specific type of property shall be deducted separately with respect to each such coverage or property. If two or more separate deductible amounts apply to the same specific type of coverage or to the same specific type of property, the total to be deducted shall be the largest applicable deductible amount.
2. Deductibles which are not designated as applying to a specific type of coverage or a specific type of property are combined deductibles and shall be deducted from the total loss from all applicable coverages.

3. Except as otherwise stated in the policy, if loss arising out of one occurrence is subject to any combination of deductibles, then the amount to be deducted shall be the larger of the deductible amounts as provided for in 1. above, or the largest applicable combined deductible.
4. The deductible amount(s) as determined above shall be deducted from the total loss the Insured suffers arising out of one occurrence regardless of the number of locations involved, except as otherwise stated in the policy.
5. If a time deductible is designated, the Insurer will not be liable for any loss under that coverage that occurs during the specified time period immediately following the loss.
6. When the value of property insured is used in the calculation of a deductible, that value shall be determined according to the valuation provisions contained in this policy.

PROPERTY DAMAGE COVERAGE

A. Coverage

This policy insures against all risks of direct physical loss of or damage to the Insured's property occurring during the term of the policy caused by or resulting from any Covered Cause of Loss.

1. Covered Property

This policy insures the interest of the Insured in the following:

a. Real and Personal Property

This policy covers the interests of the Insured in all real and personal property while such property is located anywhere within the territorial limits of this policy, including while in due course of Transit, which is owned, used, leased or intended for use by the Insured, or for which the Insured may have an insurable interest or hereafter constructed, erected, installed, leased or intended for use by the Insured. The coverage includes but is not limited to the following:

A) Building, meaning a building or structure at an insured location, including all permanent installed fixtures, machinery and completed additions;

B) Personal property including personal property of the Insured's officials and employees while in the Insured's care, custody or control and while on the Insured's premises

C) Improvements and betterments with the Insured considered to be the sole and unconditional owner of the improvements and betterments as defined in the any contractual or lease agreements.

D) Property while in the course of construction and/or during erection, renovation, alterations, additions, assembly and/or installation.

2. Property Not Covered

Unless provided in the extensions of coverage, Covered Property does not include:

- a. Accounts, bills, currency, food stamps or other evidences of debt, money notes or securities or any other documents having a negotiable or market value. Lottery tickets held for sale are not securities;
- b. Animals;
- c. Automobiles held for sale;
- d. Bridges, roadways, walks, patios or other paved surfaces;

- e. Contraband, or property in the course of illegal transportation or trade;
- f. Land improvements including the cost of excavations, grading, backfilling or filling;
- g. Foundations of buildings, structures, machinery or boilers if their foundations are below:
 - A) The lowest basement floor; or
 - B) The surface of the ground, if there is no basement;
- h. Water, except impounded water that is contained within any piping system or fire extinguishing system;
- i. Personal property while airborne or waterborne;
- j. Bulkheads, pilings, piers, wharves or docks;
- k. Property that is covered under any other policy in which it is more specifically described, except for the excess of the amount due (whether the Insured can collect on it or not) from that other insurance;
- l. Retaining walls that are not part of a building;
- m. Vehicles or self-propelled machines (including spacecraft, aircraft or watercraft) that licensed for use on public roads and operated away from insured locations or on a satellite launch pad.
- n. Growing crops, standing timber and live animals
- o. Export and import shipments on ocean going watercraft during ocean Transit
- p. Offshore property, except structures extending from land or shore which are permanently moored to docks, banks or shore
- q. Underground mines and caverns and property herein
- r. Overhead transmission and distribution lines, unless within 1,000 feet of the Insured's premises

B. Extensions of Property Damage Coverage

This policy includes the following extensions of coverage. These extensions of coverage will not increase the Limit of Liability of this policy and are subject to the applicable sub-limit and policy provisions, including applicable exclusions and deductibles.

1. Accounts Receivable

This policy covers all sums due to the Insured from customers, provided the Insured is unable to effect collection thereof as the direct result of loss of or damage to records of accounts receivable. This policy covers interest charges on any loan to offset impaired collections pending repayment of such sums made uncollectible by such loss or damage and collection expense in excess of normal collection cost and made necessary because of such loss or damage. For the purposes of this insurance, credit card company charge media shall be deemed to represent sums due to the Insured from its customers.

This extension does not insure against loss due to bookkeeping, accounting or billing errors or omissions.

The Insurer shall be permitted to inspect the premises and the receptacles in which the records of accounts receivable are kept by the Insured, and to examine and audit the Insured's books and records at any time to verify the statements of any outstanding record of accounts receivable submitted by the Insured and the amount of recoveries of accounts receivable on which the Insurer has made any settlement.

When there is proof that a loss covered by this extension has occurred but the Insured cannot accurately establish the total amount of accounts receivable outstanding as of the date of such loss, such amount shall be based on the Insured's monthly statements and shall be computed as follows:

- A)** the monthly average of accounts receivable during the preceding twelve months which shall be adjusted in accordance with the percentage increase or decrease in the twelve months average of monthly accounts receivable preceding the month in which the loss occurs

- B)** the monthly amount of accounts receivable thus established shall be further adjusted in accordance with any demonstrable variance from the average for the particular month in which the loss occurred with consideration given to the normal fluctuations

There shall be deducted from the total amount of accounts receivable, however established, the amount of such accounts evidenced by records not lost or damaged, or otherwise established or collected by the Insured, and an amount to allow for probable bad debts which would normally have been uncollectible by the Insured. All unearned interest and service charges shall be deducted.

2. Arson and Theft Reward

This policy is extended to cover payment of any reward offered on the Insured's behalf that leads to a conviction of arson or theft to the insured property that sustains physical loss or damage insured by this policy. Payment of the reward is per occurrence regardless of the number of informants that provide information leading to a conviction.

3. Debris Removal

This policy is extended to cover the reasonable and necessary costs to remove debris from an insured location that remains as a direct result of direct physical loss or damage insured by this policy.

This policy does not cover the costs to extract pollutants from land or water or remove, restore or replace polluted land or water.

This policy shall not be liable for any debris removal cost or expense associated with removing contaminated or polluted uninsured property, nor the Pollutants or Contaminants therein or thereon, whether or not such contamination results from a Covered Cause of Loss.

4. Electronic Data Processing Equipment Breakdown

This policy is extended to cover direct physical loss or damage to covered electronic data processing equipment and component parts thereof while at an insured location and owned, leased or rented by the Insured, or under the Insured's control and used by the Insured to process information at insured locations; and which is caused by:

A) Mechanical breakdown or machinery breakdown;

B) Short circuit, blowout, or other electrical damage to electrical equipment, apparatus or devices, including wiring.

5. Electronic Data Processing Media Breakdown

This policy is extended to cover direct physical loss or damage to electronic data processing media at an insured location used in the Insured's operations to process and store information and caused by:

A) Mechanical breakdown or machinery breakdown;

B) short circuit, blowout, or other electrical damage to electrical equipment, apparatus, or devices, including wiring.

6. Expediting Expense

This policy insures the reasonable and necessary extra costs of temporary repair or replacement and of expediting the repair or replacement of damage property insured hereunder, including overtime and express freight or other rapid means of transportation.

7. Fine Arts

This policy covers fine art owned by the Insured at an insured location. If an item of fine art is valued over \$5,000, coverage is dependent on it being scheduled on the schedule of values on file with the Insurer.

8. Fire Department Service Charge and Extinguishing Expenses

When the fire department is called to save or protect Covered Property at an insured location from a Covered Cause of Loss, this policy will pay for the Insured's liability for fire department service charges that are assumed by contract or agreement prior to loss or required by local ordinance for which the Insured may be assessed. The cost to recharge any fire extinguishing material expended.

9. Leasehold Improvements and Betterments

This policy covers the value of the undamaged tenant's improvements and betterments when the Insured's lease is cancelled by the Insured tenant or lessor; acting under a valid condition of the lease due to a direct loss of physical damage to the building or personal property covered by this policy.

1. Loss Adjusting Expenses

This policy is extended to insure expenses incurred by the Insured, or by the Insured's representatives for assessing, for preparing and/or certifying details of a claim resulting from a loss which would be payable under this policy. However, this policy does not insure the expenses of Public Adjusters or attorneys, or any individual or entity directly or indirectly employed by an insurance broker are expressly excluded.

11. Miscellaneous Unnamed Locations

This policy is extended to cover the Insured's property, of the type the Insurer covers in this policy, which is at a location within the Policy Territory, in which the Insured had an insurable interest prior to the inception date of this policy and which is not on the Schedule of Locations attached to this policy or listed on the latest schedule on file with the Insurer.

12. Newly Acquired Property

This policy is extended to apply to property that the Insured acquires after the inception date of this policy provided that the property is the type the Insurer covers in this policy.

Insurance under this Extension for each newly acquired location will end within 30 days after the acquisition of the property or when the Insured reports the values to underwriters, whichever occurs first.

The Insurer will charge the Insured additional premium for values reported from the date the Insured acquires the property.

13. Ordinance or Law

This policy is extended to provide the following coverage:

A) Coverage for Loss to the Undamaged Portion of the Building

With respect to the building at an insured location that has sustained covered direct physical damage, the Insurer will pay for the loss in value of the undamaged portion of the building, subject to the same basis of recovery which applies to the damaged portion of such building, as a consequence of enforcement of an ordinance or law that requires demolition of undamaged parts of the same building. The amount paid shall not include any greater cost of repair, replacement, construction or reconstruction due to the enforcement of any law or ordinance.

B) Demolition Cost Coverage

With respect to the building at an insured location that has sustained covered direct physical damage, this policy will pay the cost to demolish the building and clear the site of undamaged parts of the same building, as a consequence of enforcement of an ordinance or law that requires demolition of such undamaged property.

Coinsurance does not apply to this coverage.

C) Increased Cost of Construction Coverage

1) With respect to the building at an insured location that has sustained covered direct physical damage, if the basis of recovery is repair or replacement cost, this policy will pay the increased cost, excess of **B)** above to:

- a) Repair or reconstruct damaged portions of that building; and/or
- b) Reconstruct or remodel undamaged portions of that building, whether or not demolition is required;

When the increased cost is a consequence of enforcement of the minimum requirements of the ordinance or law.

However:

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

2) When a building is damaged or destroyed and coverage under this Increased Cost of Construction provision applies, coverage for the increased cost of construction also applies to repair or reconstruction of the following, subject to the same conditions stated in this Increased Cost of Construction provision:

- a) The cost of excavations, grading, backfilling and filling;
- b) Foundation of the building;
- c) Pilings; and
- d) Underground pipes, flues and drains.

The items listed in **2)a)** through **2)d)** above are deleted from Property Not Covered, but only with respect to the coverage described in this Increased Cost of Construction provision.

Coinsurance does not apply to this coverage.

14. Outdoor Property

Provided that such property is at an insured location or within 100 feet of an insured location, this policy is extended to cover the Insured's outdoor fences, radio and television antennas (including satellite dishes), signs (other than signs attached to buildings) including debris removal expense, caused by or resulting from a covered cause of loss.

15. Permanently Moored Piers, Docks and Wharves

This policy covers piers, docks and wharves that extend from land or shore and are permanently moored. The total value of property cannot exceed 10% of the Insured's values covered under this policy. This coverage is subject to a maximum per occurrence sublimit of \$25,000 as listed in the sublimits portion of this policy.

16. Pollutant Clean Up and Removal

This policy is extended to cover the Insured's expense to extract pollutants from land or water at an insured location if the discharge, dispersal, seepage, migration, release or escape of the pollutants is caused by or results from a Covered Cause of Loss that occurs during the policy period. The expenses will be paid only if they are reported to the Insurer in writing within 180 days of the date on which the Covered Cause of Loss occurs.

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

17. Preservation of Property

If it is necessary to move Covered Property from an insured location to preserve it from loss or damage by a Covered Cause of Loss, this policy will pay for any direct physical loss or damage to that property:

- A)** While it is being moved or while temporarily stored at another location provided that such property is within the Policy Territory; and

- B)** Only if the loss or damage occurs within 30 days after the property is first moved.

18. Professional Fees

This policy is extended to cover expenses incurred by the Insured or their representatives including auditors, accountants, appraisers, architects, engineers or other such professionals for producing and certifying particulars or details of the Insured's business required by the Insurer in order to arrive at the loss payable under this policy in event of a claim. However, no coverage shall apply to expenses incurred for the services of public adjusters or attorneys, insurance agents or brokers, or loss appraisers, nor for services of the Insured's employees unless agreed to by the Insurer prior to the use of their services.

19. Property Off-Premises

This policy covers property while it is away from an insured locations at a location that the Insured does not own, lease or operate; or at any fair, trade show or exhibition.

This extension does not apply to property in or on a vehicle or in the care, custody or control of the Insured's salespersons, unless the property is in such care, custody or control at a fair, trade show or exhibition.

20. Property in Transit

This policy is extended to cover the Insured's personal property, including the Insured's interest in and their liability for personal property of others while in their custody, while such property is in due course of transit within the United States.

A) This extension does not insure against loss or damage to:

- a)** the conveyance used as the mode of transportation (including any part of equipment thereof) or containers;
- b)** property insured under any marine import or export policy;
- c)** property shipped by mail or parcel post from the time it passes into the custody of the Postal Service;
- d)** property while waterborne except while on navigable inland waters of the United States;
- e)** samples of merchandise while in the care, custody or control of the Insured's salesmen or sales representatives.

B) This extension does not insure against loss:

- a) with respect to vehicles operated by the Insured, by theft from a vehicle while unattended unless the portion of the vehicle containing the insured property is of entirely closed construction and, at the time of loss, the doors of which shall have been securely locked and the windows of which shall have been firmly closed, and the loss is a direct result of forcible entry of which there shall be visible evidence;
- b) due to any fraudulent, dishonest or criminal act or omission by the Insured or a partner of the Insured; or by theft by any of the Insured's employees, while working or otherwise, or by any person to whom the property is entrusted, but this exclusion does not apply to property in the custody of a carrier for hire;
- c) resulting from interruption of business, delay, loss of market or use, or indirect or consequential loss of any kind;
- d) caused directly or indirectly by seizure or destruction under quarantine or customs regulations, confiscation by order of any government or public authority, or risks of contraband or illegal transportation or trade.

1) Benefit to Bailee

This extension shall not inure directly or indirectly to the benefit of any carrier or other bailee.

2) As respects this extension, all subrogation provisions of this policy are superseded by the following:

a.) Any act or agreement by the Insured before or after loss whereby the Insured's rights to recover in whole or in part for loss to property against any carrier for hire, bailee, or other party liable therefore, is released, impaired or lost, shall render this insurance null and void, but the Insurer's right to retain or recover the premium shall not be affected. The Insured, however, may, without prejudice to this insurance, accept the ordinary limited liability form receipts or bills of lading issued by carriers for hire. The Insurer is not liable for any loss which the Insured settles or compromises without the Insurer's written consent.

b.) Upon payment of any loss or advancement or loan of money concerning the same, the Insured will, at the Insurer's request and expense and through such counsel as the Insurer may designate, make claim upon and institute legal proceedings against any carrier, bailee or other parties believed to be liable for such loss, and will use all proper and reasonable means to recover the same.

3) General Average and Salvage

This extension covers general average and salvage charges on property covered by this extension while waterborne.

4) Attachment of Liability

Coverage provided by this extension attaches from the time the property leaves the initial point of shipment until same is delivered at destination. This insurance covers only such shipments, the transportation of which begins within the term of this policy, even though said transportation is not completed within such time and loss or damage may occur after the end of such time.

5) Export and Import Shipments

Coverage provided by this extension shall apply to export shipments only until on board' bills of lading are issued or coverage under ocean marine policy attaches. This extension shall also cover import shipments, but only after coverage on such shipments under ocean marine policies has ceased, or, if not insured under ocean marine policies, after discharge from overseas vessel.

6) F.O.B. Shipments

Coverage provided by this extension shall apply to the Insured's contingent interest in shipments of property sold F.O.B. (free on board) point of shipment or otherwise, provided that any loss recoverable under this extension to such property is not collectible from any other insurance.

7) Fraudulent Bills of Lading

Coverage provided by this extension shall also apply to loss of merchandise occasioned by the unintentional acceptance of fraudulent bills of lading, shipping or messenger receipts.

8) Backhaul Exclusion

This extension does not insure against loss or damage to personal property of others while in the Insured's custody if such property is being transported by the Insured in or on vehicles owned, operated, leased or otherwise contracted by the Insured when they are acting as a common or contract carrier.

21. Service Interruption

This policy is extended to pay for loss of or damage to covered property at an insured location caused by an interruption in utility service including electrical equipment and systems, fuel, water, gas, telephone, fiber optic cable, and their respective overhead transmission and distribution lines which are limited to 1,000 feet from the Insured's premises. The interruption in utility service must result from direct physical loss or damage by a covered cause of loss to utility services located off an insured location.

22. Sewer Back Up

This policy is extended to cover water or sewage that enters the building through sewers or drains; or water which overflows from within a sump pump, sump pump well or any other system designed to remove subsurface water which is drained from the foundation area.

Coverage for Back up of Sewers, Drains and Sump Systems shall not be extended to include loss or damage caused by an Insured's negligence or poor maintenance.

23. Soft Costs

For property while in the course of construction and/or during erection, renovation, alterations, additions, assembly and/or installation, this policy is extended to cover Soft Costs incurred by the Insured during Period of Recovery had no loss occurred. Such Soft Costs must be attributable to the loss as insured by this Policy.

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

Coverage for the Insured's Business Personal Property under this policy is extended to apply to the cost to replace or restore the lost information on valuable papers and records for which duplicates do not exist. But this extension does not apply to valuable papers and records which exist as electronic data or electronic computer programs.

Under this extension this policy will also pay for the cost of blank material for reproducing the records (whether or not duplicates exist), and (when there is a duplicate) for the cost of labor to transcribe or copy the records.

TIME ELEMENT COVERAGE

A. Coverage

1. Business Income

This policy covers the loss resulting from the necessary interruption or reduction of business conducted by the Insured following a loss caused by direct physical loss or damage to covered property at an insured location. The loss or damage must be caused by or result from a Covered Cause of Loss. With respect to loss of or damage to personal property in the open or personal property in a vehicle, insured location includes the area within 100 feet of the insured location.

With respect to the requirements set forth in the preceding paragraph, if the Insured occupies only a part of a site an insured location means:

- A)** The portion of the building which the Insured rents, leases or occupies;
and

- B)** Any area within the building or on the site, if that area services, or is used to gain access to, the insured location.

This policy will also pay a business income loss to the extent it reduces the amount of loss that otherwise would have been payable under this policy.

2. Extra Expense

This policy covers extra expense incurred by the Insured as a result of loss, damage or destruction of property caused by a covered loss. Extra expense is incurred in an effort to avoid or minimize the suspension of business and to continue operations at an insured location, at replacement premises, or temporary locations, and includes relocation expenses and costs to equip and operate the replacement location or temporary location.

Extra expense is the excess of the total cost during the period of restoration of the damaged property chargeable to the operation of the Insured's business over and above the total cost that would normally have been incurred to conduct the business during the same period had no loss or damage occurred.

This policy will also pay extra expense to repair or replace property, but only to the extent it reduces the amount of loss that otherwise would have been payable under this policy.

3. Leasehold Interest

- A)** This policy covers direct physical loss or damage to covered buildings from a Covered Cause of Loss if the building is leased by the Insured and located at an insured location:
 - a)** The actual rent which remains payable for the unexpired term of the lease if such property becomes wholly untenable or unusable and the lease agreement requires continuation of the rent payment; or
 - b)** The proportion of the actual rent which remains payable for the unexpired term of the lease if such property becomes partially untenable or unusable and the lease agreement requires continuation of the rent payment; or
 - b)** The leasehold interest for the first three (3) months following loss or damage and the net leasehold interest for the remaining unexpired term of the lease if the lease is cancelled by the lessor pursuant to the lease agreement or by the operation of law.
- B)** This coverage does not insure against any loss or expense resulting from:
 - a)** The suspension, lapse, or cancellation of any license; or
 - b)** The Insured exercising an option to cancel the lease; or
 - c)** Any act or omission by the Insured which constitutes a default under the lease.

- C) It is a condition of this coverage that the Insured shall use any suitable property or service owned or controlled by the Insured or obtainable from another source to reduce the amount of loss hereunder.
- D) This policy does not provide this coverage for more than the number of consecutive days shown in the Sub-Limits of Liability section of the PROPERTY DAMAGE COVERAGE SCHEDULE, nor more than the dollar limit of liability shown in the same section.

4. Rental Value

This policy will pay for the actual loss sustained by the Insured resulting directly from the necessary and untenability caused by loss, damage or destruction of the property of the type insured hereunder. The loss or damage must be caused by or result from Covered Cause of Loss.

For the purpose of this insurance, rental value is defined at the sum of:

- A) The total anticipated gross rental income from tenant occupancy of the described property as furnished and equipped by the Insured, and
- B) The amount of all charges which are the legal obligation of the tenant(s) and which would otherwise be obligations of the Insured, and
- C) The fair rental value of any portion of said property which is occupied by the Insured.

5. Experience of the Business

- A) In determining the amount of rental value covered hereunder for the purpose of ascertaining the amount of loss sustained, due consideration shall be given to the rental experience before the date of damage or destruction and to the probable experience thereafter had no loss occurred.
- B) With respect to property while in the course of construction, and/or during erection, renovations, alterations, additions, assembly and/or installation, due consideration shall be given to the available rental experience of the business after completion of the construction, erection, installation or assembly.

B. Time Element Extensions of Coverage

This policy includes the following extensions of coverage. These extensions of coverage will not increase the Limit of Liability of this policy and are subject to the applicable sub-limit and policy provisions, including applicable exclusions and deductibles.

1. Additional Property Management Fees

This policy covers property management fees required by contract due to non-routine maintenance or repairs following a covered loss.

2. Civil Authority

This policy is extended to cover, for up to the greater of thirty (30) days the actual loss of business income the Insured sustains and necessary extra expense caused by action of civil authority that prohibits access to an insured location due to direct physical loss of or damage to property of the type covered, within one statute mile of that insured location, caused by or resulting from any Covered Cause of Loss.

3. Contingent Business Income- Direct Only

If the direct physical loss or damage within the territorial confines of this policy occurs to the real or personal property as a result of damage by a covered cause of loss under this policy to a direct supplier or customer of the Insured that wholly or partially prevents the supplier from supplying their goods to the Insured or prevents the Insured's customers from accepting the Insured's goods or services, this policy is extended to cover the actual loss sustained by the Insured during the period of interruption. The property of the supplier or customer that sustains the loss or damage must be the type of property which would be insured property under this policy.

4. Emergency Evacuation Expense

This policy covers the reasonable expenses incurred by the Insured to evacuate occupants incurred by the Insured when an emergency evacuation of a building at an insured location is deemed necessary by the Insured as a result of an impending insured peril that threatens imminent physical damage or loss of life to the occupants of the Insured's premises within the subsequent 24 hours.

5. Extended Period of Indemnity

If the necessary suspension of the Insured's operations produces a loss payable under Business Income or Rental Value coverage, this policy is extended to pay for the actual loss of business income or rental value the Insured incurs during the period that:

- A)** Begins on the date property (except finished stock) is actually repaired, rebuilt or replaced and operations are resumed; and
- B)** Ends on the earlier of:
 - a)** The date the Insured could restore their operations or tenant occupancy, with reasonable speed, to the level which would generate the business income or rental value amount that would have existed if no direct physical loss or damage had occurred; or
 - b)** 30 consecutive days after the date determined in **a.** above.

This extension does not apply to loss of business income or rental value incurred as a result of unfavorable business conditions caused by the impact of the Covered Cause of Loss in the area of the insured location.

Loss of business income or rental value must be caused by direct physical loss or damage at an insured location caused by or resulting from any Covered Cause of Loss.

6. Ingress or Egress

This policy is extended to cover, for up to the greater of thirty (30) days or the number of days stated in the Sub-Limit of Liability, the actual loss of business income sustained due to the necessary suspension of operations during the period of time when, as a direct result of direct physical damage caused by a Covered Cause of Loss to property of the type covered at an insured location or within one statute mile of an insured location the ingress to or egress from is physically prevented.

7. Service Interruption

Coverage for Business Income and/or Extra Expense is extended to apply to a suspension of operations at the Insured's location caused by an interruption in utility service to that Insured's location, including electrical equipment and systems, fuel, water, gas, telephone, fiber optic cable, and their respective overhead transmission and distribution lines which are limited to 1,000 feet from the Insured's premises. The interruption in utility service must result from direct physical loss or damage by a Covered Cause of Loss (as provided under the applicable Causes of Loss form indicated in the Schedule).

If a Business Income Waiting Period is indicated in the Schedule, such waiting period begins at the time of interruption of utility service to the Insured's location.

8. Tenant Relocation Expense

This policy covers moving costs incurred by the Insured with respect to relocating and moving tenants who temporarily vacate a covered building due to loss or damage from a peril insured against, including when statutorily required. Covered moving costs include packing, insuring and transporting tenants' property, re-establishing utility services (less refunds for discontinued service), assembling and setting up tenants' fixtures and equipment, unpacking and re-shelving tenants' stock and supplies, and costs of rent abatement offered to the tenant(s) as an incentive to reoccupy the premises

C. Time Element Conditions

The following conditions apply to any time element coverage that may be included in this policy.

1. Resumption of Operations

It is a condition of this insurance that if the Insured could reduce the loss resulting from the interruption of business;

- A) by complete or partial resumption of operation of business, whether at the damaged premises or elsewhere; or
- B) by making use of any stock at the Insured's location(s), or elsewhere; or
- C) by making use of any other available source of materials or services: or
- D) by making use of any other available outlet for product(s) or service(s); such reduction shall be taken into account in arriving at the amount of loss.

2. Property in the Course of Construction including Soft Costs

The amount of time element loss resulting from physical damage to Covered Property in the course of construction which delays the Insured's commencement of operations shall be calculated by applying the length of time that the level of operations or production that would have been reasonably achieved after construction and start-up would have been completed had no physical damage occurred.

3. Experience of the Business

The amount of time element loss as insured against by this policy shall be determined based on:

- A) experience of the business before the loss;
- B) the probable experience thereafter had no loss occurred; Such probable experience shall not include any Net Income that would likely have been earned as a result of an increase in the volume of business due to favorable business conditions caused by the impact of the Covered Cause of Loss on customers or on other businesses;
- C) The operating expenses, including payroll expenses, necessary to resume operations with the same quality of service that existed just before the direct physical loss or damage; and
- D) Other relevant sources of information, including:
 - a) Financial records and accounting procedures;
 - b) Bills, invoices and other vouchers; and
 - c) Deeds, liens or contracts.

COVERED CAUSES OF LOSS AND EXCLUSIONS

A. Covered Causes of Loss

Risks Of Direct Physical Loss unless the loss is:

1. Excluded in Section **B.**, Exclusions; or
2. Limited in Section **C.**

B. Exclusions

1. **Except as may be provided as an extension of coverage**, this policy will not pay for loss or damage caused directly or indirectly by any of the following. Such loss or damage is excluded regardless of any other cause or event that contributes concurrently or in any sequence to the loss.

A) Earth Movement

- a) all earth movement (whether occurring naturally or not) including, but not limited to, earthquake, landslide, subsidence, mudslide, sinkhole loss, catastrophic ground cover collapse, and volcanic eruption.
- b) collapse, cracking, shrinking, bulging, expansion, shifting, rising, settling, sinking, lateral or other movement, or other kinds of loss or damage to property which would not have occurred but for an event as described in **a)** above.

However if loss or damage resulting from fire as a cause of loss occurs, this exclusion shall not apply to loss or damage from fire following earth movement.

B) Governmental Action

Seizure or destruction of property by order of governmental authority.

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

C) Nuclear, Chemical and Biological Contamination

- a) Nuclear detonation, reaction, nuclear radiation or radioactive contamination, all whether controlled or uncontrolled, or due to any act or condition incident to any of the foregoing, whether such loss be direct or indirect, proximate or remote, or be in whole or in part caused by, contributed to, or aggravated by, any physical loss or damage insured against by this policy, however such nuclear detonation, reaction, nuclear radiation or radioactive contamination may have been caused. This exclusion replaces any other nuclear detonation, nuclear reaction, nuclear radiation or radioactive contamination exclusions found elsewhere in this policy.
- b) The dispersal, application or release of, or exposure to, chemical or biological materials or agents that are harmful to property or human health, all whether controlled or uncontrolled, or due to any act or condition incident to any of the foregoing, whether such loss be direct or indirect, proximate or remote, or be in whole or in part caused by,

contributed to, or aggravated by, any physical loss or damage insured against by this policy, however such dispersal, application, release or exposure may have been caused.

D) Utility Services

The failure of power or other utility service that occurs outside of an insured location including failure that includes lack of sufficient capacity and reduction in supply that does not result in direct physical loss or damage to the Insured's property.

E) War and Military Action

- a) War, including undeclared or civil war;
- b) 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
- c) Insurrection, rebellion, revolution, usurped power, or action taken by governmental authority in hindering or defending against any of these.

F) Flood

- a) Flood, storm surge, surface water, tsunami, waves, mudflow, tidal water or tidal waves, overflow of streams or other bodies of water, or spray from any of the foregoing, all whether driven by wind or not (all whether or not naturally occurring);
- b) 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.

G) Fungus, Wet Rot, Dry Rot, Mold, and Bacteria

This policy does not cover loss or damage caused by fungus, wet or dry rot, or bacteria.

H) Delay, loss of use or loss of market.

I) Wear and tear

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

- K)** Settling, cracking, shrinking or expansion;
 - L)** Secretions, by insects, birds, rodents or other animals;
 - M)** Mechanical breakdown, including artificially generated electrical current, electrical arcing, and rupture or bursting caused by centrifugal force. But if mechanical breakdown results in elevator collision, this policy will pay for the loss or damage caused by that elevator collision;
 - N)** Dampness or dryness of atmosphere and changes in or extremes of temperature
 - O)** Explosion of steam boilers, steam pipes, steam engines or steam turbines owned or leased by the Insured, or operated under the Insured's control. But if explosion of steam boilers, steam pipes, steam engines or steam turbines results in fire or combustion explosion, this policy will pay for the loss or damage caused by that fire or combustion explosion. This policy will also pay for loss or damage caused by or resulting from the explosion of gases or fuel within the furnace of any fired vessel or within the flues or passages through which the gases of combustion pass.
 - P)** 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.
 - Q)** Dishonest or criminal act by the Insured, any of the Insured's partners, members, officers, managers, employees (including leased employees), directors, trustees, authorized representatives or anyone to whom the Insured entrusts the property for any purpose:
 - a)** Acting alone or in collusion with others; or
 - b)** Whether or not occurring during the hours of employment.
- This exclusion does not apply to acts of destruction by the Insured's employees (including leased employees); but theft by employees (including leased employees) is not covered.
- R)** Voluntary parting with any property by the Insured or anyone else to whom the Insured has entrusted the property, if induced to do so by any fraudulent scheme, trick, device or false pretence.
 - S)** Water damage, hail, rain, snow, ice or sleet to personal property in the open.
 - T)** Collapse. But if collapse results in a Covered Cause of Loss at an insured location, this policy will pay for the loss or damage caused by that Covered Cause of Loss.
 - U)** Neglect of an Insured to use all reasonable means to save and preserve property from further damage at and after the time of loss.
 - V)** Faulty, inadequate or defective:

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

W) Fines or Penalties

This policy will not pay any costs, expenses, fines or penalties incurred or sustained by or imposed on the Insured at the order of any government agency, court or other authority arising from any cause whatsoever.

X) Mysterious Disappearance

Loss disclosed in taking inventory, unless the loss results from physical loss or damage not excluded in this policy

Y) Building materials and supplies not attached as part of the building or structure, caused by or resulting from theft.

However, this limitation does not apply to:

- a) Building materials and supplies held for sale by the Insured, unless they are insured under a Builders Risk Coverage Form; or
- b) Business Income coverage or Extra Expense coverage.

Z) 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.

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

BB) Strikes, riots and civil commotions including interference strikers or other persons

CC) Loss for any period during which business would not or could not have been conducted for any reason other than direct physical damage of the type insured against.

GENERAL CONDITIONS

1. Cancellation Conditions

- A) This policy may be cancelled at any time at the request of the Insured**

- B)** The Insurer may cancel this policy by mailing or delivering to the first Named Insured written notice of cancellation at least
- a)** 90 days before the effective date of cancellation for any reason; or
 - b)** 10 days before the effective date of cancellation for non-payment of premium.
- C)** Notice of cancellation will state the effective date of cancellation. The policy period will end on that date with the exception of any shipment in transit prior to the date and time of cancellation as coverage will remain in force until acceptance at the final destination.
- D)** The mailing of the notice shall be sufficient proof of notice and the effective date and hour of cancellation shall become the end of the policy period.
- E)** If this policy is cancelled, a 25% minimum earned premium applies. If cancellation is the choice of the Insured, the minimum earned premium and a short rate calculation will apply as well as any Cat Minimum Earned Premium provision which may also apply to the return premium calculation. If cancellation is the choice of the Insurer, the minimum earned premium, any applicable Cat Minimum Earned Premium, and a short rate calculation will apply to the return premium.
- F)** A Cat Minimum Earned Premium may be added to this policy that reduces the amount of return premium the Insured receives in the event of cancellation. The provision of the CAT MEP on cancellation is outlined in an attached endorsement to this policy if applicable.

2. Changes to Policy

This policy contains all the agreements concerning the insurance provided and can only be amended or waived only by endorsement issued to this policy.

3. Inspections and Surveys

The Insurer shall have the right to make inspections and surveys at any time. The Insurer's reports shall not be interpreted as an undertaking to determine or warrant that the property is safe as these are not safety inspections for the health and safety of workers or the public.

The Insured shall have the right to the inspection reports.

The Insurer is not obligated to make any inspections, surveys, reports or recommendations and any such actions the Insurer does undertake relate only to insurability and the premiums to be charged.

4. Premiums

The Insured is responsible for the payment of all premiums and will be the payee for any return premiums the Insurer pays.

5. Severability of Interests

Each of the Insureds insured by this policy will have the same protection and obligations as if the policy has been issued individually to each of them. However, the inclusion of more than one Insured will not operate to increase the limit of liability of the Insurer beyond the limit of liability stated in the policy for any one occurrence or for any term aggregates.

6. Transfer of Insured's Rights and Duties under This Policy

The Insured's rights and duties under this policy may not be transferred without their written consent except in the case of death of an individual Named Insured.

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

7. Vacancy

The insured location is considered vacant or unoccupied when it does not contain adequate insured property inside its rentable square footage to a lessee or sub-lessee to conduct its customary business operations, but this provision shall not apply to any time period when its customary business operations are suspended due to circumstances that are usual to business operations.

When a building is less than 30% occupied for more than 30 consecutive days, meaning its total square footage or availability for lease, a building is considered vacant and not covered by this policy unless specifically endorsed onto the policy as a vacant building. Buildings under construction or renovation are not considered vacant or unoccupied.

8. Subrogation

A) It is agreed that upon payment of any loss, this Insurer is subrogated to all the rights of the Insured to the extent of such payment.

B) The right of subrogation against the Insured's subsidiary, affiliated, or associated corporations or companies, joint ventures, partnerships or individuals, or any other party required to be insured, or any other corporations or companies associated with the Insured through ownership or management is waived, and at the option of the Insured, subrogation is waived against any tenant or landlord of the Insured.

C) In the event of any payment under this policy, except where subrogation rights have been waived, the Insurer shall be subrogated to the extent of such payment to all the Insured's rights of recovery therefore. The Insured shall execute all papers required and shall take reasonable and necessary action to secure such subrogation rights. The Insurer will act in concert with all other interests concerned, i.e., the Insured and any other company (ies) participating in the payment of any loss as primary or excess insurers, in the exercise of such rights of recovery. If any amount is recovered, after deducting the costs or recovery, such amount shall be divided between the interests concerned in the proportion of their respective interests.

9. Coinsurance Waiver

This policy is not subject to coinsurance or an average clause.

10. Valuation

At time of loss, the basis of adjustment shall be as follows:

- A)** On buildings and structures, at the lesser of repair or replacement cost new with materials of like kind and quality; if not replaced, then at the actual cash value.
- B)** On machinery, equipment, furniture, fixtures and improvements and betterments at the lesser of repair or replacement cost new; if not replaced, then at the actual cash value.
- C)** Valuable Papers and Records and EDP Media at the value blank plus the cost of labor, service and/or supplies for actually reconstructing, researching, gathering information, reproducing, recreating, transcribing or copying such papers, records and EDP Media.
- D)** Fine Arts owned by the Insured at the cost of reasonably restoring the property to its condition immediately prior to the loss, or in the event that the property cannot be restored at the appraised value prior to the loss.

In absence of such appraisal, at the market value at the time of loss, plus the Insured's costs.

Fine Arts, which is the property of others, at the Insured's option, either at the cost of reasonably restoring the property to its condition immediately prior to loss, or the Insured's contractual or legal liability.

- E)** Finished Stock and other merchandise for sale, at the Insured's selling price less discounts to which the goods would have been subject had no loss occurred.
- F)** Property of others and property leased by the Insured, or for which the Insured has agreed to insure, at the lesser of:
 - a)** the replacement cost new, or;
 - b)** the amount stipulated in the lease agreement, or;

- c) Insured's contractual or legal liability.
- G) Work (Stock) in process at the value of raw materials and labor expended plus the proper proportion of overhead charges.
- H) All other property, not otherwise mentioned above, at the lesser of repair or replacement cost new; if not replaced, then at the actual cash value.

It is understood and agreed that as respects replacement cost new, the Insured shall have the option of replacing equipment having technological advantages and/or representing an improvement in function and/or forming part of a program of system enhancement provided that such replacement can be accomplished without increasing the Insurer's liability.

The Insured may elect not to replace the real and/or personal property lost, damaged, or destroyed and obtain loss settlement on a replacement cost basis if the proceeds of such loss settlement are expended in other unplanned capital expenditures related to the Insured's operations, within 2 years of the date of loss.

Permission is granted for the Insured to replace the property with similar property at the same or another site within the territorial limits of the policy, but recovery is limited to what it would cost to replace on same site.

RELATIONSHIP BETWEEN LAYERS AND POLICIES

1. Priority of Payments

In determining the amount of any one loss, disaster or casualty, the total loss for all coverages caused by any combination of perils, all of which are insured against under this **Program**, shall be used even though all such perils or coverages may not be insured against under this Policy.

Within this Program, any recoveries made under Underlying Layers shall first apply to loss or damage not insured by the Excess Layers. Upon exhaustion of the Underlying Layer's Limits, the Excess Layer shall be liable for the loss in excess of the amount attributed to Underlying Layers as respects loss or damage insured thereunder subject to the Excess Layer limits.

2. Drop Down Provision

In the event that the Annual Aggregate Limits provided for Flood or Earth Movement in Underlying Layers are diminished or exhausted by covered losses in any one policy term, the coverage provided by Excess Layers shall respond as excess of the remaining Limits.

3. Contributing Insurance

Permission is granted for the Insured to purchase contributing insurance, which is insurance written upon the same plan, terms, conditions and provisions as those contained in this policy. This insurance shall contribute in

accordance with the conditions of this policy irrespective of other insurance in place.

4. Excess Insurance

Permission is granted for the Insured to purchase excess insurance, which is insurance over the limit of liability set forth in this policy. The existence of such excess insurance shall not prejudice the coverage provided under this policy nor will it reduce any liability hereunder.

5. Underlying Insurance

Permission is granted for the Insured to purchase underlying insurance, which is insurance on all or any part of the deductible and against all or any of the coverage provided by this policy. The existence of such underlying insurance shall not prejudice or affect any recover otherwise payable under this policy.

6. Other Insurance

Except as referred to in 1. Contributing Insurance, 2. Excess Insurance, and 3. Underlying Insurance, this policy shall not insure to the extent of any other insurance, whether prior or subsequent hereto in date and whether directly or indirectly insuring the same property against the same loss or damage. This insurance shall be excess of and/or supplementary to the amount recoverable from such other collectible insurance.

7. Insurance under Two or More Coverages

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

8. Joint or Disputed Loss Agreement

- a. This coverage is intended to facilitate payment of insurance proceeds when:
 - A) Both an Equipment Breakdown policy and this commercial property policy are in effect;
 - B) Damage occurs to Covered Property that is insured by the Equipment Breakdown policy and this commercial property policy; and
 - C) There is disagreement between the insurers as to whether there is coverage or as to the amount of the loss to be paid, if any, by each insurer under its own policies.

This coverage does not apply if:

- A) Both the Equipment Breakdown insurer(s) and we do not admit to any liability; and
- B) Neither the Equipment Breakdown insurer(s) nor we contend that coverage applies under the other insurer's policy.

The provisions of this coverage apply only if all of the following requirements are met:

A) The Equipment Breakdown policy carried by the named insured, insuring the Covered Property, contains a similar provision at the time of the loss or damage, with substantially the same requirements, procedures and conditions as contained in this endorsement;

B) The damage to the Covered Property was caused by a loss for which:

A. Both the Equipment Breakdown insurer(s) and we admit to some liability for payment under the respective policies; or

B. Either:

The Equipment Breakdown insurer(s) does not admit to any liability for payment, while we contend that:

1. All liability exists under the boiler and machinery policy;
or

2. Some liability exists under both the Equipment Breakdown policy and this commercial property policy;

We do not admit to any liability for payment, while the Equipment Breakdown insurer(s) contends that:

1. All liability exists under this commercial property policy; or

2. Some liability exists under both the boiler and machinery policy and this commercial property policy; or

3. Both the Equipment Breakdown insurer(s) and we:

Do not admit to any liability for payment;
and

Contend that some or all liability exists under the other insurer's policy; and

c. The total amount of the loss is agreed to by you, the Equipment Breakdown insurer(s) and us.

If the requirements listed in the provisions above are satisfied, we and the Equipment Breakdown insurer(s) will make payments to the extent, and in the manner, described as follows:

a. We will pay, after your written request, the entire amount of loss that we have agreed as being covered, if any, by this commercial property policy and one-half (1/2) the amount of the loss that is in disagreement.

b. The boiler and machinery insurer(s) will pay, after your written request, the entire amount of loss that they have agreed as being covered, if any, by the Equipment Breakdown policy and one-half (1/2) the amount of loss that is in disagreement.

c. Payments by the insurers of the amounts that are in disagreement do not alter, waive or surrender any rights of any insurer against any other with regard to the portion of the loss for which each insurer is liable.

d. The amount in disagreement to be paid by us under this endorsement shall not exceed the amount payable under the equivalent Loss Agreement(s) of the Equipment Breakdown policy.

e. The amount to be paid under this endorsement shall not exceed the amount we would have paid had no Equipment Breakdown policy been in effect at the time of loss. In no event will we pay more than the applicable Limit of Insurance shown in the Declarations.

f. Acceptance by you of sums paid under this endorsement does not alter, waive or surrender any other rights against us.

b. Arbitration

A) If the circumstances described in Paragraph **a.B)A.** exist and the boiler and machinery insurer(s) and we agree to submit our differences to arbitration, the boiler and machinery insurer(s) and we will determine the amount each will pay and will pay the insured within 90 days. Arbitration will then take place within 90 days after payment of the loss under the terms of this endorsement.

B) If any of the circumstances described in Paragraph **a.B)B.** exist, then the boiler and machinery insurer(s) and we agree to submit our differences to arbitration within 90 days after payment of the loss under the terms of this endorsement.

C) You agree to cooperate with any arbitration procedures. There will be three arbitrators: one will be appointed by us, and another will be appointed by the boiler and machinery insurer(s). The two arbitrators will select a third arbitrator. If they cannot agree, either may request that selection be made by a judge of a court having jurisdiction. A decision agreed to by two of the three arbitrators will be binding on both parties. Judgment on any award can be entered in any court that has jurisdiction.

c. Final Settlement Between Insurers

The insurer(s) found responsible for the greater percentage of the ultimate loss must return the excess contribution to the other insurer(s). In addition, the insurer(s) found responsible for the greater portion of the loss must pay Liquidated Damages to the other insurer(s) on the amount of the excess contribution of the other insurer(s). Liquidated Damages are defined as interest from the date the insured invokes this Agreement to the date the insurer(s) that contributed the excess amount is reimbursed. The interest is calculated at 1.5 times the highest prime rate from the Money Rates column of the Wall Street Journal during the period of the Liquidated Damages. Arbitration expenses are not a part of the excess contribution for which liquidated damages are calculated. Arbitration expenses will be apportioned between insurers on the same basis that the ultimate loss is apportioned.

9. Self-Insurance in Layers

Insurance in layers may be replaced by Self-Insurance, meaning risk retention by the Insured. In the absence of a written agreement applying to Self-Insurance, its terms and conditions shall be the same as contained in this form for the coverage or layer that is self-insured.

CONDITIONS IN A LOSS

1. Notice of Loss

As soon as practicable after loss or damage occurring under this It is a condition precedent to any payment of loss that the Insured must see that the following are done in the event of loss or damage to insured property as soon as possible:

- A)** Notify the police if a law may have been broken.
- B)** Give the Company immediate notice of loss or damage including a description of the property involved.
- C)** Give the Company a description of how, when and where the loss or damage occurred.
- D)** Take all reasonable steps to protect insured property from further damage by a peril insured against. If feasible, set the damaged property aside and in the best possible order for examination. Also, the Named Insured shall keep a record of expenses for emergency and temporary repair, for consideration in the settlement of the claim. Any record of expenses will not increase the applicable limit of insurance.
- E)** At the Company's request, give the Company complete inventories of the damaged and undamaged property. Include quantities, costs, values and amount of loss claimed.
- F)** Permit the Company to inspect the property and records proving the loss or damage. Also permit the Company to take samples of damaged property for inspection, testing and analysis.
- G)** Cooperate with the Company and its retained adjustors and experts in the investigation of the claim by providing requested documents and information as soon as possible.
- H)** If requested, both the Named Insured and any of its employees submit under oath, to questioning, at such times as may be reasonably required about any matter relating to this insurance or the Named Insured's claim, including the Named Insured's books and records. In such event, the Named Insured's and employees' answers must be signed.
- I)** Send the Company a signed, sworn statement of loss containing the information requested by the Company to investigate the claim. The Named Insured must do this within 30 days of the Company's request. The Company will supply the Named Insured with the necessary forms.
- J)** If the Insured intends to continue their business, the Insured must resume all or part of their operations as quickly as possible.

K) It is agreed that knowledge of an occurrence by a member of the risk management department, management team, executive team, or the individuals involved in purchasing insurance shall constitute knowledge of an occurrence.

2. Abandonment

There can be no abandonment of any property to the Insurer.

3. Appraisal

In the event that the Insured and Insurer disagree on the values of the property or the amount of loss, either may make written demand for an appraisal of the loss. In this event, each party will select a competent and impartial appraiser within 20 days of such demand. The two appraisers will select an umpire. If they cannot agree within 15 days to an umpire, either may request that selection be made by a judge of a court having jurisdiction. The appraisers will appraise the loss and state separately the value of the property and amount of loss. If they fail to agree with the appraisal, they will submit their differences to the umpire. A decision agreed to by any two will be binding. Each party will pay its respective chosen appraiser and the expenses of the appraisal and umpire shall be paid equally by the parties. If there is an appraisal, Insurers will still retain their right to deny the claim.

4. Control of Damaged Merchandise

The Insured shall have full right to the possession of all merchandise manufactured, sold or distributed by the Insured involved in any loss under this policy and shall retain control of all damaged merchandise. The Insured, exercising reasonable discretion, shall be the sole judge as to whether the merchandise involved in any loss under this policy are fit for consumption, sale or use and any merchandise so deemed by the Insured to be unfit for consumption, sale or use shall not be sold or otherwise disposed of except by the Insured or with the Insured's consent, but the Insured shall allow this Insurer any salvage proceeds obtained by the Insured on any sale or other disposition of such merchandise.

5. Salvage and Recoveries

All salvages, 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. If recovered or received subsequent to a loss settlement under this policy, such net amounts recovered shall be divided between the interested concerned, i.e. the Insured and any other Company (s) participating in the payment of any loss in the proportion of their respective interests.

6. Loss Payment

A) In the event of loss or damage covered, this policy will:

- a)** Pay the value of lost or damaged property;
- b)** Pay the cost of repairing or replacing the lost or damaged property, subject to **B)** below;

- c) Take all or any part of the property at an agreed or appraised value;
or
- d) Repair, rebuild or replace the property with other property of like kind and quality, subject to **B)** below.

The value of lost or damaged property, or the cost of its repair or replacement, will be determined in accordance with the applicable terms of the Valuation Condition in this policy or any applicable provision which amends or supersedes the Valuation Condition.

- B)** The cost to repair, rebuild or replace does not include the increased cost attributable to enforcement of any ordinance or law regulating the construction, use or repair of any property.
- C)** This policy will not pay for more than the Insured's financial interest in the Covered Property.
- D)** Insurers may adjust losses with the owners of lost or damaged property if other than the Insured. If the Insurer pays the owners, such payments will satisfy the Insured's claims against Insurers for the owners' property. The policy will not pay the owners more than their financial interest in the Covered Property.
- E)** Insurers may elect to defend the Insured against suits arising from claims of owners of property at their expense.

ADDITIONAL CONDITIONS

1. Concealment, Misrepresentation or Fraud

This policy is void in any case of fraud by the Named Insured as it related to this policy at any time. It is also void if the Named Insured or any other Insured, at any time, intentionally conceals or misrepresents a material fact concerning:

- A)** This policy;
- B)** Property insured under this policy;
- C)** The Named Insured or any other Insured's interest in the property insured under this policy; or
- D)** A claim made under this policy.

2. Knowledge or Control

This policy does not cover loss or damage that occurs while the chance of loss or damage is increased by any means within the Insured's knowledge or control and not approved by Insurers.

3. Legal Action against Insurers

No one may bring a legal action against Insurers under this policy unless:

- A)** There has been full compliance with all of the terms of this policy; and

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

4. Mortgageholders

- A) The term mortgageholder includes trustee.
- B) Insurers will pay for covered loss of or damage to buildings or structures to each Mortgageholder shown in the Schedule in their order of precedence, as interests may appear.
- C) The Mortgageholder has the right to receive loss payment even if the Mortgageholder has started foreclosure or similar action on the building or structure.
- D) If the Insured's claim is denied because of they have failed to comply with the terms of this policy, the Mortgageholder will still have the right to receive loss payment if the Mortgageholder:
 - a) Pays any outstanding premium due under this policy;
 - b) Submits a signed, sworn proof of loss to Insurers within 30 days after the mailing of a notice of the Insured's failure to do so; and
 - c) Has notified the Insurer of any change in ownership, occupancy or substantial change in risk known to the Mortgageholder.

All of the terms of this policy will then apply directly to the Mortgageholder.

- E) If this policy pays the mortgageholder for any loss or damage after denying payment to Insureds:
 - a) The Mortgageholders rights under the mortgage will be transferred to Insurers to the extent of the amount paid by this policy; and
 - b) The Mortgageholders right to recover the full amount of the Mortgageholders claim will not be impaired.

Insurers may pay to the mortgageholder the whole principal on the mortgage plus any accrued interest. In this event, the Insured's mortgage and note will be transferred to Insurers to pay the remaining mortgage debt if applicable.

5. No Benefit to Bailee

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

6. Transfer of Rights of Recovery against Others to Insurers

If any person or organization to or for whom payment under this policy is made has rights to recover damages from another, those rights are transferred to the Insurer to the extent of the Insurer's payment. That person or organization must do everything necessary to secure the Insurer's rights and must do nothing after loss to impair them.

The Insured may only waive their rights against another party in writing:

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

7. Conformity with Statute

Terms of this policy, which are in conflict with the statutes of the state wherein this policy is issued, are hereby amended to conform to such statutes.

E. Definitions

1. The following terms whenever used in this policy shall mean:
 - a. **Actual Cash Value**

The cost to repair or replace the damaged property, minus depreciation of materials and applicable labor.
 - b. **Architect Fees and Engineering Fees**

Any cost associated with the preparation of plans for the repair or reconstruction of the damaged property.
 - c. **Bacteria**

Bacteria means any type or form of bacterium; or any by-product that is produced or released by such bacterium.
 - d. **Catastrophic Ground Cover Collapse** means direct physical loss or damage to Covered Property caused by or resulting from catastrophic

ground cover collapse, meaning geological activity that results in all of the following:

1. The abrupt collapse of the ground cover;
2. A depression in the ground cover clearly visible to the naked eye;
3. Structural damage to the building, including the foundation; and
4. The insured Building or structure being condemned and ordered to be vacated by the governmental agency authorized by law to issue such an order for that structure.

However, structural damage consisting merely of the settling or cracking of a foundation, structure or building does not constitute loss or damage resulting from a catastrophic ground cover collapse.

e. Contaminants or Pollutants

Means any solid, liquid, gaseous or thermal irritant or contaminant, including 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 hereunder, including, but not limited to, bacteria, fungi, 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.

f. Electronic Data Processing Systems

Electronic Data Processing Systems shall include, but not be limited to, transferring equipment, computer systems, telecommunications systems or electronic control equipment and component parts.

g. Electronic Data Processing Media

All forms of data, converted data, electronically converted data and/or programs and/or applications and/or instructions and/or media vehicles employed.

h. Fine Arts

Fine Arts shall include, but not be limited to, bona fide works of art, paintings, etchings, pictures, tapestries, valuable rugs, art glass, statuary, sculptures, antique furniture, porcelains, works of rarity, works of historical value, works of artistic merit, photographs, (positives and negatives) lithographs, illustrations, galley proofs, and original records.

i. Fire Brigade Charges/Fire Extinguishing Materials and Expenses

Firefighting and/or containment charges and/or fire department service charges and other extinguishing expenses.

j. Finished Stock

Finished stock is stock that the Insured has manufactured and ready for sale.

k. Fraudulent or Dishonest Act(s)

Fraudulent or Dishonest Act(s) committed by the Insured or the Insured's employees with the manifest intent to:

- (1) cause the Insured to sustain such loss; and
- (2) obtain financial benefit for the Insured, Insured's employee, or for any other person or organization intended by the Insured or the employee to receive such benefit for such fraudulent or dishonest act(s).

l. Fungus

Any type or form of fungus, including mold or mildew, and any mycotoxins, spores, scents or by-products produced or release by fungi.

m. High Hazard Flood Zone

Any area which at the inception of this policy has been designated by the Federal Emergency Management Agency to be in a Special Flood Hazard Area (SFHA). At inception date of this policy, removal by FEMA of such area from SFHA shall also remove that area from this High Hazard Flood Zone definition. At inception date of this policy, addition by FEMA of such area to SFHA shall also add that area to this High Hazard Flood Zone definition.

n. Land improvements

Land improvements as described hereunder shall mean, any alteration to the natural condition of the land by grading, filling, shoring, excavating, irrigation or drainage systems, earthen dikes or dams, as well as additions to land such as pavements, retaining walls, roadways, ponds, golf courses, tennis courts, swimming pools, or similar works;

o. Landscaping

Landscaping as described hereunder shall mean plants, trees, shrubs, ornamental features within 100 feet of covered property.

p. Leasehold Interest

The excess rent paid for either the same or similar replacement property over the amount of rent and other charges which would have been payable under the unexpired lease plus bonuses or advance rent paid including maintenance, operating charge or taxes for each month during the unexpired term of the Insured's lease.

q. Location

Location shall mean the buildings listed under the schedule of values on file with Insurers.

As described hereunder, a location shall mean:

- Rental Apartments - Location defined as all buildings within complex name
- Residential condominiums - Location defined as all buildings under the Association Documents
- All other - Location defined as all owned buildings on one contiguous parcel of land as legally recorded by the governing municipality. If not contiguous, buildings at each street address.

r. Miscellaneous Unnamed Location(s)

Any location which is not specifically on file, identified, or scheduled. No coverage is provided under this provision for property while in Transit or waterborne.

s. Named Insured

Named Insured is any entity, as shown on the Common Declaration Page as attached, and any subsidiary, affiliated or associated, allied or affiliated companies, corporations firms, joint ventures, entities or organizations as may now or hereafter be constituted, whether wholly or partially owned or controlled by the Insured, or any individual affiliated therewith, where the Insured maintains an interest.

t. Named Storm

A Named Storm is a storm system that has been identified as a tropical storm or hurricane and assigned a name by the National Hurricane Center (NHC) or the Central Pacific Hurricane Center (CPHC) of the National Weather Service. Under the terms of this policy, a Named Storm begins at the time a Watch or Warning is issued by the NHC or CPHC for the area in which the affected premises are located, and ends 72 hours after the termination of the last Watch or Warning issued for that area by the NHC or CPHC.

u. **Occurrence**

The term **occurrence** means the aggregate loss by any peril or combination of perils insured against arising out of a single event except as specified below.

An **Occurrence** involving the peril of **Named Storm**, shall include the sum total of all losses arising out of or caused by the same atmospheric disturbance during any period of 72 consecutive hours. The Insured shall have the right to elect the moment from which the 72 hour period shall be deemed to have commenced, provided always that no elected period of 72 hours shall commence within the period of any previous **occurrence**.

An **Occurrence** involving the peril of **Earth Movement**, shall include the sum total of all the Insured's losses sustained during any period of 168 consecutive hours during the term of this policy by reason of one **Earth Movement** or series of **Earth Movement**. The Insured may elect the moment from which the 168 consecutive hour period shall be deemed to have commenced, provided always that no elected period of 168 consecutive hours shall commence within the period of any previous **occurrence**.

An Occurrence involving the peril of **Flood**, shall include the sum total of all losses sustained by reason of one **Flood** or a series of **Floods**. When the term applies to theft, vandalism, malicious mischief or riot, the sum total of all losses of property and/or interests insured herein resulting directly from one or more **fraudulent or dishonest acts** committed by a person(s) acting alone or in collusion with others shall constitute one **occurrence**.

v. **Ordinary Payroll**

Ordinary Payroll is the entire payroll expense for all employees of the Insured except officers, executives, and employees under contract.

w. **Personal Property**

Personal Property is defined as all equipment, contents and outdoor property owned by or in the Insured's possession for which they are legally liable for located at a location insured hereunder, including but not limited to fences, gates, light poles, detached signs, retaining walls which are not part of the building, playground or recreational equipment, antennas or satellite dish equipment. Personal Property does not include property located 1,000 feet from the Insured's location insured hereunder.

x. **Real Property**

Real Property is defined as the building structure at the location insured including all permanent fixtures affixed on the exterior or

interior of the building; foundations; underground pipes, flues, drains and wiring.

y. Sinkhole Loss

Sinkhole Loss is defined as the loss or damage to Covered Property when structural damage to the covered building, including the foundation, is caused by settlement or systematic weakening of the earth supporting the covered building, only if the settlement or systematic weakening results from contemporaneous movement or ravelling of soils, sediments, or rock materials into subterranean voids created by the effects of water on a limestone or similar rock formation.

z. Soft Costs

Expenses related to the delay of completion of a course of construction project over and above those costs which would have been incurred, including, but not limited to, interest payments on financing under loan agreements and real estate taxes accruing during the period of delay. The term Soft Costs shall include:

- A) extra construction costs the Insured incurs to continue construction and meet contract dates;
- B) construction loan interest on money borrowed to finance construction or repair;
- C) realty taxes and other assessments on the construction site accruing during the period of delay;
- D) architect, engineering and consultant fees;
- E) insurance premiums;
- F) advertising and promotional expenses which become necessary as a result of the covered loss;
- G) accounting and attorney fees ;
- H) costs and commissions resulting from renegotiating leases which directly result from the covered loss.

aa. Total Insurance Values

100% of the value of the covered property at the time of loss or damage at the locations where the physical damage occurred plus full 12 months' time element values that would have been in the 12 month period following the occurrence by use of the facilities at the location where the physical damage occurred and all other locations where the time element loss ensues.

bb. Transit

Shipments within and between the territorial limits of this policy, including the coastal waters thereof, by any means of conveyance, from the time the property is moved for purpose of loading and continuously thereafter while awaiting and during loading and unloading and in temporary storage including temporary storage on any conveyance intended for use for any outbound or used for inbound shipment, including during deviation and delay, until safely delivered and accepted at place of final destination.

cc. Underlying Policy

An insurance policy issued to the Insured which is similar as respects the terms and conditions of this policy and issued for limits below the attachment point or deductible of this policy.

dd. Utility Services

Utilities that supply water, communication services, electricity, steam, and gas to the Insured's locations including pumping stations, water mains, communication transmission lines, fiber optic transmission lines, power generation plants, switching stations, substations, transformers, and transmission lines. Utility services does not include overhead transmission and distribution lines beyond 1,000 feet from the Insured's premises.

ee. Vacant

Vacant means that less than 30% of a building's total rentable square footage is rented to a lessee or sub-lessee and used by the lessee or sub-lessee to conduct its customary operations. Customary operations are further defined as the common operations and activities of the lessee or sub-lessee when using the building for its intended purpose.

ff. Valuable Papers and Records

Written, printed or otherwise inscribed documents, and records including but not limited to books, maps, films, drawings, abstracts, deeds, mortgages, mortgage files, manuscripts and micro or electronically/magnetically inscribed documents, but not including the monetary value of monies and/or securities.

gg. Wildfire

A wildfire is any uncontrolled fire, unplanned and/or unwanted wildland fire, unauthorized human-cause fires, and escaped prescribed fire, including wind-driven fire.

The following additional definitions are applicable to the above definition of wildfire:

A prescribed fire is defined as any fire ignited by management actions to meet specific prescribed fire objectives. A written, approved prescribed fire plan must exist, and NEPA (National Environmental Policy Act) requirements must be met, prior to ignition.

Wildland is defined as an area in which development is essentially non-existent, except for roads, railroads, power lines and similar transportation facilities, grasslands, brush, or woodlands.

Wind-driven fire is defined as a wildland fire in which the power of the wind exceeds the power of the fire characterized by a bent-over smoke plume and high length-to-width ratio.

Uncontrolled fire is defined as any fire which threatens to destroy life, property, or natural resources, and (a) is not burning within the confines of firebreaks, or (b) is burning with such intensity that it could not be readily extinguished with ordinary tools commonly available.

Advisory Notice - Economic and Trade Sanctions

U.S. Department of the Treasury Office of Foreign Assets Control (OFAC)

This notice provides no coverage and neither replaces nor can be construed to replace any provisions of your policy. Please read your policy and review your Declarations page for complete information on the coverage you are provided.

This notice provides information concerning possible impact on your insurance coverage due to directives issued by the U.S. Department of the Treasury's Office of Foreign Assets Control ("OFAC").

Please read this Notice carefully.

FAIRCO and its subsidiary companies are committed to complying with the U.S. Department of the Treasury's Office of Foreign Assets Control (OFAC) requirements. The Department of Treasury's OFAC administers and enforces sanctions policy based on Presidential declarations of "national emergency." OFAC has identified and listed numerous entities, individuals and organizations, including, but not limited to:

- Foreign agents;
- Front organizations;
- Terrorists;
- Terrorist organizations; and
- Narcotics traffickers;

as "Specially Designated Nationals" (SDN's) and "Blocked Persons." OFAC has also identified Sanctioned Countries. This list of SDNs, Blocked Persons and Sanctioned Countries and additional regulatory and enforcement information can be located on the United States Department of the Treasury's web site at: <http://www.treas.gov/offices/enforcement/ofac/>.

Economic sanctions prohibit all United States citizens (including corporations and other entities) and permanent resident aliens from engaging in transactions with Specially Designated Nationals, Blocked Persons and Sanctioned Countries. FAIRCO may not accept premium from or issue a policy to insure property of or make a claim payment to a Specially Designated National or Blocked Person. FAIRCO may not engage in business transactions with a Sanctioned Country.

A "Specially Designated National" or "Blocked Person" is any person who is determined as such by the Secretary of the Treasury.

A Sanctioned Country is any country that is the subject of trade or economic embargoes imposed by the laws or regulations of the United States.

In accordance with laws and regulations of the United States, if it is determined that you or any other insured, or any person or entity claiming the benefits of this insurance has violated U.S. sanctions law or is a Specially Designated National and Blocked Person as identified by OFAC, this insurance will be considered a blocked or frozen contract with all provisions of this insurance immediately subject to OFAC and U.S Government restrictions. Whenever an insurance policy is considered to be such a blocked or frozen contract, no payments or premium refunds may be made without authorization from OFAC. Other limitations on premiums and payments also apply.

APPLICABLE LAW (U.S.A.)

This Insurance shall be subject to the applicable state law to be determined by the court of competent jurisdiction as determined by the provisions of the Service of Suit Clause (U.S.A.)

14/09/2005

LMA5021

Form approved by Lloyd's Market Association

APPLICATION OF SUBLIMITS ENDORSEMENT

1. **Application To Insured Interests.** Each sublimit stated in this policy applies as part of, and not in addition to, the overall policy limit for an occurrence insured hereunder. Each sublimit is the maximum amount potentially recoverable from all insurance layers combined for all insured loss, damage, expense, time element or other insured interest arising from or relating to that aspect of the occurrence, including but not limited to type of property, construction, geographic area, zone, location, or peril.
2. **Application Within Perils.** If insured under this policy, any sublimit for earthquake, earth movement, flood, windstorm, named storm, or named windstorm is the maximum amount potentially recoverable from all insurance layers combined for all insured loss, damage, expense, time element or other insured interest arising from or relating to such an occurrence. If flood occurs in conjunction with a windstorm, named storm, named windstorm, earthquake or earth movement, the flood sublimit applies within and erodes the sublimit for that windstorm, named storm, named windstorm, earthquake or earth movement.

This endorsement takes precedence over and, if in conflict with any other wording in the contract bearing on the application of sublimits, replaces that wording.

05/03/09
LMA5130

ASBESTOS ENDORSEMENT

- A. This Policy only insures asbestos physically incorporated in an insured building or structure, and then only that part of the asbestos which has been physically damaged during the period of insurance by one of these Listed Perils:

Flood; Earthquake; fire; explosion; lightning; windstorm; hail; direct impact of vehicle, aircraft or vessel; riot or civil commotion, vandalism or malicious mischief; or accidental discharge of fire protective equipment.

This coverage is subject to each of the following specific limitations:

1. The said building or structure must be insured under this Policy for damage by that Listed Peril.
 2. The Listed Peril must be the immediate, sole cause of the damage of the asbestos.
 3. The Assured must report to Underwriters the existence and cost of the damage as soon as practicable after the Listed Peril first damaged the asbestos. However, this Policy does not insure any such damage first reported to the Underwriters more than 12 (twelve) months after the expiration, or termination, of the period of insurance.
 4. Insurance under this Policy in respect of asbestos shall not include any sum relating to:
 - (i) any faults in the design, manufacture or installation of the asbestos;
 - (ii) asbestos not physically damaged by the Listed Peril including any governmental or regulatory authority direction or request of whatsoever nature relating to undamaged asbestos.
- B. Except as set forth in the foregoing Section A, this Policy does not insure asbestos or any sum relating thereto.

14/09/2005
LMA5019 (Amended)

BIOLOGICAL OR CHEMICAL MATERIALS EXCLUSION

It is agreed that this Insurance excludes loss, damage, cost or expense of whatsoever nature directly or indirectly caused by, resulting from or in connection with the actual or threatened malicious use of pathogenic or poisonous biological or chemical materials regardless of any other cause or event contributing concurrently or in any other sequence thereto.

NMA2962
06/02/03

Form approved by Lloyd's Market Association

CANCELLATION CLAUSE

NOTWITHSTANDING anything contained in this Insurance to the contrary this Insurance may be cancelled by the Assured at any time by written notice or by surrendering of this Contract of Insurance. This Insurance may also be cancelled by or on behalf of the Underwriters by delivering to the Assured or by mailing to the Assured, by registered, certified or other first class mail, at the Assured's address as shown in this Insurance, written notice stating when, not less than 10 days thereafter, the cancellation shall be effective. The mailing of notice as aforesaid shall be sufficient proof of notice and this Insurance shall terminate at the date and hour specified in such notice.

If this Insurance shall be cancelled by the Assured the Underwriters shall retain the customary short rate proportion of the premium hereon, except that if this Insurance is on an adjustable basis the Underwriters shall receive the Earned Premium hereon or the customary short rate proportion of any Minimum Premium stipulated herein whichever is the greater.

If this Insurance shall be cancelled by or on behalf of the Underwriters the Underwriters shall retain the pro rata proportion of the premium hereon, except that if this Insurance is on an adjustable basis the Underwriters shall receive the Earned Premium hereon or the pro rata proportion of any Minimum Premium stipulated herein whichever is the greater.

Payment or tender of any Unearned Premium by the Underwriters shall not be a condition precedent to the effectiveness of Cancellation but such payment shall be made as soon as practicable.

If the period of limitation relating to the giving of notice is prohibited or made void by any law controlling the construction thereof, such period shall be deemed to be amended so as to be equal to the minimum period of limitation permitted by such law.

NMA1331
20/4/61

CLAIMS CO-OPERATION CLAUSE (LM3)

Notwithstanding anything to the contrary contained in this Reinsurance it is a condition precedent to Reinsurers' liability under this Reinsurance that:

- (a) The Reinsured shall give to the Reinsurer(s) written notice as soon as reasonably practicable of any claim made against the Reinsured in respect of the business reinsured hereby or of its being notified of any circumstances which could give rise to such a claim.
- (b) The Reinsured shall furnish the Reinsurer(s) with all information known to the Reinsured in respect of claims or possible claims notified in accordance with (a) above and shall thereafter keep the Reinsurer(s) fully informed as regards all developments relating thereto as soon as reasonably practicable.
- (c) The Reinsured shall co-operate with the Reinsurer(s) and any other person or persons designated by the Reinsurers in the investigation, adjustment and settlement of such claim notified to the Reinsurer(s) as aforesaid.

NMA2737
1/1/97

Catastrophic Ground Cover Collapse

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

Catastrophic Ground Cover Collapse means direct physical loss or damage to Covered Property caused by or resulting from catastrophic ground cover collapse, meaning geological activity that results in all of the following:

1. The abrupt collapse of the ground cover;
2. A depression in the ground cover clearly visible to the naked eye;
3. Structural damage to the building, including the foundation; and
4. The insured **Building** or structure being condemned and ordered to be vacated by the governmental agency authorized by law to issue such an order for that structure.

However, structural damage consisting merely of the settling or cracking of a foundation, structure or building does not constitute loss or damage resulting from a catastrophic ground cover collapse.

The Earth Movement exclusion does not apply to coverage for Catastrophic Ground Cover Collapse.

Coverage for Catastrophic Ground Cover Collapse does not increase the applicable Limit of Insurance. Regardless of whether loss or damage attributable to catastrophic ground cover collapse also qualifies as Sinkhole Loss or Earth Movement (if either or both of these causes of loss are covered), only one Limit of Insurance will apply to such loss or damage.

FRAUDULENT CLAIM CLAUSE

If the (re)insured shall make any claim knowing the same to be false or fraudulent, as regards amount or otherwise, this contract shall become void and all claim hereunder shall be forfeited.

LMA5062
04/06/2006

MOLD, MILDEW & FUNGUS CLAUSE AND MICROORGANISM EXCLUSION (Time Limit and Sublimit)

In consideration of the premium paid, and subject to the Exclusions, Conditions and Limitations of the Policy to which this Extension is attached, and also to the following additional Exclusion, and specific Limitations, this Policy is extended to insure physical loss or damage to insured property by mold, mildew or fungus only when directly caused by physical loss or damage to insured property by a peril insured by this Policy occurring during the period of this Policy.

Limitations

1. The said property must otherwise be insured under this Policy for physical loss or damage by that peril.
2. The Insured must report to Underwriters the existence and cost of the physical loss or damage by mold, mildew or fungus as soon as practicable, but no later than twelve (12) months after the peril first caused any physical loss or damage to insured property during the period of this Policy. This Policy does not insure any physical loss or damage by mold, mildew or fungus first reported to Underwriters after that twelve (12) month period.
3. Regardless of circumstance or other Policy provisions, the maximum amount insured and payable under this Policy for all mold, mildew or fungus caused by or resulting from such peril is **US \$15,000** for all parts of any claim and in total (the aggregate limit) for the period of this Policy. This sublimit applies to all sections or extensions of the Policy combined under which any claim arises or is made and shall be a part of and not in addition to the policy limit.

Exclusion

Except as set forth in the foregoing, this Policy does not insure any loss, damage, claim, cost, expense or other sum directly or indirectly arising out of or relating to:

mold, mildew, fungus, spores or other microorganism of any type, nature, or description, including but not limited to any substance whose presence poses an actual or potential threat to human health.

This exclusion applies regardless whether there is (i) any physical loss or damage to insured property; (ii) any insured peril or cause, whether or not contributing concurrently or in any sequence; (iii) any loss of use, occupancy, or functionality; or (iv) any action required, including but not limited to repair, replacement, removal, cleanup, abatement, disposal, relocation, or steps taken to address medical or legal concerns.

LMA5188
28/11/11

NUCLEAR INCIDENT EXCLUSION CLAUSE-LIABILITY-DIRECT (BROAD)

(Approved by Lloyd's Underwriters Fire and Non-Marine Association)

For attachment to insurances of the following classifications in the U.S.A., its Territories Possessions, Puerto Rico and the Canal Zone:

-Owners, Landlords and Tenants Liability, Contractual Liability, Elevator Liability, Owners or Contractors (including railroad) Protective Liability, Manufacturers and Contractors Liability, Product Liability, Professional and Malpractice Liability, Store-keepers Liability, Garage Liability, Automobile Liability (including Massachusetts Motor Vehicle or Garage Liability), not being insurances of the classifications to which the Nuclear Incident Exclusion Clause-Liability-Direct (Limited) applies.

This policy*

does not apply:-

- I. Under any Liability Coverage, to injury, sickness, disease, death or destruction
 - (a) with respect to which an insured under the policy is also an insured under a nuclear energy liability policy issued by 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
 - (b) resulting from the hazardous properties of nuclear material and with respect to which (1) any person or organization is required to maintain financial protection pursuant to the Atomic Energy Act of 1954, or any law amendatory thereof, or (2) 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.
- II. Under any Medical Payments Coverage or under any Supplementary Payments Provision relating to immediate medical or surgical relief, to expenses incurred with respect to bodily injury, sickness, disease or death resulting from the hazardous properties of nuclear material and arising out of the operation of a nuclear facility by any person or organization.
- III. Under any Liability Coverage, to injury, sickness, disease, death or destruction resulting from the hazardous properties of nuclear material, if
 - (a) the nuclear material (1) is at any nuclear facility owned by, or operated by or on behalf of, an insured or (2) has been discharged or dispersed therefrom;
 - (b) 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
 - (c) the injury, sickness, disease, death or destruction 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 (c) applies only to injury to or destruction of property at such nuclear facility.

IV. As used in this endorsement:

"hazardous properties" include radioactive, toxic or explosive properties; **"nuclear material"** means source material, special nuclear material or byproduct material: **"source material"**, **"special nuclear material"**, and **"byproduct material"** have the meanings given them in the Atomic Energy Act 1954 or in any law amendatory thereof; **"spent fuel"** means any fuel element or fuel component, solid or liquid, which has been used or exposed to radiation in a nuclear reactor; **"waste"** means any waste material (1) containing byproduct material and (2) resulting from the operation by any person or organization of any nuclear facility included within the definition of nuclear facility under paragraph (a) or (b) thereof;

"nuclear facility" means

- (a) any nuclear reactor,
- (b) any equipment or device designed or used for (1) separating the isotopes of uranium or plutonium, (2) processing or utilizing spent fuel, or (3) 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; **"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. With respect to injury to or destruction of property, the word **"injury"** or **"destruction"** includes all forms or radioactive contamination of property.

It is understood and agreed that, except as specifically provided in the foregoing to the contrary, this clause is subject to the terms, exclusions, conditions and limitations of the Policy to which it is attached.

*NOTE: - As respect policies which afford liability coverages and other forms of coverage in addition, the words underlined should be amended to designate the liability coverage to which this clause is to apply.

17/3/60

NMA 1256

Pre-Existing Property Damage Exclusion

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

This endorsement modifies insurance provided under the:

JEM Form

This policy excludes any loss or damage directly or indirectly caused by, resulting from or contributed to by any pre-existing property damage at the time of loss

All other terms, conditions, provisions and exclusions of this policy remain the same.

**RADIOACTIVE CONTAMINATION EXCLUSION CLAUSE – LIABILITY – DIRECT
(U.S.A.)**

(Approved by Lloyd's Underwriters' Fire and Non-Marine Association)

For attachment (in addition to the appropriate Nuclear Incident Exclusion Clause – Liability – Direct) to liability insurances affording worldwide coverage.

In relation to liability arising outside the U.S.A., its Territories or Possessions, Puerto Rico or the Canal Zone, this Policy does not cover any liability of whatsoever nature directly or indirectly caused by or contributed to by or arising from ionising radiations or contamination by radioactivity from any nuclear fuel or from any nuclear waste from the combustion of nuclear fuel.

13/2/64
NMA 1477

**IN RESPECT OF INTERNATIONAL INSURANCE COMPANY OF HANNOVER SE PARTICIPATION
ONLY**

SANCTION AND LIMITATION EXCLUSION CLAUSE

The Insurer will not provide cover, be liable to pay any claim or provide any benefit if to do so would expose the Insurer (or any parent company, direct or indirect holding company of the Insurer) to any penalty or restriction including extraterritorial penalties or restrictions so far as such do not contradict laws applicable to the Insurer, arising out of any trade and economic sanctions laws or regulations which are applicable to it.

IICH 2016 (SLEX)

Sanction Limitation and Exclusion Clause

No (re)insurer shall be deemed to provide cover and no (re)insurer shall be liable to pay any claim or provide any benefit hereunder to the extent that the provision of such cover, payment of such claim or provision of such benefit would expose that (re)insurer to any sanction, prohibition or restriction under United Nations resolutions or the trade or economic sanctions, laws or regulations of the European Union, Japan, United Kingdom or United States of America.

LMA3100
15 September 2010

SERVICE OF SUIT CLAUSE (U.S.A.)

It is agreed that in the event of the failure of the Underwriters hereon to pay any amount claimed to be due hereunder, the Underwriters hereon, at the request of the Insured (or Reinsured), will submit to the jurisdiction of a Court of competent jurisdiction within the United States. Nothing in this Clause constitutes or should be understood to constitute a waiver of Underwriters' rights to commence an action in any Court of competent jurisdiction in the United States, to remove an action to a United States District Court, or to seek a transfer of a case to another Court as permitted by the laws of the United States or of any State in the United States.

It is further agreed that service of process in such suit may be made upon

MENDES AND MOUNT,
750 Seventh Avenue,
New York, New York 10019-6829,
United States of America.

and that in any suit instituted against any one of them upon this contract, Underwriters will abide by the final decision of such Court or of any Appellate Court in the event of an appeal.

The above-named are authorized and directed to accept service of process on behalf of Underwriters in any such suit and/or upon the request of the Insured (or Reinsured) to give a written undertaking to the Insured (or Reinsured) that they will enter a general appearance upon Underwriters' behalf in the event such a suit shall be instituted.

Further, pursuant to any statute of any state, territory or district of the United States which makes provision therefor, Underwriters hereon hereby designate the Superintendent, Commissioner or Director of Insurance or other officer specified for that purpose in the statute, or his successor or successors in office, as their true and lawful attorney upon whom may be served any lawful process in any action, suit or proceeding instituted by or on behalf of the Insured (or Reinsured) or any beneficiary hereunder arising out of this contract of insurance (or reinsurance), and hereby designate the above-named as the person to whom the said officer is authorized to mail such process or a true copy thereof.

NMA1998
24/4/86

SEVERAL LIABILITY CLAUSE

PLEASE NOTE – This notice contains important information. PLEASE READ CAREFULLY

The liability of an insurer under this contract is several and not joint with other insurers party to this contract. An insurer is liable only for the proportion of liability it has underwritten. An insurer is not jointly liable for the proportion of liability underwritten by any other insurer. Nor is an insurer otherwise responsible for any liability of any other insurer that may underwrite this contract.

The proportion of liability under this contract underwritten by an insurer (or, in the case of a Lloyd's syndicate, the total of the proportions underwritten by all the members of the syndicate taken together) is shown in this contract.

In the case of a Lloyd's syndicate, each member of the syndicate (rather than the syndicate itself) is an insurer. Each member has underwritten a proportion of the total shown for the syndicate (that total itself being the total of the proportions underwritten by all the members of the syndicate taken together). The liability of each member of the syndicate is several and not joint with other members. A member is liable only for that member's proportion. A member is not jointly liable for any other member's proportion. Nor is any member otherwise responsible for any liability of any other insurer that may underwrite this contract. The business address of each member is Lloyd's, One Lime Street, London EC3M 7HA. The identity of each member of a Lloyd's syndicate and their respective proportion may be obtained by writing to Market Services, Lloyd's, at the above address.

Although reference is made at various points in this clause to "this contract" in the singular, where the circumstances so require this should be read as a reference to contracts in the plural.

07/03/08

LMA5096 (Combined Certificate)

SEVERAL LIABILITY NOTICE

The subscribing insurers' obligations under contracts of insurance to which they subscribe are several and not joint and are limited solely to the extent of their individual subscriptions. The subscribing insurers are not responsible for the subscription of any co-subscribing insurer who for any reason does not satisfy all or part of its obligations.

08/94

LSW1001 (Insurance)

SEEPAGE & POLLUTION, LAND, AIR WATER EXCLUSION & DEBRIS REMOVAL ENDORSEMENT

LAND, WATER AND AIR EXCLUSION

Notwithstanding any provision to the contrary within the Policy of which this Endorsement forms part (or within any other Endorsement which forms part of this Policy), this Policy does not insure land (including but not limited to land on which the insured property is located), water or air, howsoever and wherever occurring, or any interest or right therein.

SEEPAGE AND/OR POLLUTION AND/OR CONTAMINATION EXCLUSION

Notwithstanding any provision to the contrary within the Policy of which this Endorsement forms part (or within any other Endorsement which forms part of this Policy), this Policy does not insure:

- (a) any loss, damage, cost or expense, or
- (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 or request of, or by any agreement with, any court, government agency or any public, civil or military authority, or threat thereof, (and whether or not as a result of public or private litigation),

which arises from any kind of seepage or any kind of pollution and/or contamination, or threat thereof, 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 or pollution and/or contamination or threat thereof.

The term "any kind of seepage or any kind of pollution and/or contamination" as used in this Endorsement includes (but is not limited to):

- (a) seepage of, or pollution and/or contamination by, anything, including but not limited to, 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, or defined as a "toxic substance" by the Canadian Environmental Protection Act for the purposes of Part II of that Act, or any substance 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.

DEBRIS REMOVAL ENDORSEMENT

THIS ENDORSEMENT CONTAINS PROVISIONS WHICH MAY LIMIT OR PREVENT RECOVERY UNDER THIS POLICY FOR LOSS WHERE COSTS OR EXPENSES FOR DEBRIS REMOVAL ARE INCURRED.

Nothing contained in this Endorsement shall override any Seepage and/or Pollution and/or Contamination Exclusion or any Radioactive Contamination Exclusion or any other Exclusion applicable to this Policy.

Any provision within this Policy (or within any other Endorsement which forms part of this Policy) which insures debris removal is cancelled and replaced by the following:

1. In the event of direct physical damage to or destruction of property, for which Underwriters hereon agree to pay, or which but for the application of a deductible or underlying amount they would agree to pay (hereinafter referred to as "Damage or Destruction"), this Policy also insures, within the Sum Insured, subject to the limitations and method of calculation below, and to all the other terms and conditions of the Policy, costs or expenses;
 - (a) which are reasonably and necessarily incurred by the Assured in the removal, from the premises of the Assured at which the Damage or Destruction occurred, of debris which results from the Damage or Destruction; and
 - (b) of which the Assured becomes aware and advises the amount thereof to Underwriters hereon within one year of the commencement of such Damage or Destruction.
 - (c) The Underwriters shall not be liable for any debris removal cost or expense associated with removing contaminated or polluted uninsured property, nor the Pollutants or Contaminants therein or thereon, whether or not such contamination results from a Covered Cause of Loss.

2. In calculating the amount, if any, payable under this Policy for loss where costs or expenses for removal of debris are incurred by the Assured (subject to the limitations in paragraph 1 above):
 - (a) the maximum amount of such costs or expenses that can be included in the method of calculation set out in (b) below shall be the lesser of **US\$See Sublimits of Liability** of the amount of the Damage or Destruction from which such costs or expenses result; and
 - (b) the amount of such costs or expenses as limited in (a) above shall be added to:
 - (i) the amount of the Damage or Destruction; and
 - (ii) all other amounts of loss, which arise as a result of the same occurrence, and for which Underwriters hereon also agree to pay, or which but for the application of a deductible or underlying amount they would agree to pay; and

the resulting sum shall be the amount to which any deductible or underlying amount to which this Policy is subject and the limit (or applicable sub-limit) of this Policy, shall be applied.

NMA2340 (Amended)
24 November 1988



General Security Indemnity Company of Arizona (THE "COMPANY")

HOME OFFICES
2338 W. ROYAL PALM ROAD,
SUITE J
Phoenix, AZ 85021

ADMINISTRATIVE OFFICES
28 Liberty Street, Suite 5400
New York, NY 10005
Telephone No: +(1) 212-480-1900
U.S. Toll-Free (outside NY) 800-326-3299

Endorsement

This Endorsement, effective 12:01 am 5/14/2021
form part of Policy Number: JEM-21-PP-1224

issued to: Regency Key Homeowners Association Inc

by: General Security Indemnity Company of Arizona

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

Service of Suit Clause

In the event of the failure of the Company to pay any amount claimed to be due hereunder, the Company, at the request of the Insured, shall submit to the jurisdiction of a court of competent jurisdiction within the United States. Nothing in this Clause constitutes or should be understood to constitute a waiver of the Company's rights to commence an action in any court of competent jurisdiction in the United States, to remove an action to a United States District Court, or to seek a transfer of a case to another court as permitted by the laws of the United States or of any state in the United States. The Company, once the appropriate court is selected, whether such court is the one originally chosen by the Insured and accepted by the Company or is determined by removal, transfer, or otherwise, as provided for above, shall comply with all requirements necessary to give said court jurisdiction and, in any suit instituted against the Company, shall abide by the final decision of such court or of any appellate court in the event of an appeal.

Service of process in such suit may be made upon:

General Security Indemnity Company of Arizona
28 Liberty Street, Suite 5400
New York, NY 10005
Attn: Maxine Verne, General Legal Counsel

Further, pursuant to any statute of any state, territory, or district of the United States that makes provision thereof, the Company hereby designates the Superintendent, Commissioner or Director of Insurance, or other officer specified for that purpose in the statute, or his successor or successors in office, as its true and lawful attorney upon whom may be served any lawful process in any action, suit or proceeding instituted by or on behalf of the Insured or any beneficiary hereunder arising out of this Contract of Insurance, and hereby designates the above-named as the person to whom the said officer is authorized to mail such process or a true copy thereof.

Authorized Representative

WAR AND TERRORISM EXCLUSION ENDORSEMENT

Notwithstanding any provision to the contrary within this insurance or any endorsement thereto it is agreed that this insurance excludes loss, damage, cost or expense of whatsoever nature directly or indirectly caused by, resulting from or in connection with any of the following regardless of any other cause or event contributing concurrently or in any other sequence to the loss;

1. war, invasion, acts of foreign enemies, hostilities or warlike operations (whether war be declared or not), civil war, rebellion, revolution, insurrection, civil commotion assuming the proportions of or amounting to an uprising, military or usurped power; or
2. any act of terrorism.

For the purpose of this endorsement an act of terrorism means an act, including but not limited to the use of force or violence and/or the threat thereof, of any person or group(s) of persons, whether acting alone or on behalf of or in connection with any organisation(s) or government(s), committed for political, religious, ideological or similar purposes including the intention to influence any government and/or to put the public, or any section of the public, in fear.

This endorsement also excludes loss, damage, cost or expense of whatsoever nature directly or indirectly caused by, resulting from or in connection with any action taken in controlling, preventing, suppressing or in any way relating to 1 and/or 2 above.

If the Underwriters allege that by reason of this exclusion, any loss, damage, cost or expense is not covered by this insurance the burden of proving the contrary shall be upon the Assured.

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

NMA2918
08/10/01

PROPERTY CYBER AND DATA EXCLUSION

1. Notwithstanding any provision to the contrary within this Policy or any endorsement thereto this Policy excludes any:
 - 1.1 Cyber Loss;
 - 1.2 loss, damage, liability, claim, cost, expense of whatsoever nature directly or indirectly caused by, contributed to by, resulting from, arising out of or in connection with any loss of use, reduction in functionality, repair, replacement, restoration or reproduction of any Data, including any amount pertaining to the value of such Data;regardless of any other cause or event contributing concurrently or in any other sequence thereto.
2. In the event any portion of this endorsement is found to be invalid or unenforceable, the remainder shall remain in full force and effect.
3. This endorsement supersedes and, if in conflict with any other wording in the Policy or any endorsement thereto having a bearing on Cyber Loss or Data, replaces that wording.

Definitions

4. Cyber Loss means any loss, damage, liability, claim, cost or expense of whatsoever nature directly or indirectly caused by, contributed to by, resulting from, arising out of or in connection with any Cyber Act or Cyber Incident including, but not limited to, any action taken in controlling, preventing, suppressing or remediating any Cyber Act or Cyber Incident.
5. Cyber Act means an unauthorised, malicious or criminal act or series of related unauthorised, malicious or criminal acts, regardless of time and place, or the threat or hoax thereof involving access to, processing of, use of or operation of any Computer System.
6. Cyber Incident means:
 - 6.1 any error or omission or series of related errors or omissions involving access to, processing of, use of or operation of any Computer System; or
 - 6.2 any partial or total unavailability or failure or series of related partial or total unavailability or failures to access, process, use or operate any Computer System.
7. Computer System means:
 - 7.1 any computer, hardware, software, communications system, electronic device (including, but not limited to, smart phone, laptop, tablet, wearable device), server, cloud or microcontroller including any similar system or any configuration of the aforementioned and including any associated input, output, data storage device, networking equipment or back up facility,owned or operated by the Insured or any other party.
8. Data means information, facts, concepts, code or any other information of any kind that is recorded or transmitted in a form to be used, accessed, processed, transmitted or stored by a Computer System.

LMA5401
11 November 2019

Endorsement

Attached to and forming part of Policy No.: JEM-21-PP-1224	Effective Date: 5/14/2021	Named Insured: Regency Key Homeowners Association Inc
---	---------------------------	--

This endorsement is effective on the inception date of this policy unless otherwise stated herein.

ACTUAL CASH VALUE LIMITATION ROOFS AND ROOF SURFACING

This Endorsement Changes the Policy – Please Read it Carefully

This endorsement modifies insurance provided under the following:

JEM Property Form

General Conditions Section **10. Valuation, A. Replacement Cost**, is amended and the following exception is added:

a. This Optional Coverage does not apply to:

“Roofs” over 15 years in age, unless “Roofs” have been totally replaced within the previous 15 years of the effective date of this policy.

“Roofs” means roof surfacing excluding structural decking. Roof surfacing includes but is not limited to waterproofing materials, felts, tar and gravel, composition shingles, shake, wood shingles, metal, tile, slate or asphalt shingles, or any fiberglass materials.

This endorsement applies to all Premises and Locations on the policy.

All other terms, conditions and warranties of this policy shall remain unchanged.

Additional Coverage Endorsement – Wind Driven Precipitation

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

This endorsement modifies insurance provided under the:

JEM FORM

A. The following is added to section E. Limit of Liability:

Sublimit:

The sublimit for Wind Driven Precipitation is included within the Limit of Liability shown in the Declarations as applicable to the covered Building Property. This sublimit does not increase the Limit of Liability.

Sublimit: \$100,000

B. Changes to the Covered Cause of Loss And Exclusions Section

1. The following is added to Paragraph A. Covered Cause of Loss:

The term Covered Cause of Loss includes the Additional Coverage – Wind Driven Precipitation as described below:

We will pay for direct physical loss or damage to the interior of any building or structure, or to personal property in the building or structure caused by or resulting from rain, snow, sleet or ice, when driven by wind.

2. The following is added to section B. Exclusions:

We will not pay for loss or damage caused directly or indirectly by any of the following:

- a.** Sand or dust, unless the building or structure first sustains damage by a Covered Cause of Loss to its roof or walls through which the sand or dust enters;
- b.** Thawing of snow, sleet or ice on the building or structure; or
- c.** Faulty, inadequate or defective:
 - (1)** Planning, zoning, development, surveying, siting;
 - (2)** Design, specifications, workmanship, repair, construction, renovation, remodeling, grading, compaction;
 - (3)** Materials used in repair, construction, renovation or remodeling; or
 - (4)** Maintenance;of part or all of any property on or off the described premises.

3. Paragraph 1.c. in section C. Limitations is deleted.

All other terms, conditions, provisions and exclusions of this policy remain the same.

**U.S. Terrorism Risk Insurance Act of 2002 as amended
Not Purchased Clause**

This Clause is issued in accordance with the terms and conditions of the "U.S. Terrorism Risk Insurance Act of 2002" as amended as summarized in the disclosure notice.

It is hereby noted that the Underwriters have made available coverage for "insured losses" directly resulting from an "act of terrorism" as defined in the "U.S. Terrorism Risk Insurance Act of 2002", as amended ("TRIA") and the Insured has declined or not confirmed to purchase this coverage.

This Insurance therefore affords no coverage for losses directly resulting from any "act of terrorism" as defined in TRIA except to the extent, if any, otherwise provided by this policy.

All other terms, conditions, insured coverage and exclusions of this Insurance including applicable limits and deductibles remain unchanged and apply in full force and effect to the coverage provided by this Insurance.

LMA5390

09 January 2020

COMMUNICABLE DISEASE ENDORSEMENT

(For use on property policies)

1. This policy, subject to all applicable terms, conditions and exclusions, covers losses attributable to direct physical loss or physical damage occurring during the period of insurance. Consequently and notwithstanding any other provision of this policy to the contrary, this 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 a Communicable Disease or the fear or threat (whether actual or perceived) of a Communicable Disease.
2. For the purposes of this endorsement, loss, damage, claim, cost, expense or other sum, includes, but is not limited to, any cost to clean-up, detoxify, remove, monitor or test:
 - 2.1 for a Communicable Disease, or
 - 2.2 any property insured hereunder that is affected by such Communicable Disease.
3. As used herein, a Communicable Disease means any disease which can be transmitted by means of any substance or agent from any organism to another organism where:
 - 3.1 the substance or agent includes, but is not limited to, a virus, bacterium, parasite or other organism or any variation thereof, whether deemed living or not, and
 - 3.2 the method of transmission, whether direct or indirect, includes but is not limited to, airborne transmission, bodily fluid transmission, transmission from or to any surface or object, solid, liquid or gas or between organisms, and
 - 3.3 the disease, substance or agent can cause or threaten damage to human health or human welfare or can cause or threaten damage to, deterioration of, loss of value of, marketability of or loss of use of property insured hereunder.
4. This endorsement applies to all coverage extensions, additional coverages, exceptions to any exclusion and other coverage grant(s).

All other terms, conditions and exclusions of the policy remain the same.

LMA5393
25 March 2020

CAT Minimum Earned Premium

The following additional provisions shall apply with respect to the cancellation clause of this policy:

- A.** If this policy covers any location or locations in “Tier 1 wind zone(s)” as defined in this policy, and the policy is cancelled at the request of the Insured, the following provision will apply.

If coverage existed at any time during the period from June 1st to November 30th, the amount of premium we will return will be a percentage of the total premium, determined as follows:

1 Year Policy

Days In Force	Percentage
1 to 180	20%
181 to 210	15%
211 to 240	10%
241 to 270	7.5%
271 to 300	5.0%
301 to 330	2.5%
331 to 365	0.0%

If a coverage or location is added or deleted to the policy, each type of coverage or such location(s) shall be underwritten separately and the rate will be determined based upon the characteristics of the risk.

If a location within a “Tier 1 wind zone” is added or deleted, and coverage for that location existed at any time during the period from June 1st to November 30th, the premium to be returned for that location will be determined using the table above.

If a location is not within a “Tier 1 wind zone” and is added or deleted, normal pro rata or short rate factors shall apply as appropriate.

- B.** Tier 1 wind zone is defined as follows:

All reference herein to “Tier I”, “Tier I Windstorm” or similar “Tier I” references, shall be defined as all locations situated within *Tier I States or Counties* as specified below:

- Alabama: Baldwin, Mobile;
- Florida: Entire State of Florida;
- Georgia: Bryan, Camden, Chatham, Glynn, Liberty, McIntosh;
- Hawaii: Entire State of Hawaii;
- Louisiana: Cameron, Iberia, Jefferson, Lafourche, Orleans, Plaquemines, St. Mary, St. Bernard, St. Tammany, Terrebonne, Vermilion;
- Mississippi: Hancock, Harrison, Jackson;
- North Carolina: Beaufort, Brunswick, Carteret, Craven, Dare, Hyde, New Hanover, Onslow, Pamlico, Pender;

South Carolina: Beaufort, Berkley, Charleston, Colleton, Georgetown, Horry, Jasper;

Texas: Aransas, Brazoria, Calhoun, Cameron, Chambers, Galveston, Harris, Jackson, Jefferson, Kenedy, Kleberg, Matagorda, Nueces, Orange, Refugio, San Patricio, Victoria, Willacy;

Virginia: Accomack, Northampton, Virginia Beach City, Chesapeake, Gloucester, Hampton City, Lancaster, Mathews, Middlesex, Newport News, Norfolk City, Northumberland, Poquoson City, Portsmouth City, Suffolk City, York;

All other states: As provided by endorsement hereto (if any).

All other terms and conditions of the policy remain the same.

Contract Allocation Endorsement

This Insurance is effected with certain insurance underwriters (hereinafter called the "Underwriters"). The following words shall be deemed to be synonymous: "Underwriters", "Insurers", and "Company".

The liability by each "Underwriter" on this contract with the Insured is limited to the participation amount shown in the schedule below. The liability of each separate contract listed and for each "underwriter" represented thereby for any loss or losses or amounts payable is several as to each and shall not exceed its participation percentage shown below and there is no joint liability amounts payable is several as to each and shall not exceed its participation percentage shown below and there is no joint liability of any "Underwriters" pursuant to this contract. An "Underwriter" shall not have its liability hereunder increased or decreased by reason of failure or delay of another "underwriter", its successors, assigns, or legal representatives. Any loss otherwise payable under the provisions of the attached policy that exceeds the allocation of "Risk" as defined herein shall be borne proportionately by the contracts as to their limit of liability at the time and place of the loss bears to the total allocated limits herein.

This contract shall be constructed as a separate contract between the insured and each of the "Underwriters". This evidence of coverage consists of separate sections of a composite insurance for all Underwriter's at Lloyds combined and separate policies issued by the insurance company(ies), all as identified below. This evidence of coverage does not constitute in any manner or form a joint certificate of coverage by Underwriters at Lloyd's with any other insurance company(ies).

In Witness whereof, the following "Underwriters" execute and attest these presents, and subscribe for the amount of insurance provided.

The security is as noted below

Layer of Participation	Attachment Point	Perils	Contract #	Company Code	Policy# / Certificate #	Participation of JEM's share
\$20,588,300 excess of	deductibles	AR EXCL F EM	HDI	HDI	20016571156-21	\$2,316,183
\$20,588,300 excess of	deductibles	AR EXCL F EM	VAL	VAL	VJM0001856-21	\$2,393,390
\$20,588,300 excess of	deductibles	AR EXCL F EM	EVN	EVN	EJM0001828-21	\$772,061
\$20,588,300 excess of	deductibles	AR EXCL F EM	NAV	NAV	IS21HABJEM1089	\$1,544,123
\$20,588,300 excess of	deductibles	AR EXCL F EM	GSI	GSI	3709701544-2100	\$1,158,092
\$20,588,300 excess of	deductibles	AR EXCL F EM	USI	USI	WMA0001012-21	\$1,080,886
\$20,588,300 excess of	deductibles	AR EXCL F EM	PES	PES	9BA3PP0000080-00	\$5,147,075
\$20,588,300 excess of	deductibles	AR EXCL F EM	B0180PH2101631	Lloyds	21016310440-21	\$5,018,398
\$20,588,300 excess of	deductibles	AR EXCL F EM	B0180PH2102423	Lloyds	21024230441-21	\$772,061
\$20,588,300 excess of	deductibles	AR EXCL F EM	B0180PH2102437	Lloyds	20024371155-21	\$386,031

Perils are further defined in the primary policy language or as per applicable forms attached to this policy. Symbols used above are defined as follows:

<u>CAUSE OF LOSS</u>	<u>SYMBOL</u>	<u>CODE</u>	<u>COMPANY</u>
All Risk	AR	Lloyds	Certain Underwriters at Lloyd's of London
Difference in Conditions	DIC	HDI	HDI Global Specialty SE
Windstorm and Hail	WH	VAL	Western World Insurance Company
Named Windstorm,	NW	EVN	Evanston Insurance Company
All Other Windstorm	AOW	NAV	Navigators Specialty Insurance Company
Storm Surge	SS	GSI	General Security Indemnity Company of Arizona
Flood	F	USI	United Specialty Insurance Company
All Other Flood	AOF	PES	The Princeton Excess and Surplus Lines Insurance Company
Earthquake	EQ		
Earth Movement	EM		
Earthquake Sprinkler Leakage	EQSL		
Earth Movement Sprinkler Leakage	EMSL		
Certified Terrorism Defined by TRIA, if applicable	T1		
Equipment Breakdown	EBD		
Excluding	EXCL		
Including	INCL		

Equipment Breakdown Coverage Form

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

Throughout this policy, the words “you” and “your” refer to the Named Insured shown in the Declarations. The words “we,” “us” and “our” refer to the Company providing this Insurance. Other words and phrases that appear in quotation marks have special meaning. Refer to Section G - DEFINITIONS. Examples are shown for illustrative purposes only and do not represent predicted or expected outcomes.

A. COVERAGE

This Equipment Breakdown Coverage provides insurance for a Covered Cause of Loss as defined in A.1. below. In the event of a Covered Cause of Loss, we will pay for loss as described in A.2. below.

1. Covered Cause of Loss – “Accident”

The Covered Cause of Loss for this Equipment Breakdown Coverage is an “accident.” Without an “accident,” there is no Equipment Breakdown Coverage.

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

- (1) Mechanical breakdown, including rupture or bursting caused by centrifugal force;
- (2) Artificially generated electrical current, including electrical arcing, that damages electrical devices, appliances or wires;
- (3) Explosion, other than combustion explosion, of steam boilers, steam piping, steam engines or steam turbines;
- (4) An event inside steam boilers, steam pipes, steam engines or steam turbines that damages such equipment;
- (5) An event inside hot water boilers or other water heating equipment that damages such equipment; or
- (6) Bursting, cracking or splitting.

“Accident” does not include any condition or event listed in Definition G.1.b.

b. “Covered Equipment” means the following:

- (1) Unless specified otherwise in the Declarations:
 - (a) Equipment that generates, transmits or utilizes energy, including electronic communications and data processing equipment; or
 - (b) Equipment which, during normal usage, operates under vacuum or pressure, other than the weight of its contents.

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

- (2) Except as specifically provided for under Off Premises Property Damage, Service Interruption, Contingent Business Income, paragraph (2) of Perishable Goods and Civil Authority, such equipment must be at a location described in the Declarations and must be owned or leased by you or operated under your control.

“Covered equipment” does not include any property listed in Definition G.8.b.

2. Coverages Provided

This section lists the coverages that may apply in the event of an “accident.” Each coverage is subject to a specific limit as shown in the Declarations. See paragraph C.2. for details.

These coverages apply only to the direct result of an “accident.” For each coverage, we will pay only for that portion of the loss,

damage or expense that is solely attributable to the “accident.”

a. Property Damage

We will pay for physical damage to “covered property” that is at a location indicated in the Declarations at the time of the “accident.”

b. Off Premises Property Damage

If you have transportable “covered

equipment” that, at the time of the “accident,” is within the Coverage Territory, but is not:

- (1) At a location indicated in the Declarations; or
- (2) At any other location owned or leased by you,

we will pay for physical damage to such “covered equipment.”

c. Business Income

- (1) We will pay your actual loss of “business income” during the “period of restoration” that results directly from the necessary total or partial interruption of your business.
- (2) We will also pay any necessary expenses you incur during the “period of restoration” to reduce the amount of loss under this coverage. We will pay for such expenses to the extent that they do not exceed the amount of loss that otherwise would have been payable under this coverage.
- (3) We will consider the actual experience of your business before the “accident” and the probable experience you would have had without the “accident” in determining the amount of our payment.

d. Extra Expense

We will pay the reasonable and necessary “extra expense” to operate your business during the “period of restoration.”

e. Service Interruption

We will pay for your loss and expense as defined under Business Income coverage and Extra Expense coverage that is the result of an “interruption of service.”

f. Contingent Business Income

We will pay for your loss and expense as defined under Business Income and Extra Expense coverages that:

- (1) Results from an “interruption of supply”; or
- (2) Results from an “accident” to an “anchor location.”

g. Perishable Goods

- (1) We will pay for physical damage to “perishable goods” due to “spoilage.”

- (2) We will also pay for physical damage to “perishable goods” due to “spoilage” that is the result of an “interruption of service.”
- (3) We will also pay for physical damage to “perishable goods” due to contamination from the release of refrigerant, including but not limited to ammonia.
- (4) We will also pay any necessary expenses you incur during the “period of restoration” to reduce the amount of loss under this coverage. We will pay for such expenses to the extent that they do not exceed the amount of loss that otherwise would have been payable under this coverage.

h. Data Restoration

- (1) We will pay for your reasonable and necessary cost to research, replace or restore lost “data.”
- (2) We will also pay for your loss and expense as defined under Business Income coverage and Extra Expense coverage that is the result of h.(1) above, if such coverage is otherwise applicable under this policy. This coverage is included within and subject to your Data Restoration limit.

i. Demolition

- (1) This coverage applies if an “accident” damages a building that is “covered property” and the loss is increased by an ordinance or law that:
 - (a) Requires the demolition of a building that is otherwise repairable;
 - (b) Is in force at the time of the “accident”; and
 - (c) Is not addressed under Hazardous Substances coverage.
- (2) We will pay for the following additional costs to comply with such ordinance or law:
 - (a) Your actual and necessary cost to demolish and clear the site of the undamaged parts of the building; and
 - (b) Your actual and necessary cost to reconstruct the undamaged parts of the building.

- (3) As used in this coverage, additional costs mean those beyond what would have been payable under this Equipment Breakdown Coverage had no such ordinance or law been in force at the time of the "accident."
- (4) We will also pay for your loss and expense as defined under Business Income coverage and Extra Expense coverage that is the result of i.(1) above, if such coverage is otherwise applicable under this policy. This coverage is included within and subject to your Demolition limit.

j. Ordinance or Law

- (1) This coverage applies if an "accident" damages a building that is "covered property" and the loss is increased by an ordinance or law that:
 - (a) Regulates the construction or repair of buildings, including "building utilities";
 - (b) Is in force at the time of the "accident"; and
 - (c) Is not addressed under Demolition coverage or Hazardous Substances coverage.
- (2) We will pay for the following additional costs to comply with such ordinance or law:
 - (a) Your actual and necessary cost to repair the damaged portions of the building;
 - (b) Your actual and necessary cost to reconstruct the damaged portions of the building; and
 - (c) Your actual and necessary cost to bring undamaged portions of the building into compliance with the ordinance or law.
- (3) As used in this coverage, additional costs mean those beyond what would have been payable under this Equipment Breakdown Coverage had no such ordinance or law been in force at the time of the "accident."
- (4) We will also pay for your loss and

expense as defined under Business Income coverage and Extra Expense coverage that is the result of j.(1) above, if such coverage is otherwise applicable under this policy. This coverage is included within and subject to your Ordinance or Law limit.

k. Expediting Expenses

With respect to your damaged "covered property," we will pay the reasonable extra cost to:

- (1) Make temporary repairs; and
- (2) Expedite permanent repairs or permanent replacement.

l. Hazardous Substances

- (1) We will pay for the additional cost to repair or replace "covered property" because of contamination by a "hazardous substance." This includes the additional expenses to clean up or dispose of such property. This does not include contamination of "perishable goods" by refrigerant, including but not limited to ammonia, which is addressed in Perishable Goods, A.2.g.(3).
- (2) As used in this coverage, additional costs mean those beyond what would have been payable under this Equipment Breakdown Coverage had no "hazardous substance" been involved.
- (3) We will also pay for your loss and expense as defined under Business Income coverage and Extra Expense coverage that is the result of l.(1) above, if such coverage is otherwise applicable under this policy. This coverage is included within and subject to your Hazardous Substances limit.

m. Newly Acquired Locations

- (1) You will notify us promptly of any newly acquired location that you have purchased or leased during the Policy Period.
- (2) All coverages applicable to any scheduled location under this Equipment Breakdown Coverage are extended to a newly acquired location that you have purchased

or leased during the Policy Period.

- (3) This coverage begins at the time you acquire the property. As respects newly constructed properties, we will only consider them to be acquired by you when you have fully accepted the completed project.
- (4) This coverage ends when any of the following first occurs:
 - (a) This Policy expires;
 - (b) The number of days specified in the Declarations for this coverage expires after you acquire the location;
 - (c) The location is incorporated into the regular coverage of this policy; or
 - (d) The location is incorporated into the regular coverage of another Equipment Breakdown policy you have.
- (5) If limits or deductibles vary by location, the highest limits and deductibles will apply to newly acquired locations. However, the most we will pay for loss, damage or expense arising from any "one accident" is the amount shown as the Newly Acquired Locations limit in the Declarations.
- (6) We will charge you additional premium for newly acquired locations from the date you acquire the property.

n. Course of Construction

This coverage is automatically included and does not need to be indicated in the Declarations.

- (1) You will notify us promptly of any expansion or rehabilitation of any location described in the Declarations.
- (2) All coverages applicable to any location described in the Declarations are extended to an expansion or rehabilitation of that location.
- (3) This coverage begins at the time you begin the expansion or rehabilitation project.
- (4) We will charge you additional premium for newly acquired equipment from the date the

equipment is installed.

o. Civil Authority

We will pay for your loss and expense as defined under Business Income and Extra Expense coverages that results from a civil authority prohibiting access to a location described in the Declarations due solely to an "accident" that causes damage to property within one mile of such location, provided that such action is taken in response to dangerous physical conditions resulting from the "accident," or to enable a civil authority to have unimpeded access to the damaged property.

B. EXCLUSIONS

We will not pay for any excluded loss, damage or expense, even though any other cause or event contributes concurrently or in any sequence to the loss, damage or expense.

1. We will not pay for loss, damage or expense caused directly or indirectly by any of the following, whether or not caused by or resulting from an "accident."
 - a. **Fire and Explosion**
 - (1) Fire, including smoke from a fire.
 - (2) Combustion explosion. This includes, but is not limited to, a combustion explosion of any steam boiler or other fired vessel.
 - (3) Any other explosion, except as specifically provided in A.1.a.(3).
 - b. **Ordinance or Law**

The enforcement of, or change in, any ordinance, law, regulation, rule or ruling regulating or restricting repair, replacement, alteration, use, operation, construction or installation, except as specifically provided in A.2.i., j. and l. (Demolition, Ordinance or Law and Hazardous Substances coverages).
 - c. **Earth Movement**

Earth movement, whether natural or human-made, including but not limited to earthquake, shock, tremor, subsidence, landslide, rock fall, earth sinking, sinkhole collapse or tsunami.
 - d. **Nuclear Hazard**

Nuclear reaction, detonation or radiation, or radioactive contamination, however caused.
 - e. **War and Military Action**
 - (1) War, including undeclared or civil war;
 - (2) Warlike action by a military force,

- including action in hindering or defending against an actual or expected attack, by any government, sovereign or other authority using military personnel or other agents; or
- (3) Insurrection, rebellion, revolution, usurped power, political violence or action taken by governmental authority in hindering or defending against any of these.

f. **Water**

- (1) Flood, surface water, waves, tides, tidal waves, overflow of any body of water, or their spray, all whether driven by wind or not;
- (2) Mudslide or mudflow; or
- (3) Water that backs up or overflows from a sewer, drain or sump.

However, if electrical “covered equipment” requires drying out because of the above, we will pay for the amount you actually expend to dry out such equipment, subject to the applicable Property Damage limit and Direct Coverage deductible. We will not pay more than the Actual Cash Value of the affected electrical “covered equipment.” We will not pay to replace such equipment or for any other loss, damage or expense.

g. **Failure to Protect Property**

Your failure to use all reasonable means to protect “covered property” from damage following an “accident.”

h. **Fines**

Fine, penalty or punitive damage.

i. **Mold**

Mold, fungus, mildew or yeast, including any spores or toxins created or produced by or emanating from such mold, fungus, mildew or yeast. This includes, but is not limited to, costs arising from clean-up, remediation, containment, removal or abatement of such mold, fungus, mildew, yeast, spores or toxins. However, this exclusion does not apply to “spoilage” of personal property that is “perishable goods” to the extent that such “spoilage” is covered under Perishable Goods coverage.

j. **Vandalism**

Vandalism, meaning a willful and malicious act that causes damage or destruction.

2. We will not pay for an “accident” caused by or resulting from any of the following causes of loss:

- a. Lightning.
- b. Windstorm or Hail. However, this exclusion does not apply when:
 - (1) “Covered equipment” located within a building or structure suffers an “accident” that results from wind-blown rain, snow, sand or dust; and
 - (2) The building or structure did not first sustain wind or hail damage to its roof or walls through which the rain, snow, sand or dust entered.
- c. Collision or any physical contact caused by a “vehicle.” This includes damage by objects falling from aircraft. However, this exclusion does not apply to any unlicensed “vehicles” which you own or which are operated in the course of your business.
- d. Riot or Civil Commotion.
- e. Leakage or discharge of any substance from an automatic sprinkler system, including collapse of a tank that is part of the system.
- f. Volcanic Action.
- g. An electrical insulation breakdown test.
- h. A hydrostatic, pneumatic or gas pressure test.
- i. Water or other means intended to extinguish a fire, even when such an attempt is unsuccessful.
- j. Elevator collision.

3. We will not pay for an “accident” caused by or resulting from any of the following perils, if such peril is a covered cause of loss under another coverage part or policy of insurance you have, whether collectible or not, and without regard to whether or not the other coverage part or policy of insurance provides the same coverage or scope of coverage as this policy.

- a. Falling Objects.
- b. Weight of Snow, Ice or Sleet.
- c. Water Damage, meaning discharge or leakage of water or steam as the direct result of the breaking apart or cracking of any part of a system or appliance containing water or steam.
- d. Collapse.
- e. Breakage of Glass.
- f. Freezing caused by cold weather.

- g. Discharge of molten material from equipment, including the heat from such discharged material.
4. Exclusions 2. and 3. do not apply if all of the following are true:
- a. The excluded peril occurs away from any location described in the Declarations and causes an electrical surge or other electrical disturbance;
 - b. Such surge or disturbance is transmitted through utility service transmission lines to a described location;
 - c. At the described location, the surge or disturbance results in an "accident" to "covered equipment" that is owned or operated under the control of you or your landlord; and
 - d. The loss, damage or expense caused by such surge or disturbance is not a covered cause of loss under another coverage part or policy of insurance you have, whether collectible or not, and without regard to whether or not the other coverage part or policy of insurance provides the same coverage or scope of coverage as this policy.
5. With respect to Business Income, Extra Expense and Service Interruption coverages, we will also not pay for:
- a. Loss associated with business that would not or could not have been carried on if the "accident" had not occurred;
 - b. Loss caused by your failure to use due diligence and dispatch and all reasonable means to resume business;
 - c. That part of any loss that extends beyond or occurs after the "period of restoration." This includes, but is not limited to:
 - (1) "Business income" that would have been earned after the "period of restoration," even if such loss is the direct result of the suspension, lapse or cancellation of a contract during the "period of restoration"; and
 - (2) "Extra expense" to operate your business after the "period of restoration," even if such loss is contracted for and paid during the "period of restoration."
 - d. Any increase in loss resulting from an agreement between you and your customer or supplier. This includes, but

is not limited to, contingent bonuses or penalties, late fees, demand charges, demurrage charges and liquidated damages.

- 6. With respect to Off Premises Property Damage coverage, Service Interruption coverage, Contingent Business Income coverage, paragraph (2) of Perishable Goods coverage and Civil Authority coverage, we will also not pay for an "accident" caused by or resulting from any of the perils listed in Exclusion 3. above, whether or not such peril is a covered cause of loss under another coverage part or policy of insurance you have.
- 7. With respect to Data Restoration coverage, we will also not pay to reproduce:
 - a. Software programs or operating systems that are not commercially available; or
 - b. "Data" that is obsolete, unnecessary or useless to you.
- 8. With respect to Demolition and Ordinance or Law coverages, we will also not pay for:
 - a. Increased demolition or reconstruction costs until they are actually incurred; or
 - b. Loss due to any ordinance or law that:
 - (1) You were required to comply with before the loss, even if the building was undamaged; and
 - (2) You failed to comply with; whether or not you were aware of such non-compliance.

C. LIMITS OF INSURANCE

Any payment made under this Equipment Breakdown Coverage will not be increased if more than one insured is shown in the Declarations or if you are comprised of more than one legal entity.

1. Equipment Breakdown Limit

The most we will pay for loss, damage or expense arising from any "one accident" is the amount shown as the Equipment Breakdown Limit in the Declarations.

2. Coverage Limits

- a. The limit of your insurance under each of the coverages listed in A.2. from loss, damage or expense arising from any "one accident" is the amount indicated for that coverage in the Declarations. These limits are a part of, and not in addition to, the Equipment Breakdown Limit. If an amount of time is shown, coverage will continue for no more than that amount of time

immediately following the “accident.” If a coverage is shown as “Included,” that coverage is provided up to the remaining amount of the Equipment Breakdown Limit. If no limit is shown in the Declarations for a coverage, or if a coverage is shown as Excluded in the Declarations, that coverage will be considered to have a limit of \$0.

- b. If two or more coverage limits apply to the same loss or portion of a loss, we will pay only the smallest of the applicable limits for that loss or portion of the loss. This means that if:
- (1) You have a loss under one of the coverages listed in A.2.; and
 - (2) All or part of the loss is not covered because the applicable coverage is Excluded or has a limit that is less than the amount of your loss,

we will not pay the remaining amount of such loss under any other coverage.

EXAMPLE 1

Property Damage Limit: \$7,000,000

Business Income Limit: \$1,000,000

Newly Acquired Locations Limit: \$500,000

There is an “accident” at a newly acquired location that results in a Property Damage loss of \$200,000 and a Business Income loss of \$800,000.

We will pay \$500,000, because the entire loss is subject to the Newly Acquired Locations Limit of \$500,000.

EXAMPLE 2

Property Damage Limit: \$7,000,000

Business Income Limit: \$500,000

Hazardous Substances Limit: \$25,000

There is an “accident” that results in a loss of \$100,000. If no “hazardous substance” had been involved, the property damage loss would have been \$10,000 and the business income loss would have been \$20,000. The presence of the “hazardous substance” increased the loss by \$70,000 (increasing the clean up and repair costs by \$30,000 and increasing the business income loss by \$40,000).

We will pay \$55,000 (\$10,000 property damage plus \$20,000 business income plus \$25,000 hazardous substances).

D. DEDUCTIBLES

1. Deductibles for Each Coverage

- a. Unless the Declarations indicate that your deductible is combined for all coverages, multiple deductibles may

apply to any “one accident.”

- b. We will not pay for loss, damage or expense under any coverage until the amount of the covered loss or damage exceeds the deductible amount indicated for that coverage in the Declarations. We will then pay the amount of loss, damage or expense in excess of the applicable deductible amount, subject to the applicable limit indicated in the Declarations.
- c. If deductibles vary by type of “covered equipment” and more than one type of “covered equipment” is involved in any “one accident,” only the highest deductible for each coverage will apply.
- d. The following applies when a deductible is expressed as a function of the horsepower rating of a refrigerating or air conditioning system. If more than one compressor is used with a single system, the horsepower rating of the largest motor or compressor will determine the horsepower rating of the system.

2. Direct and Indirect Coverages

- a. Direct Coverages Deductibles and Indirect Coverages Deductibles may be indicated in the Declarations.
- b. Unless more specifically indicated in the Declarations:
- (1) Indirect Coverages Deductibles apply to Business Income and Extra Expense loss, regardless of where such coverage is provided in this Equipment Breakdown Coverage; and
 - (2) Direct Coverages Deductibles apply to all remaining loss, damage or expense covered by this Equipment Breakdown Coverage.

EXAMPLE

An “accident” results in covered losses as follows:

\$100,000 Total Loss (all applicable coverages)

\$ 35,000 Business Income Loss (including \$2,000 of business income loss payable under Data Restoration coverage)

\$ 5,000 Extra Expense Loss

In this case, the Indirect coverages loss totals \$40,000 before application of the Indirect Coverage Deductible. The Direct coverages loss totals the

remaining \$60,000 before application of the Direct Coverage Deductible.

3. Application of Deductibles

a. Dollar Deductibles

We will not pay for loss, damage or expense resulting from any "one accident" until the amount of loss, damage or expense exceeds the applicable deductible or deductibles shown in the Declarations. We will then pay the amount of loss, damage or expense in excess of the applicable deductible or deductibles, subject to the applicable limits shown in the Declarations.

b. Time Deductibles

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

c. Multiple of Average Daily Value (ADV) Deductibles

If a deductible is expressed as a number times ADV, that amount will be calculated as follows:

The ADV (Average Daily Value) will be the "business income" that would have been earned during the period of interruption had no "accident" occurred, divided by the number of working days in that period. The ADV applies to the "business income" value of the entire location, whether or not the loss affects the entire location. If more than one location is included in the valuation of the loss, the ADV will be the combined value of all affected locations. For purposes of this calculation, the period of interruption may not extend beyond the "period of restoration."

The number indicated in the Declarations will be multiplied by the ADV as determined above. The result will be used as the applicable deductible.

EXAMPLE

Business is interrupted, partially or completely, for 10 working days. If there had been no "accident," the total "business income" at the affected location for those 10 working days would have been \$5,000. The Indirect

Coverages Deductible is 3 Times ADV.
 $\$5,000 / 10 = \500 ADV
 $3 \times \$500 = \$1,500$ Indirect Coverages Deductible

d. Percentage of Loss Deductibles

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

E. LOSS CONDITIONS

The following conditions apply:

1. Abandonment

There can be no abandonment of any property to us.

2. Brands and Labels

a. If branded or labeled merchandise that is "covered property" is damaged by an "accident," but retains a salvage value, you may:

- (1) Stamp the word SALVAGE on the merchandise or its containers if the stamp will not physically damage the merchandise; or
- (2) Remove the brands or labels, if doing so will not physically damage the merchandise. You must re-label the merchandise or its containers to comply with the law.

b. We will pay for any reduction in value of the salvage merchandise resulting from either of the two actions listed in 2.a. above, subject to all applicable limits.

c. We will also pay the reasonable and necessary expenses you incur to perform either of the two actions described in 2.a. above. We will pay for such expenses to the extent that they do not exceed the amount recoverable from salvage.

d. If a Brands and Labels Limit is shown on the Declarations, we will not pay more than the indicated amount for coverage under this Condition.

3. Coinsurance - Business Income Coverage

a. Unless otherwise shown in the Declarations, Business Income

coverage is subject to coinsurance. This means that we will not pay the full amount of any "business income" loss if the "business income actual annual value" is greater than the "business income estimated annual value" at the affected location at the time of the "accident." Instead, we will determine the most we will pay using the following steps:

- (1) Divide the "business income estimated annual value" by the "business income actual annual value" at the time of the "accident";
- (2) Multiply the total amount of the covered loss of "business income" by the amount determined in paragraph (1) above;
- (3) Subtract the applicable deductible from the amount determined in paragraph (2) above;

The resulting amount, or the Business Income Limit, whichever is less, is the most we will pay. For the remainder, you will either have to rely on other insurance or absorb the loss yourself.

- b. Coinsurance applies separately to each insured location.
- c. If you report a single "business income estimated annual value" for more than one location, without providing information on how that amount should be distributed among the locations, we will distribute the amount evenly among all applicable locations.

EXAMPLE 1 (Underinsurance)

When:

The "business income actual annual value" at the location of loss at the time of the "accident" is \$200,000.

The "business income estimated annual value" shown in the Declarations for the location of loss is \$100,000.

The actual loss of "business income" resulting from the "accident" is \$40,000.

The Business Income limit is \$100,000.

The Business Income deductible is \$5,000.

Step 1: $\$100,000 / \$200,000 = .5$

Step 2: $\$40,000 \times .5 = \$20,000$

Step 3: $\$20,000 - \$5,000 = \$15,000$

The total "business income" loss recovery, after deductible, would be \$15,000. For the

remainder, you will either have to rely on other insurance or absorb the loss yourself. We will also charge you an additional premium in recognition of the "business income actual annual value."

EXAMPLE 2 (Adequate insurance)

When:

The "business income actual annual value" at the location of loss at the time of the "accident" is \$200,000.

The "business income estimated annual value" shown in the Declarations for the location of loss is \$200,000.

The actual loss of "business income" resulting from the "accident" is \$40,000.

The Business Income limit is \$100,000.

The Business Income deductible is \$5,000.

Step 1: $\$200,000 / \$200,000 = 1$

Step 2: $\$40,000 \times 1 = \$40,000$

Step 3: $\$40,000 - \$5,000 = \$35,000$

The total "business income" loss recovery, after deductible, would be \$35,000.

4. Coinsurance – Coverages other than Business Income

Coverages other than Business Income may be subject to coinsurance if so indicated in the Declarations. If a Coinsurance percentage is shown in the Declarations, the following condition applies.

- a. We will not pay the full amount of any loss if the value of the property subject to the coverage at the time of the "accident" times the Coinsurance percentage shown for it in the Declarations is greater than the applicable limit.

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

- (1) Multiply the value of the property subject to the coverage at the time of the "accident" by the Coinsurance percentage;
- (2) Divide the applicable limit by the amount determined in step (1);
- (3) Multiply the total amount of loss, before the application of any deductible, by the amount determined in step (2); and
- (4) Subtract the deductible from the amount determined in step (3).

We will pay the amount determined in step (4) or the applicable limit, whichever is less. For the remainder,

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

- b. Coinsurance applies separately to each insured location.

EXAMPLE 1 (Underinsurance)

When:

The actual value of “perishable goods” at the location of loss at the time of the “accident” is \$200,000.

The Perishable Goods limit is \$100,000 @ 80% coinsurance.

The loss under Perishable Goods coverage resulting from the “accident” is \$60,000.

The Perishable Goods deductible is \$5,000.

Step 1: $\$200,000 \times 80\% = \$160,000$

Step 2: $\$100,000/\$160,000 = .625$

Step 3: $\$60,000 \times .625 = \$37,500$

Step 4: $\$37,500 - \$5,000 = \$32,500$

The total Perishable Goods loss recovery, after deductible, would be \$32,500. For the remainder, you will either have to rely on other insurance or absorb the loss yourself.

EXAMPLE 2 (Adequate insurance)

When:

The actual value of “perishable goods” at the location of loss at the time of the “accident” is \$100,000.

The Perishable Goods limit is \$100,000 @ 80% coinsurance.

The loss under Perishable Goods coverage resulting from the “accident” is \$60,000.

The Perishable Goods deductible is \$5,000.

Step 1: $\$100,000 \times 80\% = \$80,000$

Step 2: $\$100,000/\$80,000 = 1.25$

Coinsurance does not apply.

Step 3: $\$60,000 - \$5,000 = \$55,000$

The total Perishable Goods loss recovery, after deductible, would be \$55,000.

5. Defense

We have the right, but are not obligated, to defend you against suits arising from claims of owners of property in your care, custody or control. When we do this, it will be at our expense.

6. Duties in the Event of Loss or Damage

You must see that the following are done in the event of loss or damage:

- a. Give us a prompt notice of the loss or damage, including a description of the property involved.
- b. You must reduce your loss, damage or expense, if possible, by:

- (1) Protecting property from further damage. We will not pay for your failure to protect property, as stated in Exclusion B.1.g.;
 - (2) Resuming business, partially or completely at the location of loss or at another location;
 - (3) Making up lost business within a reasonable amount of time. This includes working extra time or overtime at the location of loss or at another location. The reasonable amount of time does not necessarily end when the operations are resumed;
 - (4) Using merchandise or other property available to you;
 - (5) Using the property or services of others; and
 - (6) Salvaging the damaged property.
- c. Allow us a reasonable time and opportunity to examine the property and premises before repair or replacement is undertaken or physical evidence of the “accident” is removed. But you must take whatever measures are necessary for protection from further damage.
 - d. Make no statement that will assume any obligation or admit any liability, for any loss, damage or expense for which we may be liable, without our consent.
 - e. Promptly send us any legal papers or notices received concerning the loss, damage or expense.
 - f. As often as may be reasonably required, permit us to inspect your property, premises and records. Also permit us to take samples of damaged and undamaged property for inspection, testing and analysis, and permit us to make copies from your books and records.
 - g. If requested, permit us to examine you and any of your agents, employees and representatives under oath. We may examine any insured under oath while not in the presence of any other insured. Such examination:
 - (1) May be at any time reasonably required;
 - (2) May be about any matter relating to this insurance, your loss, damage or expense, or your claim, including, but not limited to, your books and records; and
 - (3) May be recorded by us by any

methods we choose.

- h. Send us a signed, sworn proof of loss containing the information we request. You must do this within 60 days after our request.
- i. Cooperate with us in the investigation and settlement of the claim.

7. Errors and Omissions

- a. We will pay your loss covered by this Equipment Breakdown coverage if such loss is otherwise not payable solely because of any of the following:
 - (1) Any error or unintentional omission in the description or location of property as insured under this policy;
 - (2) Any failure through error to include any premises owned or occupied by you at the inception of this policy; or
 - (3) Any error or unintentional omission by you that results in cancellation of any premises insured under this policy.
- b. No coverage is provided as a result of any error or unintentional omission by you in the reporting of values or the coverage you requested.
- c. It is a condition of this coverage that such errors or unintentional omissions shall be reported and corrected when discovered. The policy premium will be adjusted accordingly to reflect the date the premises should have been added had no error or omission occurred.
- d. If an Errors and Omissions Limit is shown on the Declarations, we will not pay more than the indicated amount for coverage under this Condition.

8. Proving Your Loss

It is your responsibility, at your own expense, to provide documentation to us:

- a. Demonstrating that the loss, damage or expense is the result of an "accident" covered under this Equipment Breakdown Coverage; and
- b. Calculating the dollar amount of the loss, damage and expense that you claim is covered.

Your responsibility in 8.a. above is without regard to whether or not the possible "accident" occurred at your premises or involved your equipment.

9. Salvage and Recoveries

When, in connection with any loss under

this Equipment Breakdown Coverage, any salvage or recovery is received after the payment for such loss, the amount of the loss shall be refigured on the basis on which it would have been settled had the amount of salvage or recovery been known at the time the loss was originally determined. Any amounts thus found to be due either party from the other shall be paid promptly.

10. Valuation

We will determine the value of "covered property" as follows:

- a. Except as specified otherwise, our payment for damaged "covered property" will be the smallest of:
 - (1) The cost to repair the damaged property;
 - (2) The cost to replace the damaged property on the same site; or
 - (3) The amount you actually spend that is necessary to repair or replace the damaged property.
- b. The amount of our payment will be based on the most cost-effective means to replace the function, capacity and remaining useful life of the damaged property. This may include the use of generic, used or reconditioned parts, equipment or property.
- c. Except as described in d. below, you must pay the extra cost of replacing damaged property with property of a better kind or quality or of a different size or capacity.
- d. Environmental, Safety and Efficiency Improvements
If "covered equipment" requires replacement due to an "accident," we will pay your additional cost to replace with equipment that we agree is better for the environment, safer for people or more energy efficient than the equipment being replaced, subject to the following conditions:
 - (1) We will not pay more than 150% of what the cost would have been to replace with like kind and quality;
 - (2) We will not pay to increase the size or capacity of the equipment;
 - (3) This provision only applies to Property Damage coverage;
 - (4) This provision does not increase any of the applicable limits;

- (5) This provision does not apply to any property valued on an Actual Cash Value basis; and
 - (6) This provision does not apply to the replacement of component parts.
- e. The following property will be valued on an Actual Cash Value basis:
- (1) Any property that does not currently serve a useful or necessary function for you;
 - (2) Any "covered property" that you do not repair or replace within 24 months after the date of the "accident"; and
 - (3) Any "covered property" for which Actual Cash Value coverage is specified in the Declarations.
- Actual Cash Value includes deductions for depreciation.
- f. If any one of the following conditions is met, property held for sale by you will be valued at the sales price as if no loss or damage had occurred, less any discounts and expenses that otherwise would have applied:
- (1) The property was manufactured by you;
 - (2) The sales price of the property is less than the replacement cost of the property; or
 - (3) You are unable to replace the property before its anticipated sale.
- g. Except as specifically provided for under Data Restoration coverage, "data" and "media" will be valued on the following basis:
- (1) For mass-produced and commercially available software, at the replacement cost.
 - (2) For all other "data" and "media," at the cost of blank "media" for reproducing the records. We will not pay for "data" representing financial records based on the face value of such records.
- h. Air conditioning or refrigeration equipment that utilizes a refrigerant containing CFC (chlorofluorocarbon) substances will be valued at the cost to do the least expensive of the following:
- (1) Repair or replace the damaged property and replace any lost CFC refrigerant;
 - (2) Repair the damaged property,

retrofit the system to accept a non-CFC refrigerant and charge the system with a non-CFC refrigerant; or

- (3) Replace the system with one using a non-CFC refrigerant.

In determining the least expensive option, we will include any associated Business Income or Extra Expense loss. If option (2) or (3) is more expensive than (1), but you wish to retrofit or replace anyway, we will consider this better for the environment and therefore eligible for valuation under paragraph d., Environmental, Safety and Efficiency Improvements. In such case, E.10.d.(1) is amended to read: "We will not pay more than 125% of what the cost would have been to repair or replace with like kind and quality."

F. ADDITIONAL CONDITIONS

The following conditions apply in addition to the Loss Conditions:

1. Additional Insured

If a person or organization is designated in this Equipment Breakdown Coverage as an additional insured, we will consider them to be an insured under this Equipment Breakdown Coverage only to the extent of their interest in the "covered property."

2. Bankruptcy

The bankruptcy or insolvency of you or your estate will not relieve you or us of any obligation under this Equipment Breakdown Coverage.

3. Cancellation

- a. The first Named Insured shown in the Declarations may cancel this policy by mailing or delivering to us advance written notice of cancellation.
- b. We may cancel this policy by mailing or delivering to the first Named Insured written notice of cancellation at least:
 - (1) 10 days before the effective date of cancellation if we cancel for nonpayment of premium; or
 - (2) 30 days before the effective date of cancellation if we cancel for any other reason.
- c. We will mail or deliver our notice to the first Named Insured's last mailing address known to us.
- d. Notice of cancellation will state the effective date of cancellation. The

policy period will end on that date.

- e. If this policy is canceled, we will send the first Named Insured any premium refund due. If we cancel, the refund will be pro rata. If the first Named Insured cancels, the refund may be less than pro rata. The cancellation will be effective even if we have not made or offered a refund.
- f. If notice is mailed, proof of mailing will be sufficient proof of notice.

4. Changes

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.

5. Concealment, Misrepresentation or Fraud

We will not pay for any loss and coverage will be void if you or any additional insured at any time:

- a. Intentionally cause or allow loss, damage or expense in order to collect on insurance; or
- b. Intentionally conceal or misrepresent a material fact concerning:
 - (1) This Equipment Breakdown Coverage;
 - (2) The "covered property";
 - (3) Your interest in the "covered property"; or
 - (4) A claim under this Equipment Breakdown Coverage.

6. 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.

7. Inspections and Surveys

- a. We have the right to:
 - (1) Make inspections and surveys at any time;
 - (2) Give you reports on the conditions we find; and
 - (3) Recommend changes.
- b. We are not obligated to make any inspections, surveys, reports or recommendations and any such

actions 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:

- (1) Are safe or healthful; or
 - (2) Comply with laws, regulations, codes or standards.
- c. Paragraphs a. and b. 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.

8. Jurisdictional Inspections

It is your responsibility to comply with any state or municipal boiler and pressure vessel regulations. If any "covered equipment" that is "covered property" requires inspection to comply with such regulations, at your option we agree to perform such inspection.

9. Legal Action Against Us

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

- a. There has been full compliance with all the terms of this Equipment Breakdown Coverage; and
- b. The action is brought within two years after the date of the "accident" or
- c. We agree in writing that you have an obligation to pay for damage to "covered property" of others or until the amount of that obligation has been determined by final judgment or arbitration award. No one has the right under this policy to bring us into an action to determine your liability.

10. Liberalization

If we adopt any standard form revision for general use that would broaden the coverage under this Equipment Breakdown Coverage without additional premium, the broadened coverage will apply to this Equipment Breakdown Coverage commencing on the date that such revision becomes effective in the jurisdiction where the "accident" occurs.

11. Loss Payable

- a. We will pay you and the loss payee shown in the Declarations for loss

covered by this Equipment Breakdown Coverage, as interests may appear. The insurance covers the interest of the loss payee unless the loss results from conversion, secretion or embezzlement on your part or on the part of the loss payee.

- b. We may cancel the policy as allowed by the Cancellation Condition. Cancellation ends this agreement as to the loss payee's interest. If we cancel, we will mail you and the loss payee the same advance notice.
- c. If we make any payment to the loss payee, we will obtain their rights against any other party.

12. Maintaining Your Property and Equipment

It is your responsibility to appropriately maintain your property and equipment. We will not pay your costs to maintain, operate, protect or enhance your property or equipment, even if such costs are to comply with our recommendations or prevent loss, damage or expense that would be covered under this policy.

13. Mortgage Holders

- a. The term mortgage holder includes trustee.
- b. We will pay for direct damage to "covered property" due to an "accident" to "covered equipment" to you and each mortgage holder shown in the Declarations in their order of precedence, as interests in the "covered property" 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 "covered property."
- d. If we deny your claim because of your acts or because you have failed to comply with the terms of this Equipment Breakdown Coverage, the mortgage holder will still have the right to receive loss payment, provided the mortgage holder does all of the following:
 - (1) Pays any premium due under this Equipment Breakdown Coverage at our request if you have failed to do so;
 - (2) Submits a signed, sworn proof of loss within 60 days after receiving notice from us of your failure to do

so;

- (3) Has notified us of any change in ownership or material change in risk known to the mortgage holder; and
- (4) Has complied with all other terms and conditions of this Policy.

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

- e. If we pay the mortgage holder for any loss and deny payment to you because of your acts or because you have failed to comply with the terms of this Equipment Breakdown Coverage:
 - (1) The mortgage holder's right under the mortgage will be transferred to us to the extent of the amount we pay; and
 - (2) 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:
 - (1) 10 days before the effective date of cancellation if we cancel for your nonpayment of premium; or
 - (2) 30 days before the effective date of cancellation if we cancel for any other reason.
- g. If we elect not to renew this policy, we will give written notice to the mortgage holder at least 10 days before the expiration date of this policy.
- h. If we suspend coverage, it will also be suspended as respects the mortgage holder. We will give written notice of the suspension to the mortgage holder.

14. Other Insurance

If there is other insurance that applies to the same loss, damage or expense, this Equipment Breakdown Coverage shall apply only as excess insurance after all other applicable insurance has been exhausted.

15. Policy Period, Coverage Territory

Under this Equipment Breakdown

Coverage:

- a. The "accident" must occur during the Policy Period, but expiration of the policy does not limit our liability.
- b. The "accident" must occur within the following Coverage Territory:
 - (1) The United States of America (including its territories and possessions);
 - (2) Puerto Rico; and
 - (3) Canada.
- c. With respect to Off Premises Property Damage coverage only, the "accident" may occur in any country except one in which the United States has imposed sanctions, embargoes or similar restrictions on the provision of insurance.

16. Premiums

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.

17. Privilege to Adjust with Owner

In the event of loss, damage or expense involving property of others in your care, custody or control, we have the right to settle the loss, damage or expense with respect to such property with the owner of the property. Settlement with owners of that property will satisfy any claim of yours.

18. Suspension

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

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

Once suspended in this way, your insurance can be reinstated only by an endorsement for that "covered equipment."

If we suspend your insurance, you will get a pro rata refund of premium for that "covered equipment" for the period of suspension. But the suspension will be effective even if we have not yet made or offered a refund.

19. Transfer of Your Rights and Duties Under This Policy

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

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

20. Transfer of Rights of Recovery Against Others to Us

If any person or organization to or for whom we make payment under this Equipment Breakdown Coverage 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 an "accident."
- b. After an "accident" only if, at time of the "accident," that party is one of the following:
 - (1) Someone insured by this Policy; or
 - (2) A business firm:
 - (a) Owned or controlled by you; or
 - (b) That owns or controls you.

G. DEFINITIONS

1. "Accident"

- a. "Accident" is defined in A.1.a.
- b. None of the following is an "accident," however caused and without regard to whether such condition or event is normal and expected or unusual and unexpected:
 - (1) Depletion, deterioration, rust, corrosion, erosion, settling or wear and tear;
 - (2) Any gradually developing condition;
 - (3) Any defect, programming error, programming limitation, computer virus, malicious code, loss of "data," loss of access, loss of use, loss of functionality or other condition within or involving "data" or "media" of any kind;
 - (4) Contamination by a "hazardous

substance”; or

- (5) Misalignment, miscalibration, tripping off-line, or any condition which can be corrected by resetting, tightening, adjusting or cleaning, or by the performance of maintenance.
2. **“Anchor Location”** means a location, operated by others, upon which you depend to attract customers to your location. An “anchor location” must have been open for business for at least six months prior to the “accident,” and must be located within one mile of your location.
3. **“Boilers and Vessels”** means:
 - a. Boilers;
 - b. Steam piping;
 - c. Piping that is part of a closed loop used to conduct heat from a boiler;
 - d. Condensate tanks; and
 - e. Unfired vessels which, during normal usage, operate under vacuum or pressure, other than the weight of contents.

This term does not appear elsewhere in this coverage form, but may appear in the Declarations.
4. **“Building Utilities”** means “covered equipment” permanently mounted on or in a building and used to provide any of the following services within the building: heating, ventilating, air conditioning, electrical power, hot water, elevator or escalator services, natural gas service or communications. “Building utilities” does not include personal property or equipment used in manufacturing or processing.
5. **“Buried Vessels or Piping”** means any piping or vessel buried or encased in the earth, concrete or other material, whether above or below grade, or in an enclosure which does not allow access for inspection and repair.
6. **“Business Income”** means the sum of:
 - a. The Net Income (net profit or loss before income taxes) that would have been earned or incurred; and
 - b. Continuing normal and necessary operating expenses incurred, including employee payroll.
7. **“Business Income Actual Annual Value”** means the “business income” for the current fiscal year that would have been earned had no “accident” occurred.
In calculating the “business income actual

annual value,” we will take into account the actual experience of your business before the “accident” and the probable experience you would have had without the “accident.”

8. **“Business Income Estimated Annual Value”** means the anticipated “business income” reported to us and shown in the Declarations. If no value is shown in the Declarations, the “business income estimated annual value” will be the most recent report of anticipated “business income” values on file with us.
9. **“Covered Equipment”**
 - a. “Covered Equipment” is defined in A.1.b.
 - b. None of the following is “covered equipment”:
 - (1) Structure, including but not limited to the structural portions of buildings and towers, and scaffolding;
 - (2) Foundation;
 - (3) Cabinet, compartment, conduit or ductwork;
 - (4) Insulating or refractory material;
 - (5) “Buried vessels or piping”;
 - (6) Waste, drainage or sewer piping;
 - (7) Piping, valves or fittings forming a part of a sprinkler or fire suppression system;
 - (8) Water piping that is not part of a closed loop used to conduct heat or cooling from a boiler or a refrigeration or air conditioning system;
 - (9) “Vehicle” or any equipment mounted on a “vehicle”;
 - (10) Satellite, spacecraft or any equipment mounted on a satellite or spacecraft;
 - (11) Dragline, excavation or construction equipment;
 - (12) Equipment manufactured by you for sale; or
 - (13) “Data.”
10. **“Covered Property”**
 - a. “Covered Property” means property that you own or property that is in your care, custody or control and for which you are legally liable. Such property must be at a location described in the Declarations except as provided under Off Premises Property Damage coverage.

- b. None of the following is “covered property”:
 - (1) Accounts, bills, currency, deeds or other evidences of debt, money, notes or securities;
 - (2) Fine arts, jewelry, furs or precious stones;
 - (3) Precious metal, unless forming a part of “covered equipment”;
 - (4) Animals;
 - (5) Contraband, or property in the course of illegal transportation or trade;
 - (6) Land (including land on which the property is located), water, trees, growing crops or lawns; or
 - (7) Shrubs or plants, unless held indoors for retail sale.
- 11. “Data”** means information or instructions stored in digital code capable of being processed by machinery.
- 12. “Electrical Generating Equipment”**
- a. “Electrical Generating Equipment” means equipment which converts any other form of energy into electricity. This includes, but is not limited to, the following:
 - (1) Boilers used primarily to provide steam for one or more turbine-generator units;
 - (2) Turbine-generators (including steam, gas, water or wind turbines);
 - (3) Engine-generators;
 - (4) Fuel cells or other alternative electrical generating equipment;
 - (5) Electrical transformers, switchgear and power lines used to convey the generated electricity; and
 - (6) Associated equipment necessary for the operation of any of the equipment listed in (1) through (5) above.
 - b. “Electrical Generating Equipment” does not mean:
 - (1) Elevator or hoist motors that generate electricity when releasing cable; or
 - (2) Equipment intended to generate electricity solely on an emergency, back-up basis.

This term does not appear elsewhere in this coverage form, but may appear in the Declarations.

- 13. “Extra Expense”** means the additional cost

you incur to operate your business over and above the cost that you normally would have incurred to operate your business during the same period had no “accident” occurred.

- 14. “Hazardous Substance”** means any substance that is hazardous to health or has been declared to be hazardous to health by a governmental agency.
- 15. “Interruption of Service”**
- a. “Interruption of Service” means a failure or disruption of the normal supply of any of the Covered Services listed in b. below, when such failure or disruption is caused by an “accident” to “covered equipment,” subject to the conditions listed in c. through f. below.
 - b. Covered Services are electrical power, waste disposal, air conditioning, refrigeration, heating, natural gas, compressed air, water, steam, internet access, telecommunications services, wide area networks and data transmission.
 - c. The “covered equipment” must either be:
 - (1) Owned by a company with whom you have a contract to supply you with one of the Covered Services; or
 - (2) Used to supply you with one of the Covered Services and located within one mile of a location described in the Declarations.
 - d. If a Service Interruption Distance Limitation is indicated in the Declarations, the “covered equipment” suffering the “accident” must be located within the indicated distance of any location described in the Declarations.
 - e. Unless otherwise shown in the Declarations, no failure or disruption of service will be considered to qualify as an “interruption of service” until the failure or disruption exceeds 24 hours immediately following the “accident.”
 - f. “Interruption of service” does not include any failure or disruption, whether or not arising from or involving an “accident,” in which a supplier could have continued to provide service to the location but chose for any reason to reduce or discontinue service.
- 16. “Interruption of Supply”**
- a. “Interruption of Supply” means a failure or disruption of the normal supply of

- any of the Covered Contingencies listed below, when such failure or disruption is caused by an “accident” to “covered equipment” that is located at a Contingent Business Income supplier or receiver location indicated in the Declarations. If no Contingent Business Income supplier or receiver location is indicated in the Declarations, the “covered equipment” must be owned by a supplier from whom you have received the Covered Contingency for at least six months prior to the “accident” or a receiver to whom you have supplied the Covered Contingency for at least six months prior to the “accident.”
- b. Covered Contingencies are raw materials, intermediate products, finished products, packaging materials and product processing services.
17. **“Media”** means material on which “data” is recorded, such as magnetic tapes, hard disks, optical disks or floppy disks.
18. **“One Accident”** means all “accidents” occurring at the same time from the same event. If an “accident” causes other “accidents,” all will be considered “one accident.”
19. **“Ordinary Payroll”** means the Payroll Expenses associated with all employees other than executives, department managers and employees under contract. As used above, Payroll Expenses means all payroll, employee benefits directly related to payroll, FICA payments you pay, union dues you pay and workers compensation premiums. “Ordinary payroll” does not include pensions or directors fees. This term does not appear elsewhere in this coverage form, but may appear in the Declarations.
20. **“Period of Restoration”** means the period of time that begins at the time of the “accident” and continues until the earlier of:
- The date the physical damage to “covered equipment” is repaired or replaced; or
 - The date on which such damage could have been repaired or replaced with the exercise of due diligence and dispatch,
- plus the number of days, if any, shown in the Declarations for Extended Period of Restoration.
- As respects Civil Authority coverage only, “period of restoration” means the period of time that begins as of the time access is prohibited by action of the civil authority and continues until the earlier of:
- 21 days thereafter; or
 - The date access is restored.
21. **“Perishable Goods”** means any “covered property” subject to deterioration or impairment as a result of a change of conditions, including but not limited to temperature, humidity or pressure.
22. **“Production Machinery”** means any machine or apparatus that processes or produces a product intended for eventual sale. This includes all component parts of such machine or apparatus and any other equipment used exclusively with such machine or apparatus. However, “production machinery” does not mean any boiler, or fired or unfired pressure vessel. This term does not appear elsewhere in this coverage form, but may appear in the Declarations.
23. **“Spoilage”** means any detrimental change in state. This includes but is not limited to thawing of frozen goods, warming of refrigerated goods, freezing of fresh goods, solidification of liquid or molten material and chemical reactions to material in process.
24. **“Vehicle”** means any machine or apparatus that is used for transportation or moves under its own power. “Vehicle” includes, but is not limited to, car, truck, bus, trailer, train, aircraft, watercraft, forklift, bulldozer, tractor or harvester. However, any property that is stationary, permanently installed at a covered location and that receives electrical power from an external power source will not be considered a “vehicle.”

Earth Movement Exclusion

Any other similar Exclusion within this Policy (or within any other Endorsement which forms part of this Policy) is deleted and replaced by the following:

This policy does not insure against loss or damage caused by any of the following, regardless of the cause or event contributing concurrently or in any other sequence to the loss or damage:

- 1.** all earth movement (whether occurring naturally or not) including, but not limited to, earthquake, landslide, subsidence, sinkhole, catastrophic ground collapse, and volcanic eruption.
- 2.** collapse, cracking, shrinking, bulging, expansion, shifting, rising, settling, sinking, lateral or other movement, or other kinds of loss or damage to property which would not have occurred but for an event as described in **1.** above.

If fire or explosion is covered by this Policy, this exclusion shall not apply to loss or damage from fire or explosion resulting from **1.** and **2.** above.

Electronic Data Recognition Exclusion (EDRE)

Any other similar Exclusion within this Policy (or within any other Endorsement which forms part of this Policy) is deleted and replaced by the following:

This Policy does not cover any loss, damage, cost, claim or expense, whether preventative, remedial or otherwise, directly or indirectly arising out of or relating to:

- a.** the calculation, comparison, differentiation, sequencing or processing of data involving the date change to the year 2000, or any other date change, including leap year calculations, by any computer system, hardware, programme or software and/or any microchip, integrated circuit or similar device in computer equipment or non-computer equipment, whether the property of the Insured or not; or
- b.** any change, alteration, or modification involving the date change to the year 2000, or any other date change, including leap year calculations, to any such computer system, hardware, programme or software and/or any microchip, integrated circuit or similar device in computer equipment or non-computer equipment, whether the property of the Insured or not.

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.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

ORDINANCE OR LAW COVERAGE

This endorsement modifies insurance provided under the following:

JEM FORM

SCHEDULE

Building Number/ Premises Number		Coverage A	Coverage B Limit Of Insurance	Coverage C Limit Of Insurance	Coverages B And C Combined Limit Of Insurance
All	All	<input checked="" type="checkbox"/>			10% of Building Value
Post-Loss Ordinance Or Law Option:			Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>	
*Do not enter a Combined Limit of Insurance if individual Limits of Insurance are selected for Coverages B and C , or if one of these Coverages is not applicable.					
Information required to complete this Schedule, if not shown above, will be shown in the Declarations.					

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

B. Application Of Coverage(s)

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

1. The requirements of the ordinance or law are in force at the time of loss. But if the Post-Loss Ordinance Or Law Option is indicated in the Schedule as being applicable, then Paragraph **B.2.** applies instead of this Paragraph **B.1.**

2. The requirements of the ordinance or law are in force at the time of loss; or the ordinance or law is promulgated or revised after the loss but prior to commencement of reconstruction or repair and provided that such ordinance or law requires compliance as a condition precedent to obtaining a building permit or certificate of occupancy.

3. Coverage under this endorsement applies only in response to the minimum requirements of the ordinance or law. Losses and costs incurred in complying with recommended actions or standards that exceed actual requirements are not covered under this endorsement.

4. Coverage under this endorsement applies only if:
 - a. The building sustains only direct physical damage that is covered under this policy and as a result of such damage, you are required to comply with the ordinance or law; or
 - b. The building sustains both direct physical damage that is covered under this policy and direct physical damage that is not covered under this policy, and as a result of the building damage in its entirety, you are required to comply with the ordinance or law.

However, there is no coverage under this endorsement if the building sustains direct physical damage that is not covered under this policy, and such damage is the subject of the ordinance or law, even if the building has also sustained covered direct physical damage.

5. If coverage applies under this endorsement based on the terms of Paragraph **B.4.b.**, we will not pay the full amount of loss otherwise payable under the terms of Coverages **A**, **B**, and/or **C** of this endorsement. Instead, we will pay a proportion of such loss, meaning the proportion that the covered direct physical damage bears to the total direct physical damage.

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

However, if the covered direct physical damage, alone, would have resulted in a requirement to comply with the ordinance or law, then we will pay the full amount of loss otherwise payable under the terms of Coverages **A**, **B** and/or **C** of this endorsement.

6. We will not pay under this endorsement for:
 - a. Enforcement of or compliance with any ordinance or law which requires the demolition, repair, replacement, reconstruction, remodeling or remediation of property due to contamination by "pollutants" or due to the presence, growth, proliferation, spread or any activity of "fungus", wet or dry rot or bacteria; or
 - b. The costs associated with the enforcement of or compliance with any ordinance or law which requires any insured or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of "pollutants", "fungus", wet or dry rot or bacteria.

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

C. Coverage

1. Coverage A – Coverage For Loss To The Undamaged Portion Of The Building

With respect to the building that has sustained covered direct physical damage, we will pay under Coverage **A** for the loss in value of the undamaged portion of the building as a consequence of a requirement to comply with an ordinance or law that requires demolition of undamaged parts of the same building.

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

2. Coverage B – Demolition Cost Coverage

With respect to the building that has sustained covered direct physical damage, we will pay the cost to demolish and clear the site of undamaged parts of the same building as a consequence of a requirement to comply with an ordinance or law that requires demolition of such undamaged property.

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

3. Coverage C – Increased Cost Of Construction Coverage

- a. With respect to the building that has sustained covered direct physical damage, we will pay the increased cost to:

- (1) Repair or reconstruct damaged portions of that building; and/or
- (2) Reconstruct or remodel undamaged portions of that building, whether or not demolition is required;

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

However:

- (1) This coverage applies only if the restored or remodeled property is intended for similar occupancy as the current property, unless such occupancy is not permitted by zoning or land use ordinance or law.

- (2) We will not pay for the increased cost of construction if the building is not repaired, reconstructed or remodeled.

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

- b. When a building is damaged or destroyed and Coverage C applies to that building in accordance with Paragraph C.3.a. above, coverage for the increased cost of construction also applies to repair or reconstruction of the following, subject to the same conditions stated in Paragraph C.3.a.:

- (1) The cost of excavations, grading, backfilling and filling;
- (2) Foundation of the building;
- (3) Pilings; and
- (4) Underground pipes, flues and drains.

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

D. Loss Payment

- 1. All following loss payment provisions, D.2. through D.5., are subject to the apportionment procedures set forth in Paragraph B.5. of this endorsement.
- 2. When there is a loss in value of an undamaged portion of a building to which Coverage A applies, the loss payment for that building, including damaged and undamaged portions, will be determined as follows:
 - a. If the Replacement Cost Coverage Option applies and such building is being repaired or replaced, on the same or another premises, we will not pay more than the lesser of:
 - (1) The amount you would actually spend to repair, rebuild or reconstruct such building, but not for more than the amount it would cost to restore the building on the same premises and to the same height, floor area, style and comparable quality of the original property insured; or

- (2) The Limit Of Insurance applicable to such building as shown in the Declarations or addressed elsewhere in this policy. (If this policy is endorsed to cover Earthquake and/or Flood as a Covered Cause of Loss, the Limit of Insurance applicable to the building in the event of damage by such Covered Cause of Loss may be lower than the Limit of Insurance that otherwise would apply.)

- b. If the Replacement Cost Coverage Option applies and such building is **not** repaired or replaced, or if the Replacement Cost Coverage Option does **not** apply, we will not pay more than the lesser of:

- (1) The actual cash value of such building at the time of loss; or

- (2) The Limit Of Insurance applicable to such building as shown in the Declarations or addressed elsewhere in this policy. (If this policy is endorsed to cover Earthquake and/or Flood as a Covered Cause of Loss, the Limit of Insurance applicable to the building in the event of damage by such Covered Cause of Loss may be lower than the Limit of Insurance that otherwise would apply.)

- 3. Unless Paragraph D.5. applies, loss payment under Coverage B – Demolition Cost Coverage will be determined as follows:

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

- a. The amount you actually spend to demolish and clear the site of the described premises; or
- b. The applicable Limit Of Insurance shown for Coverage B in the Schedule.

4. Unless Paragraph **D.5.** applies, loss payment under Coverage **C** – Increased Cost Of Construction Coverage will be determined as follows:

a. We will not pay under Coverage **C**:

- (1) Until the building is actually repaired or replaced, at the same or another premises; and
- (2) Unless the repair or replacement is made as soon as reasonably possible after the loss or damage, not to exceed two years. We may extend this period in writing during the two years.

b. If the building is repaired or replaced at the same premises, or if you elect to rebuild at another premises, the most we will pay under Coverage **C** is the lesser of:

- (1) The increased cost of construction at the same premises; or
- (2) The applicable Limit Of Insurance shown for Coverage **C** in the Schedule.

c. If the ordinance or law requires relocation to another premises, the most we will pay under Coverage **C** is the lesser of:

- (1) The increased cost of construction at the new premises; or
- (2) The applicable Limit Of Insurance shown for Coverage **C** in the Schedule.

5. If a Combined Limit Of Insurance is shown for Coverages **B** and **C** in the Schedule, Paragraphs **D.3.** and **D.4.** do not apply with respect to the building that is subject to the Combined Limit, and the following loss payment provisions apply instead:

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

a. For Demolition Cost, we will not pay more than the amount you actually spend to demolish and clear the site of the described premises.

b. With respect to the Increased Cost of Construction:

- (1) We will not pay for the increased cost of construction:
 - (a) Until the building is actually repaired or replaced, at the same or another premises; and

(b) Unless the repair or replacement is made as soon as reasonably possible after the loss or damage, not to exceed two years. We may extend this period in writing during the two years.

(2) If the building is repaired or replaced at the same premises, or if you elect to rebuild at another premises, the most we will pay for the increased cost of construction is the increased cost of construction at the same premises.

(3) If the ordinance or law requires relocation to another premises, the most we will pay for the increased cost of construction is the increased cost of construction at the new premises.

E. The terms of this endorsement apply separately to each building to which this endorsement applies.

F. Example of proportionate loss payment for Ordinance Or Law Coverage Losses (procedure as set forth in Paragraph **B.5.**)

Assume:

- Wind is a Covered Cause of Loss; Flood is an excluded Cause of Loss
- The building has a value of \$200,000
- Total direct physical damage to building: \$100,000
- The ordinance or law in this jurisdiction is enforced when building damage equals or exceeds 50% of the building's value
- Portion of direct physical damage that is covered (caused by wind): \$30,000
- Portion of direct physical damage that is not covered (caused by flood): \$70,000
- Loss under Ordinance Or Law Coverage **C** of this endorsement: \$60,000

Step 1: Determine the proportion that the covered direct physical damage bears to the total direct physical damage.

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

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

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

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

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

G. The following definition is added:

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

Flood Exclusion

Any other similar Exclusion within this Policy (or within any other Endorsement which forms part of this Policy) is deleted and replaced by the following:

This policy does not insure against loss or damage caused by any of the following, regardless of the cause of such event and regardless of any other cause or event contributing concurrently or in any other sequence to the loss or damage:

- 1.** Flood, storm surge, surface water, or mudflow, waves, tidal water or tidal waves, overflow of streams, lakes, reservoirs, canals, drainage ditches, retention ponds or other bodies of water, or spray from any of the foregoing, all whether driven by wind or not (all whether or not naturally occurring),
- 2.** Damage to, destruction, failure, or overflowing of levees, dams, dikes, floodgates and other similar works,
- 3.** 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.
- 4.** Tsunami

If fire or explosion is covered by this Policy, this exclusion shall not apply to loss or damage from fire or explosion resulting from **1.** through **4.** above.

Equipment Breakdown Coverage Schedule

Coverages	Limits
Equipment Breakdown Limit	\$20,588,300
Sublimits of Liability (sublimits are within, and do not increase, the Equipment Breakdown Limit stated above)	
Off Premises Property Damage	\$25,000
Business Income	Follows Property
Extra Expense	Follows Property
"Service Interruption"	Included with Business Income and Extra Expense
Contingent Business Income	\$100,000
Perishable Goods	\$100,000
Data Restoration	\$100,000
Demolition	\$100,000
Ordinance or Law	\$100,000
Expediting Expenses	\$100,000
Hazard Substances	\$100,000
Newly Acquired	\$100,000
Course of Construction	\$100,000
Civil Authority	\$100,000
Electronic Vandalism Limitation	100,000 aggregate per Policy Period

Deductibles

Combined; All Coverages	\$5,000
-------------------------	---------

If a Combined, All Coverages deductible is not entered above, the following deductibles are applicable:

Direct Coverage	
Indirect Coverage	
Spoilage	
(if no entry, see Direct Coverages)	or of loss, minimum

Other Conditions

Extended Period of Restoration: 365 days

Newly Acquired Property: 60 days

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

EQUIPMENT BREAKDOWN ELECTRONIC VANDALISM LIMITATION

This endorsement amends coverage provided under the Equipment Breakdown Coverage Part.

1. The following is added to **A. COVERAGE, 2. Coverages Provided:**

Electronic Vandalism

We will pay for loss or damage caused by an “accident” that is the direct or indirect result of “electronic vandalism”. The most we will pay for ensuing loss, damage or expense arising out of all occurrences of “accidents” resulting from “electronic vandalism” during the Policy Period is 100,000 aggregate per Policy Period. This limit applies regardless of the number of locations.

2. The following is added to **B. EXCLUSIONS:**

Electronic Vandalism

No coverage is provided under this Coverage Part for “electronic vandalism”, except as provided in Electronic Vandalism Coverage above.

3. The following is added to **G. DEFINITIONS:**

“Electronic Vandalism” means:

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

Occurrence Limit of Liability- Stated Value

1. The Limit of Liability or Amount of Insurance shown on the face of this policy, or endorsed onto this policy, is the total of the Insurer(s) liability applicable to each occurrence, as hereafter defined. Notwithstanding any other terms and conditions of this policy to the contrary, in no event shall the liability of the Insurer(s) exceed this limit or amount irrespective of the number of locations involved.

The term "occurrence" shall have the same meaning as that provided in the Policy/ies of the Primary Insurer(s).

2. The premium for this policy is based upon the Statement of Values on file with the Insurer(s), or attached to this policy. In the event of loss hereunder, liability of the Insurer(s), subject to terms of paragraph 1. above, shall be limited to the least of the following:
 - a. The actual adjusted amount of loss, less applicable deductible(s).
 - b. 100% of the individually stated value for each scheduled item of property involved, as shown on the latest Statement of Values on file with Insurer(s), less applicable deductible(s) and primary and underlying excess limits. If no value is shown for a scheduled item then there is no coverage for that item; or
 - c. The Limit of Liability or Amount of Insurance shown on the face of the policy or endorsed onto this policy.

The Limit of Liability or Amount of Insurance shown on the Declarations of this policy or as endorsed onto this policy.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

SEWER BACKUP AND UNDERGROUND WATER

This endorsement modifies insurance provided under the following:

SCHEDULE *

Premises No.	Building No.	Limits Of Insurance		Deductible
		Sewer Backup	Underground Water	
All	All	\$25,000		\$5,000

* Information required to complete this Schedule, if not shown above, will be shown in the Declarations.

Exclusion **B.1.g., Water** subparagraphs (3) and (4) are deleted at the premises shown in the Schedule and only to the extent of the Limits Of Insurance shown in the Schedule, subject to the terms below.

A. Additional Covered Causes Of Loss

The following is added to the Covered Causes Of Loss:

1. Sewer Backup, meaning water that backs up or overflows from a sewer, drain or sump.

Sewer Backup does not mean discharge of water or other substance originating from within any part of a plumbing, air conditioning or heating system.

2. Underground Water, meaning 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.

B. Exclusion

We will not pay for loss or damage caused by Sewer Backup if such loss or damage results from any of the events described in subparagraphs (1) and (2) of **Exclusion B.1.g., Water** and, with respect to subparagraph (1), occurs within 72 hours after such water recedes.

C. Coinsurance

The **Coinsurance** Condition, if any, in the applicable Coverage Form does not apply to the coverage provided under this endorsement.

D. Limits Of Insurance

1. The Limits Of Insurance shown in the Schedule are the most we will pay for all loss or damage caused by the additional Covered Cause Of Loss to which the limit applies, for all coverages in this policy applicable to the loss or damage in a single occurrence.

If the word "Included" is shown in the Schedule under "Underground Water", the Limit Of Insurance for Sewer Backup applies to both Sewer Backup and Underground Water.

2. Ensuing Loss

In the event of covered ensuing loss which results from Sewer Backup or Underground Water, the most we will pay for the total of all loss or damage caused by all Covered Causes Of Loss is the single largest Limit Of Insurance applicable to the loss. We will **not** pay the sum of the limits.

E. Deductible

1. The deductible for coverage provided under this endorsement is the Deductible shown in the Schedule above.
2. If Sewer Backup or Underground Water result in another Covered Cause Of Loss and if both Covered Causes Of Loss cause loss or damage, then only the higher Per Occurrence deductible applies.



PRODUCER COMPENSATION NOTICE

You can review and obtain information on The Hartford's producer compensation practices at www.TheHartford.com or at 1-800-592-5717.

FLORIDA SURPLUS LINES NOTICE (GUARANTY ACT)

THIS INSURANCE IS ISSUED PURSUANT TO THE FLORIDA SURPLUS LINES LAW. PERSONS INSURED BY SURPLUS LINES CARRIERS DO NOT HAVE THE PROTECTION OF THE FLORIDA INSURANCE GUARANTY ACT TO THE EXTENT OF ANY RIGHT OF RECOVERY FOR THE OBLIGATION OF AN INSOLVENT UNLICENSED INSURER.

01/09/13
LMA9037

FLORIDA SURPLUS LINES NOTICE (RATES AND FORMS)

SURPLUS LINES INSURERS' POLICY RATES AND FORMS ARE NOT APPROVED BY ANY FLORIDA REGULATORY AGENCY.

01/09/13
LMA9038

General Change Endorsement – APPRAISAL

This Endorsement Changes the Policy – Please Read it Carefully

The following clause is hereby amended as follows within **JEM Property Form - JEM-CPC-37(2020)**

CONDITIONS IN A LOSS; item 3. Appraisal is deleted entirely. The following condition supersede and replace any other reference to conditions in a loss appraisal outlined in the policy:

3. Appraisal

In case the Insured and this Insurer shall fail to agree as to the scope of, or the amount of, loss or damage, then, on the written demand of either, each shall select a competent and disinterested appraiser and notify the other of the appraiser selected within twenty (20) days of such demand. The appraisers shall select a competent and disinterested umpire.

If the appraisers fail for fifteen (15) days to agree upon such umpire, then the appraisers shall simultaneously exchange lists of five proposed umpires. If the lists include a common proposed umpire, that person shall become the umpire for the appraisal. If the lists do not include any common proposed umpire, then each appraiser shall strike four names from the other appraiser's list, thereby leaving one remaining proposed umpire on each list. A coin then shall be tossed, with the appraiser appointed by the Insured calling heads or tails. The winner of the coin toss shall select the umpire from the two names remaining on the lists.

The appraisers shall then appraise the loss, separating the loss to each item; and, failing to agree, shall submit their differences only to the umpire. An award in writing, so itemized of any two when filed with the Insurer, shall determine the scope and/or amount of loss. Each appraiser shall be paid by the party selecting each respective appraiser and the expenses of appraisal and umpire shall be paid by the parties equally.

All other terms, conditions and warranties of this policy shall remain unchanged.

Nothing herein contained shall be held to vary, alter, waive or extend any of the terms, conditions, provisions, agreements or limitations of the above mentioned Policy, other than as stated above. In witness Whereof, the Company has caused this endorsement to be signed by a duly authorized representative of the Company.


AUTHORIZED REPRESENTATIVE