

Premium: \$68,925.00
Policy Fee \$500.00
Inspection Fee \$175.00
Surplus Lines Tax \$2,757.00
Total: \$72,357.00

This policy is insured by a company which is not admitted to transact insurance in the commonwealth, is not supervised by the commissioner of insurance and, in the event of an insolvency of such company, a loss shall not be paid by the Massachusetts Insurers Insolvency Fund under chapter 175D



ARCH SPECIALTY INSURANCE COMPANY

(A Missouri Corporation)

Home Office Address:
2345 Grand Blvd.
Suite 900
Kansas City, Missouri 64108

Administrative Address:
Harborside 3
210 Hudson Street, Suite 300
Jersey City, NJ 07311-1107
Tel: (866) 413-5550

COMMERCIAL PROPERTY DECLARATIONS

Policy Number: ESP1046797-01
Renewal of: ESP1046797-00
Named Insured: 554 Main Street Partners, LLC
Address: 3401 8th Street NE
Washington, DC 20017

Policy Period:
From: July 1, 2024
To: July 1, 2025
at 12:01 A.M., Standard Time at your mailing address shown above.

THIS POLICY CONSISTS OF THE FOLLOWING COVERAGE PARTS FOR WHICH A PREMIUM IS INDICATED. THIS PREMIUM MAY BE SUBJECT TO ADJUSTMENT.

Commercial Property Coverage Part	PREMIUM
	\$68,925.00
Total	\$68,925.00

Premium Shown is payable at inception.

LOCATION COVERED: 542-554 Main Street, Worcester, MA 01608

FORMS AND ENDORSEMENTS Applying to this Coverage Part and Made Part of this Policy at Time of Issue: See attached Schedule of Forms and Endorsements

ISSUE DATE: July 22, 2024

Surplus Lines Agent Name: XS Brokers Insurance Agency, Inc.
Surplus Lines Agent Address: 13 Temple Street
Quincy, MA 02169

Surplus Lines Agent License: 2330654
Surplus Lines State Taxes were filed: MA

Arch Specialty Insurance Company is licensed in the state of Missouri only.

SCHEDULE OF FORMS AND ENDORSEMENTS

NAMED INSURED: 554 Main Street Partners, LLC	TERM: July 01, 2024 to July 01, 2025
POLICY NUMBER: ESP1046797-01	

ENDT. NO.	FORM NO.	TITLE
	06 ML0002 00 12 14	SIGNATURE PAGE (ARCH SPECIALTY)
1	00 EXP0009 00 11 14	MINIMUM EARNED PREMIUM CLAUSE – PERCENTAGE 35%
	00 EXP0091 00 11 03	COMMON POLICY CONDITIONS
2	00 ML0325 00 03 23	CHOICE OF LAW, CONSENT TO JURISDICTION, LIMITATION OF ACTIONS AND SERVICE OF SUIT
	06 CP0002 00 03 08	CLAIMS HANDLING PROCEDURES (Arch Specialty Ins. Co.)
3	00 EXP0125 00 06 06	TOTAL TERRORISM EXCLUSION
	00 ML0065 00 06 07	U.S. TREASURY DEPARTMENT'S OFFICE OF FOREIGN ASSETS CONTROL ("OFAC")
4	00 EXP0078 00 03 24	OCCURRENCE LIMIT OF LIABILITY ENDORSEMENT
5	00 EXP0003 00 08 14	EXCLUSION AND LIMITED ADDITIONAL COVERAGE FOR FUNGUS
6	00 EXP0004 00 08 15	ELECTRONIC DATA LOSS OR DAMAGE - EXCLUSION
7	00 EXP0189 00 02 15	ASBESTOS MATERIAL REMOVAL LIMITATION
8	00 EXP0192 00 03 15	EXCLUSION OF LOSS DUE TO VIRUS OR BACTERIA
9	00 EXP0225 00 03 21	APPRAISAL
	02 EXPD 00 09 02	COMMERCIAL PROPERTY COVERAGE PART DECLARATIONS
	00 EXP0092 00 04 16	BUILDING AND PERSONAL PROPERTY COVERAGE FORM
	00 EXP0095 00 08 14	BUSINESS INCOME (WITHOUT EXTRA EXPENSE) COVERAGE FORM
	00 EXP0100 00 08 14	CAUSES OF LOSS - SPECIAL FORM
10	00 EXP0036 00 03 15	EARTHQUAKE AND VOLCANIC ERUPTION ENDORSEMENT
11	00 EXP0176 00 06 14	WATER DAMAGE COVERAGE
	06 EXP0179 00 03 19	SCHEDULE OF SUB-LIMITS
12	00 EXP0081 00 08 14	WARRANTIES
13	00 EXP0202 00 08 15	ROOF SURFACING VALUATION LIMITATION ENDORSEMENT
14	00 EXP0222 00 05 19	COSMETIC DAMAGE TO ROOF SURFACING EXCLUSION ENDORSEMENT
	00 EXP0101 00 08 14	COMMERCIAL PROPERTY CONDITIONS



Signature Page

IN WITNESS WHEREOF, Arch Specialty Insurance Company has caused this policy to be executed and attested.

A handwritten signature in cursive script that reads "Brian D. First".

Brian D. First
President

A handwritten signature in cursive script that reads "Regan A. Shulman".

Regan Shulman
Secretary

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

MINIMUM EARNED PREMIUM CLAUSE – PERCENTAGE

This endorsement modifies insurance provided under this policy.

It is agreed that in the event of cancellation of this policy by you, a minimum premium of 35.00% of the original policy premium shall become earned; any conditions of the policy to the contrary notwithstanding.

Your failure to make timely payment of premium shall be considered a request by you for us to cancel. In the event of such cancellation by us for non-payment of premium, the minimum premium shall be due and payable; provided, however, such non-payment cancellation shall be rescinded if you remit the full premium due within ten (10) days of receiving it.

In the event of any other cancellation by us, the earned premium shall be computed pro rata, not subject to the minimum premium.

All other terms and conditions of this policy remain unchanged.

Endorsement Number: 1

Policy Number: ESP1046797-01

Named Insured: 554 Main Street Partners, LLC

This endorsement is effective on the inception date of this Policy unless otherwise stated herein:

Endorsement Effective Date: July 1, 2024

COMMON POLICY CONDITIONS

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

A. Cancellation

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

B. Changes

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

C. Examination Of Your Books And Records

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

D. Inspections And Surveys

1. We have the right to:
 - a. Make inspections and surveys at any time;
 - b. Give you reports on the conditions we find; and
 - c. Recommend changes.
2. We are not obligated to make any inspections, surveys, reports or recommendations and any such actions we do undertake relate only to insurability and the premiums to be charged. We do not make safety inspections. We do not undertake to perform the duty of

any person or organization to provide for the health or safety of workers or the public. And we do not warrant that conditions:

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

E. Premiums

The first Named Insured shown in the Declarations:

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

F. Transfer Of Your Rights And Duties Under This Policy

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

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

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

**CHOICE OF LAW, CONSENT TO JURISDICTION, LIMITATION OF ACTIONS AND
SERVICE OF SUIT**

This endorsement modifies insurance provided under this policy.

It is agreed that:

1. Choice of Law

This policy, including all additions, endorsements and modifications thereto, and/or any dispute or action arising under or relating to this policy shall be interpreted under the laws of the State of New York.

2. Consent to Jurisdiction

By accepting this policy or by presenting a claim that any insured contends is or may be covered under this policy, the Named Insured and any other insured submits themselves to the exclusive jurisdiction of the Supreme Court of the State of New York in New York County, New York or the United States District Court for the Southern District of New York. The Insured agrees to comply with all requirements necessary to give such court jurisdiction, and, to the extent permitted by law, to expressly waive all rights to challenge or otherwise limit such jurisdiction. All matters arising under or relating to this policy shall be determined in accordance with the law and practice of such Court, provided that nothing shall prohibit the Insurer from removing any action, suit or proceeding to the United States District Court for the Southern District of New York.

3. Limitation of Actions

No suit may be initiated against the Insurer:

a. if commenced:

- (1) before the Insured has given the Insurer notice of loss or damage and has permitted the Insurer reasonable opportunity to investigate such loss or damage; and
- (2) more than twelve (12) months after such loss or damage first occurs unless the Insurer agrees in writing to extend such time period; or

b. if the Insured has not complied with the terms of this policy.

Neither paragraph 2 of this endorsement nor the filing of any suit precludes the enforcement of any arbitration provision in this policy.

4. Service of Suit

Service of process in the above described action, suit or proceeding may be made upon:

General Counsel
Arch Specialty Insurance Company
Harborside 3
210 Hudson Street, Suite 300
Jersey City, NJ 07311-1107.

Upon the request of the Insured, such General Counsel shall give a written undertaking to enter an appearance on behalf of the Insurer in the event that such an action, suit or proceeding shall be instituted.

Pursuant to any statute of any state, territory or district of the United States which makes provision therefore, the Insurer hereby designates the Superintendent, Commissioner, or Director of Insurance or other officer specified in such statute as its true and lawful attorney upon whom may be served any lawful process in any action, suit or proceeding instituted against the Insurer upon this Policy. The Superintendent, Commissioner or Director of Insurance or other officer is hereby authorized and directed to accept service of process on behalf of the Insurer in any such action, suit or proceeding and to mail a copy of such process to the above mentioned General Counsel.

All other terms and conditions of this Policy remain unchanged.

Endorsement Number: 2

Policy Number: ESP1046797-01

Named Insured: 554 Main Street Partners, LLC

This endorsement is effective on the inception date of this Policy unless otherwise stated herein:

Endorsement Effective Date: July 1, 2024

CLAIMS HANDLING PROCEDURES

An important value of your insurance coverage is the ability of the insurance company to respond when you have a claim. Arch Specialty Insurance Company is committed to providing its insureds with effective claim services.

Notices of each incident, claim or suit must be sent immediately to:

Arch Specialty Insurance Company
PROPERTY Claims
1299 Farnam Street, Suite 500
Omaha, NE 68102
P.O. Box 542033
Omaha, NE 68154
Phone: 877 688-ARCH (2724)
Fax: 866 266-3630
Email: Claims@ArchInsurance.com

You will be contacted by a representative of the company's Claim Department. This representative will confirm receipt of the loss notice directly to you, provide a company claim number for all future correspondence, refer to an adjuster if necessary, and discuss further handling of the claim.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

TOTAL TERRORISM EXCLUSION

This endorsement modifies insurance provided under the Policy.

- A.** The following definition is added and applies under this endorsement whenever the term terrorism, is enclosed in quotation marks:

“Terrorism” means activities against persons, organizations or property of any nature:

1. that involve the following or preparation for the following:
 - a. use or threat of force or violence; or
 - b. commission or threat of a dangerous act; or
 - c. commission or threat of an act that interferes with or disrupts an electronic, communication, information, or mechanical system; and
2. When:
 - a. the effect is to intimidate or coerce a government or a civilian population or any segment thereof, or to disrupt any segment of the economy; and/or
 - b. it appears that the intent is to intimidate or coerce a government or a civilian population, or to further a philosophical, political, ideological, religious, social or economic objective or to express (or express opposition to) a philosophical, political, ideological, religious, social or economic objective.

- B.** The following exclusion is added:

EXCLUSION OF TERRORISM

We (the Company) will not pay for loss or damage caused directly or indirectly by “terrorism”, including action in hindering or defending against an actual or expected incident of “terrorism”. Such loss or damage is excluded regardless of any other cause or event that contributes concurrently or in any sequence to such loss or damage.

This exclusion also applies when one or more of the following are attributed to an incident of “terrorism”:

1. The “terrorism” is carried out by means of the dispersal or application of radioactive material, or through the use of a nuclear weapon or device that involves or produces a nuclear reaction, nuclear radiation or radioactive contamination; or
2. Radioactive material is released, and it appears that one purpose of the “terrorism” was to release such material; or
3. The “terrorism” involves the use, release, or escape of nuclear materials, or that directly or indirectly results in nuclear reaction, nuclear radiation or radioactive contamination; or
4. The “terrorism” is carried out by means of the dispersal or application of pathogenic or poisonous biological or chemical materials; or

5. Pathogenic or poisonous biological or chemical materials are released, and it appears that one purpose of the "terrorism" was to release such materials.

C. Application Of Other Exclusions

1. When the EXCLUSION OF TERRORISM applies in accordance with the terms of **B.1.**, **B.2.** or **B.3.**, such exclusion applies without regard to the Nuclear Hazard Exclusion in this Coverage Form, Coverage Part or Policy.
2. The EXCLUSION OF TERRORISM contained in this Endorsement replaces any terrorism exclusion contained in this Coverage Form, Coverage Part or Policy.
3. The terms and limitations of any terrorism exclusion, or the inapplicability or omission of a terrorism exclusion, do not serve to create coverage for any loss or damage which would otherwise be excluded under this Coverage Form, Coverage Part or Policy, such as losses excluded by the Nuclear Hazard Exclusion, War Exclusion, or the War And Military Action Exclusion.

All other terms and conditions of this policy remain unchanged.

Endorsement Number: 3

Policy Number: ESP1046797-01

Named Insured: 554 Main Street Partners, LLC

This endorsement is effective on the inception date of this Policy unless otherwise stated herein:

Endorsement Effective Date: July 1, 2024

**U.S. TREASURY DEPARTMENT'S OFFICE OF FOREIGN
ASSETS CONTROL ("OFAC")
ADVISORY NOTICE TO POLICYHOLDERS**

No coverage is provided by this Policyholder Notice nor can it be construed to replace any provisions of your policy. You should read your policy and review your Declarations page for complete information on the coverages you are provided.

This Notice provides information concerning possible impact on your insurance coverage due to directives issued by OFAC. **Please read this Notice carefully.**

The Office of Foreign Assets Control (OFAC) administers and enforces sanctions policy, based on Presidential declarations of "national emergency". OFAC has identified and listed numerous:

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

as "Specially Designated Nationals and Blocked Persons". This list can be located on the United States Treasury's web site – <http://www.treas.gov/ofac>.

In accordance with OFAC regulations, 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 and all provisions of this insurance are immediately subject to OFAC. When an insurance policy is considered to be such a blocked or frozen contract, no payments nor premium refunds may be made without authorization from OFAC. Other limitations on the premiums and payments also apply.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

OCCURRENCE LIMIT OF LIABILITY ENDORSEMENT

This endorsement modifies insurance provided under this Policy.

It is agreed that the following special terms and conditions apply to this policy:

1. The DEFINITIONS Section of the policy and any forms or endorsements attached thereto are amended by the addition of the following Definitions:
 - a. "Occurrence" shall mean any one loss, disaster, casualty or series of losses, disasters or casualties, arising out of one event. The duration and extent of any one loss, disaster, casualty or series of losses, disasters or casualties will be limited to all losses or series of losses occurring during any period of 168 consecutive hours arising out of, and directly occasioned by, the same event.

When the term applies to loss or series of losses from the perils of tornado, cyclone, hurricane, windstorm, hail, flood, earthquake, earth movement, volcanic action, volcanic eruption, riot, riot attending a strike, civil commotion, and vandalism and malicious mischief, terrorism, one event shall be construed to be all losses arising during a continuous period of 72 hours. When filing proof of loss, you may elect the moment at which the 72 hour period shall be deemed to have commenced, which shall not be earlier than when the first loss occurs to any Covered Property.
 - b. "Program" shall mean the sum of all policies from all insurance companies issued to you, inclusive of any self-insurance which may be arranged in one or more layers that provide coverage up to an agreed Program limit.
 - c. "Statement of Values" shall mean any statement, spreadsheet, or schedule provided by you or your agent or representative and reviewed and accepted by us, which identifies the locations covered under our policy and the values for individually Scheduled Items related to each location.
 - d. "Scheduled Item" shall mean any separately identified value on the Statement of Values, including but not limited to a building-specific or location-specific value for real property, personal property, improvements and betterments, mobile equipment, stock/inventory, machinery and equipment, inventory in transit, business income, business interruption, gross earnings, gross profits and/or rental value. While the Statement of Values may include a Total Insured Value ("TIV") for each building or location, the TIV is not a "Scheduled Item."
2. The premium for this policy is based upon the Statement of Values on file with us, or attached to this policy. In the event of loss hereunder, your recovery prior to the application of paragraphs **3, 4** and **5** is limited to the least of the following:
 - a. The actual adjusted amount of loss for each individually Scheduled Item insured which suffered loss or damage.
 - b. The individually stated value for each Scheduled Item of interest insured which suffered loss or damage, as shown on the latest Statement of Values on file with us, or attached to this policy.
 - c. The Limit of Liability or Amount of Insurance shown on the Declarations Page or endorsed onto this policy.

3. After the amount of your recovery is determined pursuant to paragraph 2 above, the amount of our liability shall be determined by applying any underlying insurance, self-insurance, applicable deductibles, and our percentage of the risk as specified elsewhere in the Policy.
4. If, under the terms of this policy, our participation is limited to a percentage or part of the overall Program limits of liability provided by all insurers, this endorsement does not increase our percentage of participation or decrease our attachment point.
5. The Limit of Liability or Amount of Insurance shown on the Declarations Page of this policy, or endorsed onto this policy, is the total limit of our liability applicable to each "occurrence". Notwithstanding any other terms and conditions of this policy, in no event shall our liability exceed this limit or amount, irrespective of the number of locations involved.

All other terms and conditions of this Policy remain unchanged.

Endorsement Number: 4

Policy Number: ESP1046797-01

Named Insured: 554 Main Street Partners, LLC

This endorsement is effective on the inception date of this Policy unless otherwise stated herein:

Endorsement Effective Date: July 1, 2024

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

EXCLUSION AND LIMITED ADDITIONAL COVERAGE FOR FUNGUS

This endorsement modifies insurance provided under this policy.

- A.** The following item is added to **EXCLUSIONS**, section **B**. With respect to the loss or damage addressed therein, this exclusion supersedes any other exclusion which addresses fungus.

EXCLUSION – “Fungus”, Wet Rot, Dry Rot And Bacteria

We will not pay for loss or damage caused directly or indirectly by the presence, growth, proliferation, spread or any activity of “fungus”, wet or dry rot or bacteria. Such loss or damage is excluded regardless of any other cause or event that contributes concurrently or in any sequence to the loss.

But if “fungus”, wet or dry rot or bacteria results in:

1. A “specified cause of loss”, we will pay for the loss or damage caused by that “specified cause of loss”, if the Causes of Loss – Special Form applies; or
2. A “covered cause of loss”, we will pay for the loss or damage caused by that “covered cause of loss”, if the Causes of Loss – Basic Form and Causes of Loss – Broad Form applies.

This exclusion does not apply:

1. When “fungus”, wet or dry rot or bacteria results from fire or lightning; or
2. To the extent that coverage is provided in the Additional Coverage – Limited Coverage For “Fungus”, Wet Rot, Dry Rot And Bacteria with respect to loss or damage by a cause of loss other than fire or lightning.

- B.** The following exclusion replaces any exclusion pertaining to continuous or repeated seepage or leakage of water; and supersedes any other exclusion, preclusion of coverage or exception to an exclusion pertaining to leakage or discharge of water or steam from a system or appliance.

We will not pay for loss or damage caused by or resulting from 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.

- C.** The following item is added to **ADDITIONAL COVERAGES**:

ADDITIONAL COVERAGE – Limited Coverage For “Fungus”, Wet Rot, Dry Rot And Bacteria

1. This limited coverage applies only when the “fungus”, wet or dry rot or bacteria are the result of one or more of the following causes that occur during the policy period and only if all reasonable means were used to save and preserve the property from further damage at the time of and after that “occurrence”, and only if any loss resulting from the following is reported to us within 60 days of the “occurrence”:
 - a. A “specified cause of loss” other than fire or lightning; or
 - b. Flood, if the Flood Coverage Endorsement applies to the affected premises.

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

2. Under conditions described in item **A.1.** above, we will pay for loss or damage by “fungus”, wet or dry rot or bacteria. As used in this Limited Coverage, the term loss or damage means:
- a. Direct physical loss or damage to Covered Property caused by “fungus”, wet or dry rot or bacteria, including the cost of removal of the “fungus”, wet or dry rot or bacteria;
 - b. The cost to tear out and replace any part of the building or other property as needed to gain access to the “fungus”, wet or dry rot or bacteria; and
 - c. The cost of testing performed after removal, repair, replacement or restoration of the damaged property is completed, provided there is a reason to believe that “fungus”, wet or dry rot or bacteria are present.
3. The coverage provided under this Limited Coverage is limited to \$15,000. Regardless of the number of claims, this limit is the most we will pay for the total of all loss or damage arising out of all “occurrences” which take place in a 12-month period (starting with the beginning of the present annual policy period). With respect to a particular “occurrence” of loss which results in “fungus”, wet or dry rot or bacteria, we will not pay more than a total of \$15,000 even if the “fungus”, wet or dry rot or bacteria continue to be present or active, or recur, in a later policy period.
4. The coverage provided under this Limited Coverage is a sub-limit and does not increase the applicable Limit of Insurance on any Covered Property. If a particular “occurrence” results in loss or damage by “fungus”, wet or dry rot or bacteria, and other loss or damage, we will not pay more, for the total of all loss or damage, than the applicable Limit of Insurance on the affected Covered Property.
- If there is covered loss or damage to Covered Property, not caused by “fungus”, wet or dry rot or bacteria, loss payment will not be limited by the terms of this Limited Coverage, except to the extent that “fungus”, wet or dry rot or bacteria causes an increase in the loss. Any such increase in the loss will be subject to the terms of this Limited Coverage.
5. The terms of this Limited Coverage do not increase or reduce the coverage provided under paragraph **F.2.** (Water Damage, Other Liquids, Powder Or Molten Material Damage) of this Causes of Loss form or under the Additional Coverage – Collapse.
6. The following **6.a.** or **6.b.** applies only if Business Income and/or Extra Expense coverage applies to the described premises and only if the “suspension” of “operations” satisfies all terms and conditions of the applicable Business Income and/or Extra Expense Coverage form.
- a. If the loss which resulted in “fungus” wet or dry rot or bacteria does not in itself necessitate a “suspension” of “operations”, but such “suspension” is necessary due to loss or damage to property caused by “fungus”, wet or dry rot or bacteria, then our payment under Business Income and/or Extra Expense is limited to the amount of loss and/or expense sustained in a period of not more than 30 days. The days need not be consecutive.
 - b. If a covered “suspension” of “operations” was caused by loss or damage other than “fungus”, wet or dry rot or bacteria but remediation of “fungus”, wet or dry rot or bacteria prolongs the “period of restoration”, we will pay for loss and/or expense sustained during the delay (regardless of when such a delay occurs during the “period of restoration”), but such coverage is limited to 30 days. The days need not be consecutive.

D. The following item is added to **DEFINITIONS**:

“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.

E. Item **d.2.** under section **2.** of the **EXCLUSIONS** is amended to read:

“Rust, corrosion, decay, deterioration, hidden or latent defect or quality in property that causes it to damage or destroy itself”.

All other terms and conditions of this Policy remain unchanged.

Endorsement Number: 5

Policy Number: ESP1046797-01

Named Insured: 554 Main Street Partners, LLC

This endorsement is effective on the inception date of this Policy unless otherwise stated herein:

Endorsement Effective Date: July 1, 2024

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

ELECTRONIC DATA LOSS OR DAMAGE - EXCLUSION

This endorsement modifies insurance provided under this policy.

A. It is agreed that the following definitions apply:

“Electronic Data” means facts, concepts and information converted to a form useable for communications, interpretation or processing by electronic and electromechanical data processing or electronically controlled equipment and includes programs, software and other coded instructions for the processing and manipulation of data or the direction and manipulation of such equipment.

“Computer Virus” means a set of corrupting, harmful or otherwise unauthorized instructions or code including a set of maliciously introduced unauthorized instructions or code, programmatic or otherwise, that propagate themselves through a computer system or network of whatsoever nature”. “Computer Virus” includes but is not limited to ‘trojan horses’, ‘worms’ and ‘time or logic bombs’.

B. Except as provided in the Additional Coverage – Electronic Data, if any, the following exclusion applies:

Damage to Electronic Data

We will not pay for loss, destruction, distortion, erasure, corruption, deletion, manipulation or alteration of or damage to “Electronic Data” including loss of use, reduction in functionality, or any cost or expense to replace or restore such “Electronic Data” from any cause whatsoever (including, but not limited to, “Computer Virus” or a willful or malicious act).

This exclusion applies regardless of any other cause or event contributing concurrently or in any other sequence to the loss.

However, this exclusion does not apply to loss, destruction, distortion, erasure, corruption, deletion, manipulation or alteration of or damage to “Electronic Data” arising from the following specified causes of loss, if these causes of loss are not otherwise excluded: fire, lightning, explosion, windstorm or hail, strike, riot or civil commotion, leakage from fire extinguishing equipment, impact or collapse. However, this exception does not apply to fire or explosion resulting from risks excluded under any terrorism exclusion.

C. Except as provided in the Additional Coverage – Interruption Of Computer Operations, if any, the following is added to the Business Income and/or Extra Expense Coverage, as applicable:

Additional Limitation – Interruption Of Computer Operations

We will not pay for:

1. Business Income loss incurred when a “suspension” of “operations” is caused by loss, destruction, distortion, erasure, corruption, deletion, manipulation or alteration of or damage to “Electronic Data” from any cause whatsoever (including, but not limited to, “Computer Virus” or a willful or malicious act).
2. Extra Expense loss incurred when action is taken to avoid or minimize a “suspension” of “operations” caused by loss, destruction, distortion, erasure, corruption, deletion, manipulation

or alteration of or damage to "Electronic Data" from any cause whatsoever (including, but not limited to, "Computer Virus" or a willful or malicious act).

This limitation applies regardless of any other cause or event contributing concurrently or in any other sequence to the loss.

However, this limitation will not apply to loss, destruction, distortion, erasure, corruption, deletion, manipulation or alteration of or damage to "Electronic Data" arising from the following specified causes of loss, if these causes of loss are not otherwise excluded: fire, lightning, explosion, windstorm or hail, strike, riot or civil commotion, leakage from fire extinguishing equipment, impact or collapse. However, this exception does not apply to fire or explosion resulting from risks excluded under any terrorism exclusion.

All other terms and conditions of this policy remain unchanged.

Endorsement Number: 6

Policy Number: ESP1046797-01

Named Insured: 554 Main Street Partners, LLC

This endorsement is effective on the inception date of this Policy unless otherwise stated herein:

Endorsement Effective Date: July 1, 2024

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

ASBESTOS MATERIAL REMOVAL LIMITATION

This endorsement modifies insurance provided under this policy.

It is agreed that:

ASBESTOS MATERIAL REMOVAL LIMITATION

This policy excludes any loss, damage or expense to remove or replace asbestos materials unless such materials are themselves damaged by a Covered Cause of Loss.

Notwithstanding that competent Government Authority may declare all or parts of the insured premises unfit for occupancy without removal or modifications to asbestos materials, our liability is limited to the proportion represented by the cost to repair the damaged part of the premises, not the entire property.

Similarly, if the policy provides any coverage for business income, extra expense, loss of rents or rental value or other loss of use or occupancy, such coverage shall be limited to the time necessary to repair or replace only the damaged portion(s) of the premises.

Nothing in this Endorsement shall override any radioactive contamination exclusion clause in the Policy to which this Endorsement is attached.

All other terms and conditions of this policy remain unchanged.

Endorsement Number: 7

Policy Number: ESP1046797-01

Named Insured: 554 Main Street Partners, LLC

This endorsement is effective on the inception date of this Policy unless otherwise stated herein:

Endorsement Effective Date: July 1, 2024

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

EXCLUSION OF LOSS DUE TO VIRUS OR BACTERIA

This endorsement modifies insurance provided under this policy.

It is agreed that:

EXCLUSION OF LOSS DUE TO VIRUS OR BACTERIA

1. The exclusion set forth in Paragraph 2. applies to all coverages under all forms and endorsements that comprise this policy, including but not limited to forms or endorsements that cover property damage to buildings or personal property and forms or endorsements that cover business income, extra expense or action of civil authority.
2. We will not pay for loss or damage caused by or resulting from any virus, bacterium or other micro-organism that induces or is capable of inducing physical distress, illness or disease. However, this exclusion does not apply to loss or damage caused by or resulting from "fungus", wet rot or dry rot. Such loss or damage is addressed in a separate exclusion in this policy.
3. With respect to any loss or damage subject to the exclusion in Paragraph 2., such exclusion supersedes any exclusion relating to "pollutants".
4. The following provisions in this policy are hereby amended to remove reference to bacteria:
 - (a) EXCLUSION – "Fungus", Wet Rot, Dry Rot And Bacteria;
 - (b) ADDITIONAL COVERAGE – Limited Coverage For "Fungus", Wet Rot, Dry Rot And Bacteria, Including any endorsement increasing the scope or amount of coverage.

The terms of the exclusion in Paragraph 2., or the inapplicability of this exclusion to a particular loss, do not serve to create coverage for any loss that would otherwise be excluded under this policy.

All other terms and conditions of this policy remain unchanged.

Endorsement Number: 8

Policy Number: ESP1046797-01

Named Insured: 554 Main Street Partners, LLC

This endorsement is effective on the inception date of this Policy unless otherwise stated herein:

Endorsement Effective Date: July 1, 2024

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

APPRAISAL

This endorsement modifies insurance provided under all Coverage Parts.

This endorsement replaces any and all other provisions regarding appraisal.

If we and you disagree on the value of the property or the amount of loss, either party may request, in writing, an appraisal of the value of the property and/or the amount of loss. You cannot make such request unless: (i) you have fully complied with all provisions of this policy; and (ii) we have received a signed and sworn proof of loss from you identifying the total amount being claimed under the policy along with detailed amounts for each type of coverage being claimed including but not limited to real property, personal property, stock, contents, debris removal, business income, extra expense, ordinance or law, and any other additional coverage a claim is being made.

An appraisal may then take place only if the other party agrees in writing to participate in the appraisal process pursuant to terms of a written agreement between the parties. At a minimum, such written agreement will specify a protocol for:

- (i) the selection of a disinterested, competent and impartial appraiser who does not have any financial interest in the claim or appraisal award, including any contingent interest in the outcome of the claim or appraisal award;
- (ii) the inspection of the property by the appraisers;
- (iii) the selection of an umpire;
- (iv) communications between and among the appraisers and umpire;
- (v) specific itemization of each item of property and business income in dispute, allocated building-by-building, floor-by-floor, unit-by-unit, and/or area-by-area or as otherwise agreed; and
- (vi) an award form.

If the parties cannot agree on a written agreement specifying the protocol within 30 days, an appraisal will not take place.

If the appraisal moves forward, the two appraisers will select a disinterested, competent and impartial umpire who does not have any financial interest in the claim or appraisal award, including any contingent interest in the outcome of the claim or appraisal award.

If the two appraisers cannot agree on an umpire within 15 days of either appraiser proposing one or more umpires, the two appraisers may jointly request that a judge of a court in the county of the loss or damage select a disinterested, competent and impartial umpire who does not have any financial interest in the claim or appraisal award, including any contingent interest in the outcome of the claim or appraisal award.

If either party to the appraisal, without notice to the other party, asks a judge to select an umpire, any such selection shall be invalidated and the selection of a new umpire shall be required. If the appraisers do not jointly agree to request the appointment of an umpire, either you or we can unilaterally end the appraisal upon written notice to the other.

Each appraiser will independently state, in accordance with the terms and conditions of this policy, the actual cash value and replacement cost value for each item of damaged real and personal property as well as any other disputed amounts as required by the written appraisal agreement.

If the appraisers fail to agree, they will submit their differences to the umpire and any agreement in the amount of loss between the umpire and either appraiser will be binding.

Each party will pay its chosen appraiser and will equally bear all other expenses of the appraisal and umpire.

In connection with the appraisal proceeding, neither the appraisers nor the umpire shall have authority to decide questions of law. Neither the appraisers nor the umpire shall attempt to resolve any issue of insurance coverage, policy exclusions, compliance with the policy terms and conditions, or any issues concerning any limits of insurance available under the Policy.

A demand for an appraisal does not relieve you of your continuing obligation to comply with the terms and conditions of this policy, including all requirements outlined in event of a loss. We may require completion of any of your duties, responsibilities or requirements of this policy prior to continuance of the appraisal proceeding. We will not be held to have waived any of our rights by any act relating to appraisal, including our right to deny a claim in whole or in part.

Where applicable, the parties agree that during the pendency of an appraisal all required responses and cures to any Civil Remedy Notices are extended until 30 days after the appraisal is concluded.

All other terms and conditions of this policy remain unchanged.

Endorsement Number: 9

Policy Number: ESP1046797-01

Named Insured: 554 Main Street Partners, LLC

This endorsement is effective on the inception date of this Policy unless otherwise stated herein:

Endorsement Effective Date: July 1, 2024



ARCH SPECIALTY INSURANCE COMPANY
(A Missouri Corporation)

Home Office Address:
2345 Grand Blvd.
Suite 900
Kansas City, Missouri 64108

Administrative Address:
Harborside 3
210 Hudson Street, Suite 300
Jersey City, NJ 07311-1107
Tel: (866) 413-5550

Commercial Property Coverage Part Declarations

Policy Number	ESP1046797-01
Renewal of	ESP1046797-00
Named Insured	554 Main Street Partners, LLC
Effective Date	July 01, 2024

Description of Premises	
Premises Number	All
Building Number	All
Location, Construction, and Occupancy	As per schedule of locations on file with the company
Coverage Provided – Insurance at the described premises applies only for coverages for which a limit of Insurance is shown	
Premises Number	All
Building Number	All
Coverage	Real Property Business Income
Limit of Insurance	\$13,551,326 Per Occurrence per schedule of locations and values submitted.
Coverage Cause of Loss	Special
Coinurance (If extra expense coverage, limits on loss payment)	NIL as respects Real and/or Personal Property NIL as respects Time Element
Optional Coverages – applicable only when entries are made in the schedule below	
Premises Number	All
Building Number	All
Agreed Value	Expiration Date Coverage Amount
Replacement Cost	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No as respect to Real Property
Actual Cash Value	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Functional Replacement Cost	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Indemnity – Applies to Business Income Only	Monthly Limit Maximum Period

	Extended Period
Coverage	
Deductible	\$50,000 per occurrence SEE EARTHQUAKE AND VOLCANIC ERUPTION ENDORSEMENT
Total Premium	Included
Form(s)/Endorsement(s)	
Applicable To All Coverages	See Schedule of Forms and Endorsements Form 00 ML0012 00 01 03

These Declarations, when combined with the common policy declarations, the common policy conditions, coverage form(s) and endorsements, if any, issued to form a part thereof, complete the contract of insurance.

BUILDING AND PERSONAL PROPERTY COVERAGE FORM

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

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

Other words and phrases that appear in quotation marks have special meaning. Refer to Section **H. Definitions**.

A. Coverage

We will pay for direct physical loss of or damage to Covered Property at the premises described in the Declarations caused by or resulting from any Covered Cause of Loss.

1. Covered Property

Covered Property, as used in this Coverage Part, means the type of property described in this Section, **A.1.**, and limited in **A.2.**, Property Not Covered, if a Limit of Insurance is shown in the Declarations for that type of property.

a. Building, meaning the building or structure described in the Declarations, including:

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

b. Your Business Personal Property located in or on the building described in the Declarations or in the open (or in a vehicle) within 100 feet of the described premises, consisting of the following unless otherwise specified in the Declarations or on the Your Business Personal Property – Separation of Coverage form:

- (1) Furniture and fixtures;
- (2) Machinery and equipment;
- (3) "Stock";
- (4) All other personal property owned by you and used in your business;
- (5) Labor, materials or services furnished or arranged by you on personal property of others;
- (6) Your use interest as tenant in improvements and betterments. Improvements and betterments are fixtures, alterations, installations or additions:
 - (a) Made a part of the building or structure you occupy but do not own; and
 - (b) You acquired or made at your expense but cannot legally remove;
- (7) Leased personal property for which you have a contractual responsibility to insure, unless otherwise provided for under Personal Property of Others.

c. Personal Property Of Others that is:

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

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

2. Property Not Covered

Covered Property does not include:

- a.** Accounts, bills, currency, food stamps or other evidences of debt, money, notes or securities. Lottery tickets held for sale are not securities;
- b.** Animals, unless owned by others and boarded by you, or if owned by you, only as "stock" while inside of buildings;
- c.** Automobiles held for sale;
- d.** Bridges, roadways, walks, patios or other paved surfaces;
- e.** Contraband, or property in the course of illegal transportation or trade;
- f.** The cost of excavations, grading, backfilling or filling;

- g.** Foundations of buildings, structures, machinery or boilers if their foundations are below:
 - (1)** The lowest basement floor; or
 - (2)** The surface of the ground, if there is no basement;
- h.** Land (including land on which the property is located), water, growing crops or lawns;
- i.** Personal property while airborne or waterborne;
- j.** Bulkheads, pilings, piers, wharves or docks;
- k.** Property that is covered under another coverage form of this or any other policy in which it is more specifically described, except for the excess of the amount due (whether you can collect on it or not) from that other insurance;
- l.** Retaining walls that are not part of a building;
- m.** Underground pipes, flues or drains;
- n.** Electronic data, except as provided under Additional Coverages – Electronic Data. Electronic data means facts, concepts and information converted to a form useable for communications, interpretation or processing by electronic or electromechanical data processing or electronically controlled equipment and includes programs, software, and other coded instructions for the processing and manipulation of data or the direction and manipulation of such equipment. This Paragraph **n.**, does not apply to your “stock” of prepackaged software, or to electronic data which is integrated in and operates or controls the building's elevator, lighting, heating, ventilation, air conditioning or security system.
- o.** The cost to replace or restore the information on valuable papers and records, including those which exist as electronic data. Valuable papers and records include but are not limited to proprietary information, books of account, deeds, manuscripts, abstracts, drawings and card index systems. Refer to the Coverage Extension for Valuable Papers And Records (Other Than Electronic Data) for limited coverage for valuable papers and records other than those which exist as electronic data.
- p.** Vehicles or self-propelled machines (including aircraft or watercraft) that:
 - (1)** Are licensed for use on public roads; or
 - (2)** Are operated principally away from the described premises.

This paragraph does not apply to:

- (a)** Vehicles or self-propelled machines or autos you manufacture, process or warehouse;
- (b)** Vehicles or self-propelled machines, other than autos, you hold for sale;
- (c)** Rowboats or canoes out of water at the described premises; or
- (d)** Trailers, but only to the extent provided for in the Coverage Extension for Non-Owned Detached Trailers.

q. The following property while outside of buildings:

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

3. Covered Causes Of Loss

See applicable Causes of Loss Form as shown in the Declarations.

4. Additional Coverages

a. Debris Removal

- (1) Subject to Paragraphs (2), (3) and (4), we will pay your expense to remove debris of Covered Property caused by or resulting from a Covered Cause of Loss that occurs during the policy period. The expenses will be paid only if they are reported to us in writing within 180 days of the date of direct physical loss or damage.
- (2) Debris Removal does not apply to costs to:
 - (a) Extract "pollutants" from land or water; or
 - (b) Remove, restore or replace polluted land or water.
- (3) Subject to the exceptions in Paragraph (4), the following provisions apply:
 - (a) The most we will pay for the total of direct physical loss or damage plus debris removal expense is the Limit of Insurance applicable to the Covered Property that has sustained loss or damage.
 - (b) Subject to (a) above, the amount we will pay for debris removal expense is limited to 25% of the sum of the deductible plus the amount that we pay for direct physical loss or damage to the Covered Property that has sustained loss or damage.
- (4) We will pay up to an additional \$10,000 for debris removal expense, for each location, in any one "occurrence" of physical loss or damage to Covered Property, if one or both of the following circumstances apply:
 - (a) The total of the actual debris removal expense plus the amount we pay for direct physical loss or damage exceeds the Limit of Insurance on the Covered Property that has sustained loss or damage.
 - (b) The actual debris removal expense exceeds 25% of the sum of the deductible plus the amount that we pay for direct physical loss or damage to the Covered Property that has sustained loss or damage.

Therefore, if (4)(a) and/or (4)(b) apply, our total payment for direct physical loss or damage and debris removal expense may reach but will never exceed the

Limit of Insurance on the Covered Property that has sustained loss or damage, plus \$10,000.

(5) Examples

The following examples assume that there is no coinsurance penalty.

Example #1

Limit of Insurance	\$90,000
Amount of Deductible	\$500
Amount of Loss	\$50,000
Amount of Loss Payable	\$49,500
	(\$50,000 - \$500)
Debris Removal Expense	\$10,000
Debris Removal Expense Payable	\$10,000
(\$10,000 is 20% of \$50,000)	

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

Example #2

Limit of Insurance	\$90,000
Amount of Deductible	\$500
Amount of Loss	\$80,000
Amount of Loss Payable	\$79,500
	(\$80,000 - \$500)
Debris Removal Expense	\$30,000
Debris Removal Expense Payable	
Basic Amount	\$10,500
Additional Amount	\$10,000

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

The additional amount payable for debris removal expense is provided in accordance with the terms of Paragraph **(4)**, because the debris removal expense (\$30,000) exceeds 25% of the loss payable plus the deductible

(\$30,000 is 37.5% of \$80,000), and because the sum of the loss payable and debris removal expense (\$79,500 + \$30,000 = \$109,500) would exceed the Limit of Insurance (\$90,000). The additional amount of covered debris removal expense is \$10,000, the maximum payable under Paragraph (4). Thus the total payable for debris removal expense in this example is \$20,500; \$9,500 of the debris removal expense is not covered.

b. Preservation Of Property

If it is necessary to move Covered Property from the described premises to preserve it from loss or damage by a Covered Cause of Loss, we will pay for any direct physical loss or damage to that property:

- (1) While it is being moved or while temporarily stored at another location; and
- (2) Only if the loss or damage occurs within 30 days after the property is first moved.

c. Fire Department Service Charge

When the fire department is called to save or protect Covered Property from a Covered Cause of Loss, we will pay up to \$1,000. Such limit is the most we will pay regardless of the number of responding fire departments or fire units, and regardless of the number or type of services performed.

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

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

No Deductible applies to this Additional Coverage.

d. Pollutant Clean Up And Removal

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

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

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

e. Increased Cost Of Construction

- (1) This Additional Coverage applies only to buildings to which the Replacement Cost Optional Coverage applies.

- (2) In the event of damage by a Covered Cause of Loss to a building that is Covered Property, we will pay the increased costs incurred to comply with the minimum enforcement standards of an ordinance or law in the course of repair, rebuilding or replacement of damaged parts of that property, subject to the limitations stated in **e.(3)** through **e.(9)** of this Additional Coverage.
- (3) The ordinance or law referred to in **e.(2)** of this Additional Coverage is an ordinance or law that regulates the construction or repair of buildings or establishes zoning or land use requirements at the described premises, and is in force at the time of loss.
- (4) Under this Additional Coverage, we will not pay any costs due to an ordinance or law that:

 - (a) You were required to comply with before the loss, even when the building was undamaged; and
 - (b) You failed to comply with.
- (5) Under this Additional Coverage, we will not pay for:

 - (a) The enforcement of or compliance with any ordinance or law which requires demolition, repair, replacement, reconstruction, remodeling or remediation of property due to contamination by "pollutants" or due to the presence, growth, proliferation, spread or any activity of "fungus", wet or dry rot or bacteria; or
 - (b) Any costs associated with the enforcement of or compliance with an ordinance or law which requires any insured or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of "pollutants", "fungus", wet or dry rot or bacteria.
- (6) The most we will pay under this Additional Coverage, for each described building insured under this Coverage Form, is \$10,000 or 5% of the Limit of Insurance applicable to that building, whichever is less. If a damaged building is covered under a blanket Limit of Insurance which applies to more than one building or item of property, then the most we will pay under this Additional Coverage, for that damaged building, is the lesser of: \$10,000 or 5% times the value of the damaged building as of the time of loss times the applicable coinsurance percentage.
- (7) With respect to this Additional Coverage:

 - (a) We will not pay for the Increased Cost of Construction:

 - (i) Until the property is actually repaired or replaced, at the same or another premises; and
 - (ii) Unless the repair or replacement is made as soon as reasonably possible after the loss or damage, not to exceed two years. We may extend this period in writing during the two years.
 - (b) If the building is repaired or replaced at the same premises, or if you elect to rebuild at another premises, the most we will pay for the

Increased Cost of Construction, subject to the provisions of **e.(6)** of this Additional Coverage, is the increased cost of construction at the same premises.

- (c) If the ordinance or law requires relocation to another premises, the most we will pay for the Increased Cost of Construction, subject to the provisions of **e.(6)** of this Additional Coverage, is the increased cost of construction at the new premises.
- (8) This Additional Coverage is not subject to the terms of the Ordinance Or Law Exclusion, to the extent that such Exclusion would conflict with the provisions of this Additional Coverage.
- (9) The costs addressed in the Loss Payment and Valuation Conditions, and the Replacement Cost Optional Coverage, in this Coverage Form, do not include the increased cost attributable to enforcement of an ordinance or law. The amount payable under this Additional Coverage, as stated in **e.(6)** of this Additional Coverage, is not subject to such limitation.

f. Electronic Data

- (1) Under this Additional Coverage, electronic data has the meaning described under Property Not Covered – Electronic Data. This Additional Coverage does not apply to your “stock” of prepackaged software, or to electronic data which is integrated in and operates or controls the building's elevator, lighting, heating, ventilation, air conditioning or security system.
- (2) Subject to the provisions of this Additional Coverage, we will pay for the cost to replace or restore electronic data which has been destroyed or corrupted by a Covered Cause of Loss. To the extent that electronic data is not replaced or restored, the loss will be valued at the cost of replacement of the media on which the electronic data was stored, with blank media of substantially identical type.
- (3) The Covered Causes of Loss applicable to Your Business Personal Property apply to this Additional Coverage – Electronic Data, subject to the following:

 - (a) If the Causes Of Loss – Special Form applies, coverage under this Additional Coverage – Electronic Data is limited to the “specified causes of loss” as defined in that form, and Collapse as set forth in that form.
 - (b) If the Causes Of Loss – Broad Form applies, coverage under this Additional Coverage – Electronic Data includes Collapse as set forth in that form.
 - (c) If the Causes Of Loss Form is endorsed to add a Covered Cause of Loss, the additional Covered Cause of Loss does not apply to the coverage provided under this Additional Coverage – Electronic Data.
 - (d) Regardless of the Causes of Loss Form applicable, we will not pay for loss or damage caused by or resulting from a virus, harmful code or similar instruction, whether from an internal or external source, introduced into or enacted on a computer system (including electronic data) or a network to which it is connected, designed to damage or destroy any part of the system or disrupt its normal operation. There also

is no coverage for loss or damage caused by or resulting from manipulation of a computer system (including electronic data) by any employee, including a temporary or leased employee, or by an entity retained by you or for you to inspect, design, install, modify, maintain, repair or replace that system.

- (4) The most we will pay under this Additional Coverage – Electronic Data is \$2,500 for all loss or damage sustained in any one policy year, regardless of the number of “occurrences” of loss or damage or the number of premises, locations or computer systems involved. If loss payment on the first “occurrence” does not exhaust this amount, then the balance is available for subsequent loss or damage sustained in but not after that policy year. With respect to an “occurrence” which begins in one policy year and continues or results in additional loss or damage in a subsequent policy year(s), all loss or damage is deemed to be sustained in the policy year in which the “occurrence” began.

5. Coverage Extensions

Except as otherwise provided, the following Extensions apply to property located in or on the building described in the Declarations or in the open (or in a vehicle) within 100 feet of the described premises.

Each of the following Coverage Extensions is additional insurance. The Additional Condition, Coinsurance, does not apply to these Extensions.

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

a. Newly Acquired Or Constructed Property

(1) Buildings

If this policy covers Building, you may extend that insurance to apply to:

- (a) Your new buildings while being built on the described premises; and
- (b) Buildings you acquire at locations, other than the described premises, intended for:
 - (i) Similar use as the building described in the Declarations; or
 - (ii) Use as a warehouse.

The most we will pay for loss or damage under this Extension is \$250,000 at each building.

(2) Your Business Personal Property

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

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

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

(b) This Extension does not apply to:

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

(3) Period Of Coverage

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

- (a) This policy expires;
- (b) 30 days expire after you acquire the property or begin construction of that part of the building that would qualify as covered property; or
- (c) You report values to us.

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

b. Personal Effects And Property Of Others

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

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

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

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

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

d. Property Off-Premises

- (1) You may extend the insurance provided by this Coverage Form to apply to your Covered Property while it is away from the described premises, if it is:
 - (a) Temporarily at a location you do not own, lease or operate;
 - (b) In storage at a location you lease, provided the lease was executed after the beginning of the current policy term; or
 - (c) At any fair, trade show or exhibition.
- (2) This Extension does not apply to property:
 - (a) In or on a vehicle; or
 - (b) In the care, custody or control of your salespersons, unless the property is in such care, custody or control at a fair, trade show or exhibition.
- (3) The most we will pay for loss or damage under this Extension is \$10,000.

e. Outdoor Property

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

- (1) Fire;
- (2) Lightning;

- (3) Explosion;
- (4) Riot or Civil Commotion; or
- (5) Aircraft.

The most we will pay for loss or damage under this Extension is \$1,000, but not more than \$250 for any one tree, shrub or plant. These limits apply to any one "occurrence", regardless of the types or number of items lost or damaged in that "occurrence".

f. Non-Owned Detached Trailers

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

B. Exclusions And Limitations

See applicable Causes of Loss Form as shown in the Declarations.

C. Limits Of Insurance

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

The most we will pay for loss or damage to outdoor signs attached to buildings is \$1,000 per sign in any one "occurrence".

The limits applicable to the following Additional Coverages apply in accordance with the terms of such coverage and are in addition to the Limits of Insurance shown in the Declarations for any other coverage:

1. Fire Department Service Charge;
2. Pollutant Clean Up and Removal;
3. Increased Cost of Construction; and
4. Electronic Data.

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

D. Deductible

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

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

Example No. 1:

(This example assumes there is no coinsurance penalty.)

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

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

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

\$ 60,100	
– 250	
<hr/>	
\$ 59,850	Loss Payable – Bldg. 1

The Deductible applies once per "occurrence" and therefore is not subtracted in determining the amount of loss payable for Bldg. 2. Loss payable for Bldg. 2 is the Limit of Insurance of \$80,000.

Total amount of loss payable: \$59,850 + 80,000 = \$139, 850

Example No. 2:

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

The Deductible and Limits of Insurance are the same as those in Example No. 1.

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

E. Loss Conditions

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

1. Abandonment

There can be no abandonment of any property to us.

2. Appraisal

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

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

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

3. Duties In The Event Of Loss Or Damage

- a.** You must see that the following are done in the event of loss or damage to Covered Property:
 - (1)** Notify the police if a law may have been broken.
 - (2)** Give us prompt notice of the loss or damage. Include a description of the property involved.
 - (3)** As soon as possible, give us a description of how, when and where the loss or damage occurred.

- (4) Take all reasonable steps to protect the Covered Property from further damage, and keep a record of your expenses necessary to protect the Covered Property, for consideration in the settlement of the claim. This will not increase the Limit of Insurance. However, we will not pay for any subsequent loss or damage resulting from a cause of loss that is not a Covered Cause of Loss. Also, if feasible, set the damaged property aside and in the best possible order for examination.
- (5) At our request, give us complete inventories of the damaged and undamaged property. Include quantities, costs, values and amount of loss claimed.
- (6) As often as may be reasonably required, permit us to inspect the property proving the loss or damage and examine your books and records.

Also permit us to take samples of damaged and undamaged property for inspection, testing and analysis, and permit us to make copies from your books and records.
- (7) Send us a signed, sworn proof of loss containing the information we request to investigate the claim. You must do this within 60 days after our request. We will supply you with the necessary forms.
- (8) Cooperate with us in the investigation or settlement of the claim.
- b. We may examine any insured under oath, while not in the presence of any other insured and at such times as may be reasonably required, about any matter relating to this insurance or the claim, including an insured's books and records. In the event of an examination, an insured's answers must be signed.

4. Loss Payment

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

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

- b. The cost to repair, rebuild or replace does not include the increased cost attributable to enforcement of or compliance with any ordinance or law regulating the construction, use or repair of any property.
- c. We will give notice of our intentions within 30 days after we receive the sworn proof of loss.

- d. We will not pay you more than your financial interest in the Covered Property.
- e. We may adjust losses with the owners of lost or damaged property if other than you. If we pay the owners, such payments will satisfy your claims against us for the owners' property. We will not pay the owners more than their financial interest in the Covered Property.
- f. We may elect to defend you against suits arising from claims of owners of property. We will do this at our expense.
- g. We will pay for covered loss or damage within 30 days after we receive the sworn proof of loss, if you have complied with all of the terms of this Coverage Part and:
 - (1) We have reached agreement with you on the amount of loss; or
 - (2) An appraisal award has been made.
- h. A party wall is a wall that separates and is common to adjoining buildings that are owned by different parties. In settling covered losses involving a party wall, we will pay a proportion of the loss to the party wall based on your interest in the wall in proportion to the interest of the owner of the adjoining building. However, if you elect to repair or replace your building and the owner of the adjoining building elects not to repair or replace that building, we will pay you the full value of the loss to the party wall, subject to all applicable policy provisions including Limits of Insurance, the Valuation and Coinsurance Conditions and all other provisions of this Loss Payment Condition. Our payment under the provisions of this paragraph does not alter any right of subrogation we may have against any entity, including the owner or insurer of the adjoining building, and does not alter the terms of the Transfer Of Rights Of Recovery Against Others To Us Condition in this policy.

5. Recovered Property

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

6. Vacancy

a. Description Of Terms

- (1) As used in this Vacancy Condition, the term building and the term vacant have the meanings set forth in (1)(a) and (1)(b) below:
 - (a) When this policy is issued to a tenant, and with respect to that tenant's interest in Covered Property, building means the unit or suite rented or leased to the tenant. Such building is vacant when it does not contain enough business personal property to conduct customary operations.
 - (b) When this policy is issued to the owner or general lessee of a building, building means the entire building. Such building is vacant unless at least 31% of its total square footage is:
 - (i) Rented to a lessee or sub-lessee and used by the lessee or sub-lessee to conduct its customary operations; and/or

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

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

b. Vacancy Provisions

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

(1) We will not pay for any loss or damage caused by any of the following even if they are Covered Causes of Loss:

(a) Vandalism;

(b) Sprinkler leakage, unless you have protected the system against freezing;

(c) Building glass breakage;

(d) Water damage;

(e) Theft; or

(f) Attempted theft.

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

7. Valuation

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

a. At actual cash value as of the time of loss or damage, except as provided in **b.**, **c.**, **d.** and **e.** below.

b. If the Limit of Insurance for Building satisfies the Additional Condition, Coinsurance, and the cost to repair or replace the damaged building property is \$2,500 or less, we will pay the cost of building repairs or replacement.

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

(1) Awnings or floor coverings;

(2) Appliances for refrigerating, ventilating, cooking, dishwashing or laundering; or

(3) Outdoor equipment or furniture.

c. "Stock" you have sold but not delivered at the selling price less discounts and expenses you otherwise would have had.

d. Glass at the cost of replacement with safety glazing material if required by law.

e. Tenant's Improvements and Betterments at:

- (1)** Actual cash value of the lost or damaged property if you make repairs promptly.
 - (2)** A proportion of your original cost if you do not make repairs promptly. We will determine the proportionate value as follows:
 - (a)** Multiply the original cost by the number of days from the loss or damage to the expiration of the lease; and
 - (b)** Divide the amount determined in **(a)** above by the number of days from the installation of improvements to the expiration of the lease.
- If your lease contains a renewal option, the expiration of the renewal option period will replace the expiration of the lease in this procedure.
- (3)** Nothing if others pay for repairs or replacement.

F. Additional Conditions

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

1. Coinsurance

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

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

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

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

We will pay the amount determined in Step **(4)** or the limit of insurance, whichever is less. For the remainder, you will either have to rely on other insurance or absorb the loss yourself.

Example No. 1 (Underinsurance):

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

The Deductible is	\$250
The amount of loss is	\$40,000

Step (1): $\$250,000 \times 80\% = \$200,000$
(the minimum amount of insurance to meet your Coinsurance requirements)

Step (2): $\$100,000 \div \$200,000 = .50$

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

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

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

Example No. 2 (Adequate Insurance):

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

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

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

Example No. 3:

When:	The value of property is:	
	Bldg. at Location No. 1	\$75,000
	Bldg. at Location No. 2	\$100,000
	Personal Property at Location No. 2	\$75,000
		<hr/>
		\$250,000
	The Coinsurance percentage for it is	90%
	The Limit of Insurance for Buildings and Personal Property at Location Nos. 1 and 2 is	\$180,000
	The Deductible is	\$1,000
	The amount of loss is:	
	Bldg. at Location No. 2	\$30,000
	Personal Property at Location No. 2.	\$20,000
		<hr/>
		\$50,000

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

penalty shown below)

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

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

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

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

2. Mortgageholders

- a. The term mortgageholder includes trustee.
- b. We will pay for covered loss of or damage to buildings or structures to each mortgageholder shown in the Declarations in their order of precedence, as interests may appear.
- c. The mortgageholder has the right to receive loss payment even if the mortgageholder has started foreclosure or similar action on the building or structure.
- d. If we deny your claim because of your acts or because you have failed to comply with the terms of this Coverage Part, the mortgageholder will still have the right to receive loss payment if the mortgageholder:

- (1) Pays any premium due under this Coverage Part at our request if you have failed to do so;
- (2) Submits a signed, sworn proof of loss within 60 days after receiving notice from us of your failure to do so; and
- (3) Has notified us of any change in ownership, occupancy or substantial change in risk known to the mortgageholder.

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

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

At our option, we may pay to the mortgageholder the whole principal on the mortgage plus any accrued interest. In this event, your mortgage and note will be transferred to us and you will pay your remaining mortgage debt to us.

- f. If we cancel this policy, we will give written notice to the mortgageholder at least:
 - (1) 10 days before the effective date of cancellation if we cancel for your nonpayment of premium; or

(2) 30 days before the effective date of cancellation if we cancel for any other reason.

g. If we elect not to renew this policy, we will give written notice to the mortgageholder at least 10 days before the expiration date of this policy.

G. Optional Coverages

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

1. Agreed Value

a. The Additional Condition, Coinsurance, does not apply to Covered Property to which this Optional Coverage applies. We will pay no more for loss of or damage to that property than the proportion that the Limit of Insurance under this Coverage Part for the property bears to the Agreed Value shown for it in the Declarations.

b. If the expiration date for this Optional Coverage shown in the Declarations is not extended, the Additional Condition, Coinsurance, is reinstated and this Optional Coverage expires.

c. The terms of this Optional Coverage apply only to loss or damage that occurs:

(1) On or after the effective date of this Optional Coverage; and

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

2. Inflation Guard

a. The Limit of Insurance for property to which this Optional Coverage applied will automatically increase by the annual percentage shown in the Declarations.

b. The amount of increase will be:

(1) The Limit of Insurance that applied on the most recent of the policy inception date, the policy anniversary date, or any other policy change amending the Limit of Insurance, times

(2) The percentage of annual increase shown in the Declarations, expressed as a decimal (example: 8% is .08), times

(3) The number of days since the beginning of the current policy year or the effective date of the most recent policy change amending the Limit of Insurance, divided by 365.

Example:

If:	The applicable Limit of Insurance is	\$100,000
	The annual percentage increase is	8%
	The number of days since the beginning of the policy year (or last policy change) is	146

The amount of increase is

\$100,000 x .08 x 146

÷ 365 =

\$3,200

3. Replacement Cost

a. Replacement Cost (without deduction for depreciation) replaces Actual Cash Value in the Loss Condition, Valuation, of this Coverage Form.

b. This Optional Coverage does not apply to:

- (1)** Personal property of others;
- (2)** Contents of a residence;
- (3)** Works of art, antiques or rare articles, including etchings, pictures, statuary, marbles, bronzes, porcelains and bric-a-brac; or
- (4)** "Stock", unless the Including "Stock" option is shown in the Declarations.

Under the terms of this Replacement Cost Optional Coverage, tenants' improvements and betterments are not considered to be the personal property of others.

c. You may make a claim for loss or damage covered by this insurance on an actual cash value basis instead of on a replacement cost basis. In the event you elect to have loss or damage settled on an actual cash value basis, you may still make a claim for the additional coverage this Optional Coverage provides if you notify us of your intent to do so within 180 days after the loss or damage.

d. We will not pay on a replacement cost basis for any loss or damage:

- (1)** Until the lost or damaged property is actually repaired or replaced; and
- (2)** Unless the repair or replacement is made as soon as reasonably possible after the loss or damage.

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

- (3)** If the conditions in **d.(1)** and **d.(2)** above are not met, the value of tenants' improvements and betterments will be determined as a proportion of your original cost, as set forth in the Valuation Condition of this Coverage Form; and
- (4)** We will not pay for loss or damage to tenants' improvements and betterments if others pay for repairs or replacement.

e. We will not pay more for loss or damage on a replacement cost basis than the least of **(1)**, **(2)** or **(3)**, subject to **f.** below:

- (1)** The Limit of Insurance applicable to the lost or damaged property;
- (2)** The cost to replace the lost or damaged property with other property:
 - (a)** Of comparable material and quality; and

- (b) Used for the same purpose; or
- (3) The amount actually spent that is necessary to repair or replace the lost or damaged property.

If a building is rebuilt at a new premises, the cost described in **e.(2)** above is limited to the cost which would have been incurred if the building had been rebuilt at the original premises.

- f. The cost of repair or replacement does not include the increased cost attributable to enforcement of any ordinance or law regulating the construction, use or repair of any property.

4. Extension Of Replacement Cost To Personal Property Of Others

- a. If the Replacement Cost Optional Coverage is shown as applicable in the Declarations, then this Extension may also be shown as applicable. If the Declarations show this Extension as applicable, then Paragraph **3.b.(1)** of the Replacement Cost Optional Coverage is deleted and all other provisions of the Replacement Cost Optional Coverage apply to replacement cost on personal property of others.
- b. With respect to replacement cost on the personal property of others, the following limitation applies:

If an item(s) of personal property of others is subject to a written contract which governs your liability for loss or damage to that item(s), then valuation of that item(s) will be based on the amount for which you are liable under such contract, but not to exceed the lesser of the replacement cost of the property or the applicable Limit of Insurance.

H. Definitions

- 1. **“Fungus”** means any type or form of fungus, including mold or mildew, and any mycotoxins, spores, scents or by-products produced or released by fungi.
- 2. **“Pollutants”** means any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste. Waste includes materials to be recycled, reconditioned or reclaimed.
- 3. **“Stock”** means merchandise held in storage or for sale, raw materials and in-process or finished goods, including supplies used in their packing or shipping.

BUSINESS INCOME (WITHOUT EXTRA EXPENSE) 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 **F. Definitions**.

A. Coverage

1. Business Income

Business Income means the:

- a.** Net Income (Net Profit or Loss before income taxes) that would have been earned or incurred; and
- b.** Continuing normal operating expenses incurred, including payroll.

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

Coverage is provided as described and limited below for one or more of the following options for which a Limit Of Insurance is shown in the Declarations:

- (1)** Business Income including "Rental Value".
- (2)** Business Income other than "Rental Value".
- (3)** "Rental Value".

If option **(1)** above is selected, the term Business Income will include "Rental Value". If option **(3)** above is selected, the term Business Income will mean "Rental Value" only.

If Limits of Insurance are shown under more than one of the above options, the provisions of this Coverage Part apply separately to each.

We will pay for the actual loss of Business Income you sustain due to the necessary "suspension" of your "operations" during the "period of restoration". The "suspension" must be caused by direct physical loss of or damage to property at premises which are described in the Declarations and for which a Business Income Limit Of Insurance is shown in the Declarations. The loss or damage must be caused by or result from a Covered Cause of Loss. With respect to loss of or damage to personal property in the open or personal property in a vehicle, the described premises include the area within 100 feet of the site at which the described premises are located.

With respect to the requirements set forth in the preceding paragraph, if you occupy only part of a building, your premises means:

- a.** The portion of the building which you rent, lease or occupy; and
- b.** The area within 100 feet of the building or within 100 feet of the premises described in the Declarations, whichever distance is greater (with respect to loss of or damage to personal property in the open or personal property in a vehicle); and

- c. Any area within the building or at the described premises, if that area services, or is used to gain access to, the portion of the building which you rent, lease or occupy.

2. Covered Causes Of Loss, Exclusions And Limitations

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

3. Additional Limitation – Interruption Of Computer Operations

- a. Coverage for Business Income does not apply when a “suspension” of “operations” is caused by destruction or corruption of electronic data, or any loss or damage to electronic data, except as provided under the Additional Coverage – Interruption Of Computer Operations.
- b. Electronic data means facts, concepts and information converted to a form useable for communications, interpretation or processing by electronic or electromechanical data processing or electronically controlled equipment and includes programs, software, and other coded instructions for the processing and manipulation of data or the direction and manipulation of such equipment.

4. Additional Coverages

a. Expenses To Reduce Loss

In the event of a covered loss of Business Income, we will pay necessary expenses you incur, except the cost of extinguishing a fire, to avoid further loss of Business Income. The total of our payment for Business Income loss and Expenses to Reduce Loss will not be more than the Business Income loss that would have been payable under this Coverage Form (after application of any Coinsurance penalty) if the Expenses to Reduce Loss had not been incurred.

The Coinsurance condition does not apply specifically to such Expenses to Reduce Loss, but it is used as described above to determine the total amount payable.

b. Civil Authority

We will pay for the actual loss of Business Income you sustain caused by action of civil authority that prohibits access to the described premises provided that both of the following apply:

- (1) Access to the area immediately surrounding the damaged property is prohibited by civil authority as a result of the damage, and the described premises are within that area but are not more than one mile from the damaged property; and
- (2) The action of civil authority is taken in response to dangerous physical conditions resulting from the damage or continuation of the Covered Cause of Loss that caused the damage, or the action is taken to enable a civil authority to have unimpeded access to the damaged property.

This coverage begins 72 hours after the time of that action, and will apply for a period of up to three consecutive weeks from the date on which the coverage begins.

c. Alterations And New Buildings

We will pay for the actual loss of Business Income you sustain due to direct physical loss or damage at the described premises caused by or resulting from any Covered Cause of Loss to:

- (1) New buildings or structures, whether complete or under construction;
- (2) Alterations or additions to existing buildings or structures; and
- (3) Machinery, equipment, supplies or building materials located on or within 100 feet of the described premises and:
 - (a) Used in the construction, alterations or additions; or
 - (b) Incidental to the occupancy of new buildings.

If such direct physical loss or damage delays the start of "operations", the "period of restoration" will begin on the date "operations" would have begun if the direct physical loss or damage had not occurred.

d. Extended Business Income

(1) Business Income Other Than "Rental Value"

If the necessary "suspension" of your "operations" produces a Business Income loss payable under this policy, we will pay for the actual loss of Business Income you incur 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:
 - (i) The date you could restore your "operations", with reasonable speed, to the level which would generate the business income amount that would have existed if no direct physical loss or damage had occurred; or
 - (ii) 30 consecutive days after the date determined in (1)(a) above.

However, Extended Business Income does not apply to loss of Business Income incurred as a result of unfavorable business conditions caused by the impact of the Covered Cause of Loss in the area where the described premises are located.

Loss of Business Income must be caused by direct physical loss or damage at the described premises caused by or resulting from any Covered Cause of Loss.

(2) "Rental Value"

If the necessary "suspension" of your "operations" produces a "Rental Value" loss payable under this policy, we will pay for the actual loss of "Rental Value" you incur during the period that:

- (a) Begins on the date property is actually repaired, rebuilt or replaced and tenantability is restored; and
- (b) Ends on the earlier of:
 - (i) The date you could restore tenant occupancy, with reasonable speed, to the level which would generate the "Rental Value" that would have existed if no direct physical loss or damage had occurred; or
 - (ii) 30 consecutive days after the date determined in (2)(a) above.

However, Extended Business Income does not apply to loss of "Rental Value" incurred as a result of unfavorable business conditions caused by the impact of the Covered Cause of Loss in the area where the described premises are located.

Loss of "Rental Value" must be caused by direct physical loss or damage at the described premises caused by or resulting from any Covered Cause of Loss.

e. Interruption Of Computer Operations

- (1) Under this Additional Coverage, electronic data has the meaning described under Additional Limitation – Interruption Of Computer Operations.
- (2) Subject to all provisions of this Additional Coverage, you may extend the insurance that applies to Business Income to apply to a "suspension" of "operations" caused by an interruption in computer operations due to destruction or corruption of electronic data due to a Covered Cause of Loss.
- (3) With respect to the coverage provided under this Additional Coverage, the Covered Causes of Loss are subject to the following:
 - (a) If the Causes Of Loss – Special Form applies, coverage under this Additional Coverage – Interruption Of Computer Operations is limited to the "specified causes of loss" as defined in that form, and Collapse as set forth in that form.
 - (b) If the Causes Of Loss – Broad Form applies, coverage under this Additional Coverage – Interruption Of Computer Operations includes Collapse as set forth in that form.
 - (c) If the Causes Of Loss Form is endorsed to add a Covered Cause of Loss, the additional Covered Cause of Loss does not apply to the coverage provided under this Additional Coverage – Interruption Of Computer Operations.
 - (d) Regardless of the Causes Of Loss Form applicable, we will not pay for loss or damage caused by or resulting from a virus, harmful code or similar instruction, whether from an internal or external source, introduced into or enacted on a computer system (including electronic data) or a network to which it is connected, designed to damage or destroy any part of the system or disrupt its normal operation. There also is no coverage for an interruption related to manipulation of a computer system (including electronic data) by any employee, including a

temporary or leased employee, or by an entity retained by you or for you to inspect, design, install, maintain, repair or replace that system.

- (4) The most we will pay under this Additional Coverage – Interruption Of Computer Operations is \$2,500 for all loss sustained in any one policy year, regardless of the number of interruptions or the number of premises, locations or computer systems involved. If loss payment relating to the first interruption does not exhaust this amount, then the balance is available for loss sustained as a result of subsequent interruptions in that policy year. A balance remaining at the end of a policy year does not increase the amount of insurance in the next policy year. With respect to any interruption which begins in one policy year and continues or results in additional loss in a subsequent policy year(s), all loss is deemed to be sustained in the policy year in which the interruption began.
- (5) This Additional Coverage – Interruption Of Computer Operations does not apply to loss sustained after the end of the “period of restoration”, even if the amount of insurance stated in (4) above has not been exhausted.

5. Coverage Extension

If a Coinsurance percentage of 50% or more is shown in the Declarations, you may extend the insurance provided by this Coverage Part as follows:

NEWLY ACQUIRED LOCATIONS

- a. You may extend your Business Income Coverage to apply to property at any location you acquire other than fairs or exhibitions.
- b. The most we will pay for loss under this Extension is \$100,000 at each location.
- c. Insurance under this Extension for each newly acquired location will end when any of the following first occurs:
 - (1) This policy expires;
 - (2) 30 days expire after you acquire or begin to construct the property; or
 - (3) You report values to us.

We will charge you additional premium for values reported from the date you acquire the property.

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

B. Limits Of Insurance

The most we will pay for loss in any one “occurrence” is the applicable Limit of Insurance shown in the Declarations.

Payments under the following Additional Coverages will not increase the applicable Limit of Insurance:

- 1. Alterations and New Buildings;

2. Civil Authority;
3. Extended Business Income; or
4. Expenses to Reduce Loss.

The amounts of insurance stated in the Interruption Of Computer Operations Additional Coverage and the Newly Acquired Locations Coverage Extension apply in accordance with the terms of those coverages and are separate from the Limits Of Insurance shown in the Declarations for any other coverage.

C. Loss Conditions

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

1. Appraisal

If we and you disagree on the amount of Net Income and operating expense or the amount of loss, either may make written demand for an appraisal of the loss. In this event, each party will select a competent and impartial appraiser.

The two appraisers will select an umpire. If they cannot agree, either may request that selection be made by a judge of a court having jurisdiction. The appraisers will state separately the amount of Net Income and operating expense or amount of loss. If they fail to agree, they will submit their differences to the umpire. A decision agreed to by any two will be binding. Each party will:

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

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

2. Duties In The Event Of Loss

- a. You must see that the following are done in the event of loss:
 - (1) Notify the police if a law may have been broken.
 - (2) Give us prompt notice of the direct physical loss or damage. Include a description of the property involved.
 - (3) As soon as possible, give us a description of how, when, and where the direct physical loss or damage occurred.
 - (4) Take all reasonable steps to protect the Covered Property from further damage, and keep a record of your expenses necessary to protect the Covered Property, for consideration in the settlement of the claim. This will not increase the Limit of Insurance. However, we will not pay for any subsequent loss or damage resulting from a cause of loss that is not a Covered Cause of Loss. Also, if feasible, set the damaged property aside and in the best possible order for examination.

- (5) As often as may be reasonably required, permit us to inspect the property proving the loss or damage and examine your books and records.

Also permit us to take samples of damaged and undamaged property for inspection, testing and analysis, and permit us to make copies from your books and records.

- (6) Send us a signed, sworn proof of loss containing the information we request to investigate the claim. You must do this within 60 days after our request. We will supply you with the necessary forms.
- (7) Cooperate with us in the investigation or settlement of the claim.
- (8) If you intend to continue your business, you must resume all or part of your "operations" as quickly as possible.

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

3. Loss Determination

- a. The amount of Business Income loss will be determined based on:

- (1) The Net Income of the business before the direct physical loss or damage occurred;
- (2) The likely Net Income of the business if no physical loss or damage had occurred, but not including 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;
- (3) The operating expenses, including payroll expenses, necessary to resume "operations" with the same quality of service that existed just before the direct physical loss or damage; and
- (4) Other relevant sources of information, including:
 - (a) Your financial records and accounting procedures;
 - (b) Bills, invoices and other vouchers; and
 - (c) Deeds, liens or contracts.

- b. **Resumption Of Operations**

We will reduce the amount of your Business Income loss to the extent you can resume your "operations", in whole or in part, by using damaged or undamaged property (including merchandise or stock) at the described premises or elsewhere.

- c. If you do not resume "operations", or do not resume "operations" as quickly as possible, we will pay based on the length of time it would have taken to resume "operations" as quickly as possible.

4. Loss Payment

We will pay for covered loss within 30 days after we receive the sworn proof of loss, if you have complied with all of the terms of this Coverage Part and:

- a. We have reached agreement with you on the amount of loss; or
- b. An appraisal award has been made.

D. Additional Condition

COINSURANCE

If a Coinsurance percentage is shown in the Declarations, the following condition applies in addition to the Common Policy Conditions and the Commercial Property Conditions.

We will not pay the full amount of any loss if the Limit of Insurance for Business Income is less than:

- a. The Coinsurance percentage shown for Business Income in the Declarations; times
- b. The sum of:
 - (1) The Net Income (Net Profit or Loss before income taxes), and
 - (2) Operating expenses, including payroll expenses,that would have been earned or incurred (had no loss occurred) by your "operations" at the described premises for the 12 months following the inception, or last previous anniversary date, of this policy (whichever is later).

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

- 1. Multiply the Net Income and operating expense for the 12 months following the inception, or last previous anniversary date, of this policy by the Coinsurance percentage;
- 2. Divide the Limit of Insurance for the described premises by the figure determined in Step 1.; and
- 3. Multiply the total amount of loss by the figure determined in Step 2.

We will pay the amount determined in Step 3. or the limit of insurance, whichever is less. For the remainder, you will either have to rely on other insurance or absorb the loss yourself.

In determining operating expenses for the purpose of applying the Coinsurance condition, the following expenses, if applicable, shall be deducted from the total of all operating expenses:

- 1. Prepaid freight – outgoing;
- 2. Returns and allowances;
- 3. Discounts;
- 4. Bad debts;

5. Collection expenses;
6. Cost of raw stock and factory supplies consumed (including transportation charges);
7. Cost of merchandise sold (including transportation charges);
8. Cost of other supplies consumed (including transportation charges);
9. Cost of services purchased from outsiders (not employees) to resell, that do not continue under contract;
10. Power, heat and refrigeration expenses that do not continue under contract (if Form **CP 15 11** is attached);
11. All payroll expenses or the amount of payroll expense excluded (if Form **CP 15 10** is attached); and
12. Special deductions for mining properties (royalties unless specifically included in coverage; actual depletion commonly known as unit or cost depletion – not percentage depletion; welfare and retirement fund charges based on tonnage; hired trucks).

Example No. 1 (Underinsurance):

When: The Net Income and operating expenses for the 12 months following the inception, or last previous anniversary date, of this policy at the described premises would have been \$400,000

The Coinsurance percentage is 50%

The Limit of Insurance is \$150,000

The amount of loss is \$80,000

Step 1: $\$400,000 \times 50\% = \$200,000$
(the minimum amount of insurance to meet your Coinsurance requirements)

Step 2: $\$150,000 \div \$200,000 = .75$

Step 3: $\$80,000 \times .75 = \$60,000$

We will pay no more than \$60,000. The remaining \$20,000 is not covered.

Example No. 2 (Adequate Insurance):

When: The Net Income and operating expenses for the 12 months following the inception, or last previous anniversary date, of this policy at the described premises would have been \$400,000

The Coinsurance percentage is 50%

The Limit of Insurance is \$200,000

The amount of loss is \$80,000

The minimum amount of insurance to meet your Coinsurance requirement is \$200,000 ($\$400,000 \times 50\%$). Therefore, the Limit of Insurance in this Example is adequate and no penalty applies. We will pay no more than \$80,000 (amount of loss).

E. Optional Coverages

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

1. Maximum Period Of Indemnity

- a. The Additional Condition, Coinsurance, does not apply to this Coverage Form at the described premises to which this Optional Coverage applies.
- b. The most we will pay for loss of Business Income is the lesser of:
 - (1) The amount of loss sustained during the 120 days immediately following the beginning of the "period of restoration"; or
 - (2) The Limit Of Insurance shown in the Declarations.

2. Monthly Limit Of Indemnity

- a. The Additional Condition, Coinsurance, does not apply to this Coverage Form at the described premises to which this Optional Coverage applies.
- b. The most we will pay for loss of Business Income in each period of 30 consecutive days after the beginning of the "period of restoration" is:
 - (1) The Limit of Insurance, multiplied by
 - (2) The fraction shown in the Declarations for this Optional Coverage.

Example:

When:	The Limit of Insurance is	\$120,000
	The fraction shown in the Declarations for this Optional Coverage is	1/4
	The most we will pay for loss in each period of 30 consecutive days is:	
	$\$120,000 \times 1/4 = \$30,000$	
	If, in this example, the actual amount of loss is:	
	Days 1-30	\$40,000
	Days 31-60	\$20,000
	Days 61-90	\$30,000
		<hr/>
		\$90,000
	We will pay:	
	Days 1-30	\$30,000
	Days 31-60	\$20,000
	Days 61-90	\$30,000
		<hr/>
		\$80,000

The remaining \$10,000 is not covered.

3. Business Income Agreed Value

- a. To activate this Optional Coverage:
 - (1) A Business Income Report/Work Sheet must be submitted to us and must show financial data for your "operations":
 - (a) During the 12 months prior to the date of the Work Sheet; and
 - (b) Estimated for the 12 months immediately following the inception of this Optional Coverage.
 - (2) The Declarations must indicate that the Business Income Agreed Value Optional Coverage applies, and an Agreed Value must be shown in the Declarations. The Agreed Value should be at least equal to:
 - (a) The Coinsurance percentage shown in the Declarations; multiplied by
 - (b) The amount of Net Income and operating expenses for the following 12 months you report on the Work Sheet.
- b. The Additional Condition, Coinsurance, is suspended until:
 - (1) 12 months after the effective date of this Optional Coverage; or
 - (2) The expiration date of this policy;whichever occurs first.
- c. We will reinstate the Additional Condition, Coinsurance, automatically if you do not submit a new Work Sheet and Agreed Value:
 - (1) Within 12 months of the effective date of this Optional Coverage; or
 - (2) When you request a change in your Business Income Limit of Insurance.
- d. If the Business Income Limit of Insurance is less than the Agreed Value, we will not pay more of any loss than the amount of loss multiplied by:
 - (1) The Business Income Limit of Insurance; divided by
 - (2) The Agreed Value.

Example:

When:	The Limit of Insurance is	\$100,000
	The Agreed Value is	\$200,000
	The amount of loss is	\$80,000

Step (a): $\$100,000 \div \$200,000 = .50$

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

We will pay \$40,000. The remaining \$40,000 is not covered.

4. **Extended Period Of Indemnity**

Under Paragraph **A.4.d., Extended Business Income**, the number “30” in Subparagraphs **(1)(b)** and **(2)(b)** is replaced by the number shown in the Declarations for this Optional Coverage.

F. **Definitions**

1. **“Finished Stock”** means stock you have manufactured.

“Finished stock” also includes whiskey and alcoholic products being aged, unless there is a Coinsurance percentage shown for Business Income in the Declarations.

“Finished stock” does not include stock you have manufactured that is held for sale on the premises of any retail outlet insured under this Coverage Part.

2. **“Operations”** means:

- a. Your business activities occurring at the described premises; and
- b. The tenantability of the described premises, if coverage for Business Income including “Rental Value” or “Rental Value” applies.

3. **“Period of Restoration”** means the period of time that:

- a. Begins 72 hours after the time of direct physical loss or damage caused by or resulting from any Covered Cause of Loss at the described premises; and
- b. Ends on the earlier of:
 - (1) The date when the property at the described premises should be repaired, rebuilt or replaced with reasonable speed and similar quality; or
 - (2) The date when business is resumed at a new permanent location.

“Period of restoration” does not include any increased period required due to the enforcement of or compliance with any ordinance or law that:

- (1) Regulates the construction, use or repair, or required the tearing down of any property; or
- (2) 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”.

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

4. **“Pollutants”** means any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste. Waste includes materials to be recycled, reconditioned or reclaimed.

5. **“Rental Value”** means Business Income that consists of:

- a. Net Income (Net Profit or Loss before income taxes) that would have been earned or incurred as rental income from tenant occupancy of the premises described in the

Declarations as furnished and equipped by you, including fair rental value of any portion of the described premises which is occupied by you; and

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

- (1)** Payroll; and

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

6. "Suspension" means:

- a.** The slowdown or cessation of your business activities; or

- b.** That a part or all of the described premises is rendered untenable, if coverage for Business Income Including "Rental Value" or "Rental Value" applies.

CAUSES OF LOSS – SPECIAL FORM

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

A. Covered Causes Of Loss

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

B. Exclusions

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

a. Ordinance Or Law

The enforcement of or compliance with any ordinance or law:

- (1) Regulating the construction, use or repair of any property; or
- (2) Requiring the tearing down of any property, including the cost of removing its debris.

This exclusion, Ordinance Or Law, applies whether the loss results from:

- (1) An ordinance or law that is enforced even if the property has not been damaged; or
- (2) The increased costs incurred to comply with an ordinance or law in the course of construction, repair, renovation, remodeling or demolition of property, or removal of its debris, following a physical loss to that property.

b. Earth Movement

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

But if Earth Movement, as described in **b.(1)** through **(4)** above, results in fire or explosion, we will pay for the loss or damage caused by that fire or explosion.

- (5) Volcanic eruption, explosion or effusion. But if volcanic eruption, explosion or effusion results in fire, building glass breakage or Volcanic Action, we will pay

for the loss or damage caused by that fire, building glass breakage or Volcanic Action.

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

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

With respect to coverage for Volcanic action as set forth in (5)(a), (5)(b) and (5)(c), all volcanic eruptions that occur within any 168-hour period will constitute a single "occurrence".

Volcanic Action does not include the cost to remove ash, dust or particulate matter that does not cause direct physical loss or damage to the described property.

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

c. Governmental Action

Seizure or destruction of property by order of governmental authority.

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

d. Nuclear Hazard

Nuclear reaction or radiation, or radioactive contamination, however caused.

But if nuclear reaction or radiation, or radioactive contamination, results in fire, we will pay for the loss or damage caused by that fire.

e. Utility Services

The failure of power, communication, water or other utility service supplied to the described premises, however caused, if the failure:

- (1) Originates away from the described premises; or
- (2) Originates at the described premises, but only if such failure involves equipment used to supply the utility service to the described premises from a source away from the described premises.

Failure of any utility service includes lack of sufficient capacity and reduction in supply.

Loss or damage caused by a surge of power is also excluded, if the surge would not have occurred but for an event causing a failure of power.

But if the failure or surge of power, or the failure of communication, water or other utility service, results in a Covered Cause of Loss, we will pay for the loss or damage caused by that Covered Cause of Loss.

Communication services include but are not limited to service relating Internet access or access to any electronic, cellular or satellite network.

f. War And Military Action

- (1) War, including undeclared or civil war;
- (2) Warlike action by a military force, including action in hindering or defending against an actual or expected attack, by any government, sovereign or other authority using military personnel or other agents; or
- (3) Insurrection, rebellion, revolution, usurped power, or action taken by governmental authority in hindering or defending against any of these.

g. Water

- (1) Flood, surface water, waves (including tidal wave and tsunami), tides, tidal waves, overflow of any body of water, or their spray, all whether driven by wind or not (including storm surge);
- (2) Mudslide or mudflow;
- (3) Water that backs up or overflows or is otherwise discharged from a sewer, drain, sump, sump pump or related equipment; or
- (4) Water under the ground surface pressing on, or flowing or seeping through:
 - (a) Foundations, walls, floors or paved surfaces;
 - (b) Basements, whether paved or not; or
 - (c) Doors, windows or other openings; or
- (5) Waterborne material carried or otherwise moved by any of the water referred to in Paragraph (1), (3), or (4), or material carried or otherwise moved by mudslide or mudflow.

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

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

Exclusions B.1.a. through B.1.g. apply whether or not the loss event results in widespread damage or affects a substantial area.

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

a. Artificially generated electrical, magnetic or electromagnetic energy or current, including electric arcing, that damages, disturbs, disrupts or otherwise interferes with any:

- 1.** Electrical or electronic wire(s), devices, appliances, system or network; or
- 2.** Device, appliance, system or network utilizing cellular or satellite technology.

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

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

- (a)** Electrical current, including arcing;
 - (b)** Electrical charge produced or conducted by a magnetic or electromagnetic field;
 - (c)** Pulse of electromagnetic energy; or
 - (d)** Electromagnetic waves or microwaves.
- b.** Delay, loss of use or loss of market.
- c.** Smoke, vapor or gas from agricultural smudging or industrial operations.
- d.**
- (1)** Wear and tear;
 - (2)** Rust or other corrosion, decay, deterioration, hidden or latent defect or any quality in property that causes it to damage or destroy itself;
 - (3)** Smog;
 - (4)** Settling, cracking, shrinking or expansion;
 - (5)** Nesting or infestation, or discharge or release of waste products or secretions, by insects, birds, rodents or other animals.
 - (6)** Mechanical breakdown, including rupture or bursting caused by centrifugal force. But if mechanical breakdown results in elevator collision, we will pay for the loss or damage caused by that elevator collision.
 - (7)** The following causes of loss to personal property:
 - (a)** Dampness or dryness of atmosphere;
 - (b)** Changes in or extremes of temperature; or
 - (c)** Marring or scratching.

But if an excluded cause of loss that is listed in **2.d.(1)** through **(7)** results in a "specified cause of loss" or building glass breakage, we will pay for the loss or damage caused by that "specified cause of loss" or building glass breakage.

- e. Explosion of steam boilers, steam pipes, steam engines or steam turbines owned or leased by you, or operated under your control. But if explosion of steam boilers, steam pipes, steam engines or steam turbines results in fire or combustion explosion, we will pay for the loss or damage caused by that fire or combustion explosion. We will also pay for loss or damage caused by or resulting from the explosion of gases or fuel within the furnace of any fired vessel or within the flues or passages through which the gases of combustion pass.
- f. Continuous or repeated seepage or leakage of water, or the presence or condensation of humidity, moisture or vapor, that occurs over a period of 14 days or more.
- g. Water, other liquids, powder or molten material that leaks or flows from plumbing, heating, air conditioning or other equipment (except fire protective systems) caused by or resulting from freezing, unless:
 - (1) You do your best to maintain heat in the building or structure; or
 - (2) You drain the equipment and shut off the supply if the heat is not maintained.
- h. Dishonest or criminal act (including theft) by you, any of your partners, members, officers, managers, employees (including temporary employees and leased workers), directors, trustees, authorized representatives or anyone to whom you entrust the property for any purpose:
 - (1) Acting alone or in collusion with others; or
 - (2) Whether or not occurring during your normal hours of operation.

This exclusion does not apply to acts of destruction by your employees (including temporary employees and leased workers) or authorized representatives; but theft by employees (including temporary employees and leased workers) or authorized representatives is not covered.
- i. Voluntary parting with any property by you or anyone else to whom you have entrusted the property if induced to do so by any fraudulent scheme, trick, device or false pretense.
- j. Rain, snow, ice or sleet to personal property in the open.
- k. Collapse, including any of the following conditions of property or any part of the property:
 - (1) An abrupt falling down or caving in;
 - (2) Loss of structural integrity, including separation of parts of the property or property in danger of falling down or caving in; or
 - (3) Any cracking, bulging, sagging, bending, leaning, settling, shrinkage or expansion as such condition relates to (1) or (2) above.

But if collapse results in a Covered Cause of Loss at the described premises, we will pay for the loss or damage caused by that Covered Cause of Loss.

This exclusion **k.** does not apply:

- (a)** To the extent that coverage is provided under the Additional Coverage, Collapse; or
 - (b)** To collapse caused by one or more of the following:
 - (i)** The “specified causes of loss”;
 - (ii)** Breakage of building glass;
 - (iii)** Weight of rain that collects on a roof; or
 - (iv)** Weight of people or personal property.

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

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

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

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

- a.** Weather conditions. But this exclusion only applies if weather conditions contribute in any way with a cause or event excluded in Paragraph **1.** above to produce the loss or damage.
 - b.** Acts or decisions, including the failure to act or decide, of any person, group, organization or governmental body.
 - c.** Faulty, inadequate or defective:
 - (1)** Planning, zoning, development, surveying, siting;
 - (2)** Design, specifications, workmanship, repair, construction, renovation, remodeling, grading, compaction;
 - (3)** Materials used in repair, construction, renovation or remodeling; or
 - (4)** Maintenance;

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

4. Special Exclusions

The following provisions apply only to the specified Coverage Forms:

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

We will not pay for:

(1) Any loss caused by or resulting from:

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

This exclusion does not apply to Extra Expense.

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

(3) Any increase of loss caused by or resulting from:

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

(4) Any Extra Expense caused by or resulting from suspension, lapse or cancellation of any license, lease or contract beyond the “period of restoration”.

(5) Any other consequential loss.

b. Leasehold Interest Coverage Form

(1) Paragraph B.1.a. Ordinance Or Law, does not apply to insurance under this Coverage Form.

(2) We will not pay for any loss caused by:

- (a) Your cancelling the lease;**
- (b) The suspension, lapse or cancellation of any license; or**
- (c) Any other consequential loss.**

c. Legal Liability Coverage Form

(1) The following exclusions do not apply to insurance under this Coverage Form:

- (a) Paragraph B.1.a. Ordinance Or Law;**

- (b) Paragraph **B.1.c.** Governmental Action;
 - (c) Paragraph **B.1.d.** Nuclear Hazard;
 - (d) Paragraph **B.1.e.** Utility Services; and
 - (e) Paragraph **B.1.f.** War And Military Action.
- (2) The following additional exclusions apply to insurance under this Coverage Form:

(a) Contractual Liability

We will not defend any claim or "suit", or pay damages that you are legally liable to pay, solely by reason of your assumption of liability in a contract or agreement. But this exclusion does not apply to a written lease agreement in which you have assumed liability for building damage resulting from an actual or attempted burglary or robbery, provided that:

- (i) Your assumption of liability was executed prior to the accident; and
- (ii) The building is Covered Property under this Coverage Form.

(b) Nuclear Hazard

We will not defend any claim or "suit", or pay any damages, loss, expense or obligation, resulting from nuclear reaction or radiation, or radioactive contamination, however caused.

5. Additional Exclusion

The following provisions apply only to the specified property:

Loss Or Damage To Products

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

C. Limitations

The following limitations apply to all policy forms and endorsements, unless otherwise stated.

- 1. We will not pay for loss of or damage to property, as described and limited in this section. In addition, we will not pay for any loss that is a consequence of loss or damage as described and limited in this section.
 - a. Steam boilers, steam pipes, steam engines or steam turbines caused by or resulting from any condition or event inside such equipment. But we will pay for loss of or

damage to such equipment caused by or resulting from an explosion of gases or fuel within the furnace of any fired vessel or within the flues or passages through which the gases of combustion pass.

- b.** Hot water boilers or other water heating equipment caused by or resulting from any condition or event inside such boilers or equipment, other than an explosion.
- c.** The interior of any building or structure, or to personal property in the building or structure, caused by or resulting from rain, snow, sleet, ice, sand or dust, whether driven by wind or not, unless:
 - (1)** The building or structure first sustains damage by a Covered Cause of Loss to its roof or walls through which the rain, snow, sleet, ice, sand or dust enters; or
 - (2)** The loss or damage is caused by or results from thawing of snow, sleet or ice on the building or structure.
- d.** Building materials and supplies not attached as part of the building or structure, caused by or resulting from theft.

However, this limitation does not apply to:

- (1)** Building materials and supplies held for sale by you, unless they are insured under the Builders Risk Coverage Form; or
 - (2)** Business Income coverage or Extra Expense coverage.
 - e.** Property that is missing, where the only evidence of the loss or damage is a shortage disclosed on taking inventory, or other instances where there is no physical evidence to show what happened to the property.
 - f.** Property that has been transferred to a person or to a place outside the described premises on the basis of unauthorized instructions.
 - g.** Lawns, trees, shrubs or plants which are part of a vegetated roof, caused by or resulting from:
 - (1)** Dampness or dryness of atmosphere or of soil supporting the vegetation;
 - (2)** Changes in or extremes of temperature;
 - (3)** Disease;
 - (4)** Frost or hail; or
 - (5)** Rain, snow, ice or sleet.
- 2.** We will not pay for loss of or damage to the following types of property unless caused by the "specified causes of loss" or building glass breakage:
- a.** Animals, and then only if they are killed or their destruction is made necessary.
 - b.** Fragile articles such as statuary, marbles, chinaware and porcelains, if broken. This restriction does not apply to:

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

However, this limitation does not apply:

- (1) If the property is located on or within 100 feet of the described premises, unless the premises is insured under the Builders Risk Coverage Form; or
 - (2) To Business Income coverage or to Extra Expense coverage.
3. The special limit shown for each category, **a.** through **d.**, is the total limit for loss of or damage to all property in that category. The special limit applies to any one "occurrence" of theft, regardless of the types or number of articles that are lost or damaged in that "occurrence". The special limits are:
- a. \$2,500 for furs, fur garments and garments trimmed with fur.
 - b. \$2,500 for jewelry, watches, watch movements, jewels, pearls, precious and semi-precious stones, bullion, gold, silver, platinum and other precious alloys or metals. This limit does not apply to jewelry and watches worth \$100 or less per item.
 - c. \$2,500 for patterns, dies, molds and forms.
 - d. \$250 for stamps, tickets, including lottery tickets held for sale, and letters of credit.

These special limits are part of, not in addition to, the Limit of Insurance applicable to the Covered Property.

This limitation, **C.3.**, does not apply to Business Income coverage or to Extra Expense coverage.

4. We will not pay the cost to repair any defect to a system or appliance from which water, other liquid, powder or molten material escapes. But we will pay the cost to repair or replace damaged parts of fire extinguishing equipment if the damage:
- a. Results in discharge of any substance from an automatic fire protection system; or
 - b. Is directly caused by freezing.

However, this limitation does not apply to Business Income coverage or to Extra Expense coverage.

D. Additional Coverage – Collapse

The term Covered Cause of Loss includes the Additional Coverage – Collapse and applies only to an abrupt collapse as described and limited in **D.1.** through **D.5.** below.

- 1. For the purposes of this Additional Coverage - Collapse:

- a. Abrupt collapse means an abrupt falling down or caving in of a building or any part of a building with the result that the building or part of the building cannot be occupied for its intended purpose;
 - b. A building or any part of a building that is in danger of falling down or caving in is not considered to be in a state of abrupt collapse;
 - c. A part of a building that is standing is not considered to be in a state of abrupt collapse even if it has separated from another part of the building;
 - d. A building that is standing or any part of a building that is standing is not considered to be in a state of abrupt collapse even if it shows evidence of cracking, bulging, sagging, bending, leaning, settling, shrinkage or expansion.
- 2. We will pay for direct physical loss or damage to Covered Property, caused by abrupt collapse of a building or any part of a building that is insured under this Coverage Form or that contains Covered Property insured under this Coverage Form, if such collapse is caused by one or more of the following:
 - a. The "specified causes of loss" or breakage of building glass, all only as insured against in this Coverage Part;
 - b. Building decay that is hidden from view, unless the presence of such decay is known to an insured prior to collapse;
 - c. Insect or vermin damage that is hidden from view, unless the presence of such damage is known to an insured prior to collapse;
 - d. Weight of people or personal property;
 - e. Weight of rain that collects on a roof;
 - f. Use of defective material or methods in construction, remodeling or renovation if the abrupt collapse occurs during the course of the construction, remodeling or renovation. However, if the collapse occurs after construction, remodeling or renovation is complete and is caused in part by a cause of loss listed in **2.a.** through **2.e.**, we will pay for the loss or damage even if use of defective material or methods, in construction, remodeling or renovation, contributes to the collapse.

The criteria set forth in **1.a.** through **1.d.** do not limit the coverage otherwise provided under this Causes Of Loss form for the causes of loss listed in **2.a.**, **2.d.** and **2.e.**

- 3. With respect to the following property:
 - a. Outdoor radio or television antennas (including satellite dishes) and their lead-in wiring, masts or towers;
 - b. Awnings, gutters and downspouts;
 - c. Yard fixtures;
 - d. Outdoor swimming pools;
 - e. Fences;

- f. Piers, wharves and docks;
- g. Beach or diving platforms or appurtenances;
- h. Retaining walls; and
- i. Walks, roadways and other paved surfaces;

if the abrupt collapse is caused by a cause of loss listed in **2.b.** through **2.f.**, we will pay for loss or damage to that property only if:

- a. Such loss or damage is a direct result of the abrupt collapse of a building insured under this Coverage Form; and
 - b. The property is Covered Property under this Coverage Form.
- 4.** If personal property abruptly falls down or caves in and such collapse is not the result of abrupt collapse of a building, we will pay for loss or damage to Covered Property caused by such collapse of personal property only if:
- a. The collapse of personal property was caused by a Cause of Loss listed in **2.a.** through **2.f.** above;
 - b. The personal property which collapses is inside a building; and
 - c. The property which collapses is not of a kind listed in **3.** above, regardless of whether that kind of property is considered to be personal property or real property.

The coverage stated in this Paragraph **4.** does not apply to personal property if marring and/or scratching is the only damage to that personal property caused by the collapse.

Collapse of personal property does not mean cracking, bulging, sagging, bending, leaning, settling, shrinkage or expansion.

This Additional Coverage – Collapse does not apply to personal property that has not abruptly fallen down or caved in.

- 5.** This Additional Coverage, Collapse, will not increase the Limits of Insurance provided in this Coverage Part.

F. Additional Coverage Extensions

1. Property In Transit

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

- a. You may extend the insurance provided by this Coverage Part to apply to your personal property (other than property in the care, custody or control of your salespersons) in transit more than 100 feet from the described premises. Property must be in or on a motor vehicle you own, lease or operate while between points in the coverage territory. For the purposes of this Coverage Extension, the coverage territory is extended to include Canada but only for a period of thirty (30) consecutive days. Coverage begins when the property leaves the United States and automatically ends after thirty (30) days or at the end of the policy period, whichever occurs first.

- b. Loss or damage must be caused by or result from one of the following causes of loss:
 - (1) Fire, lightning, explosion, windstorm or hail, riot or civil commotion, or vandalism.
 - (2) Vehicle collision, upset or overturn. Collision means accidental contact of your vehicle with another vehicle or object. It does not mean your vehicle's contact with the road bed.
 - (3) Theft of an entire bale, case or package by forced entry into a securely locked body or compartment of the vehicle. There must be visible marks of the forced entry.
- c. The most we will pay for loss or damage under this Extension is \$5,000.

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

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

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

3. **Glass**

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

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

G. Definitions

- 1. **"Specified Causes of Loss"** means the following: Fire; lightning; explosion; windstorm or hail; smoke; aircraft or vehicles; riot or civil commotion; vandalism; leakage from fire extinguishing equipment; sinkhole collapse; volcanic action; falling objects; weight of snow, ice or sleet; water damage.
 - a. Sinkhole collapse means the sudden sinking or collapse of land into underground empty spaces created by the action of water on limestone or dolomite. This cause of loss does not include:
 - (1) The cost of filling sinkholes; or
 - (2) Sinking or collapse of land into man-made underground cavities.
 - b. Falling objects does not include loss or damage to:
 - (1) Personal property in the open; or

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

c. Water damage means:

- (1) Accidental discharge or leakage of water or steam as the direct result of the breaking apart or cracking of a plumbing, heating, air conditioning or other system or appliance (other than a sump system including its related equipment and parts), that is located on the described premises and contains water or steam; and
- (2) Accidental discharge or leakage of water or waterborne material as the direct result of the breaking apart or cracking of a water or sewer pipe that is located off the described premises and is part of a municipal potable water supply system or municipal sanitary sewer system, if the breakage or cracking is caused by wear and tear.

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

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

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

EARTHQUAKE AND VOLCANIC ERUPTION ENDORSEMENT

This endorsement modifies insurance provided under the following:

BUILDING AND PERSONAL PROPERTY COVERAGE FORM
CONDOMINIUM ASSOCIATION COVERAGE FORM
DIFFERENCE IN CONDITIONS COVERAGE FORM
BUILDERS RISK COVERAGE FORM
OTHER APPLICABLE INLAND MARINE COVERAGE FORMS
BUSINESS INCOME (AND EXTRA EXPENSE) COVERAGE FORM
BUSINESS INCOME (WITHOUT EXTRA EXPENSE) COVERAGE FORM
EXTRA EXPENSE COVERAGE FORM
CAUSES OF LOSS – BASIC FORM
CAUSES OF LOSS – BROAD FORM
CAUSES OF LOSS – SPECIAL FORM

- A.** It is agreed that this policy covers loss or damage to the Covered Property as a result of Earthquake or Volcanic Eruption Causes of Loss. The coverage provided under this endorsement ☐ covers ☒ does not cover the peril of Earthquake – Sprinkler Leakage (meaning a Sprinkler Leakage loss or damage caused by Earthquake or Volcanic Eruption).
- B.** For the purposes of this endorsement, the following definitions apply:
1. Earthquake meaning natural faulting of land masses, but not including subsidence, landslide, rock slide, earth rising, earth sinking, sinkhole collapse, earth shifting or settling; unless, as a direct result of such earthquake.
 2. Volcanic Eruption, meaning the eruption, explosion or effusion of a volcano.
- C. Exclusions, Limitations And Related Provisions**
1. The Exclusions and Limitation(s) sections of the Coverage Form and, where applicable, the Causes Of Loss Form apply to coverage provided under this endorsement, except as provided in C.2. and C.3. below.
 2. To the extent that the Earth Movement Exclusion might conflict with coverage provided under this endorsement, the Earth Movement Exclusion does not apply.
 3. If there is an exclusion of collapse in the Coverage Form and where applicable the Causes Of Loss Form, such exclusion does not apply to collapse caused by Earthquake or Volcanic Eruption.
 4. If the Additional Coverage – Collapse is applicable in the Coverage Form or the Causes Of Loss Form of this policy, this Additional Coverage does not apply to the coverage provided under this endorsement. This endorsement includes coverage for collapse caused by Earthquake or Volcanic Eruption.
 5. We will not pay for loss or damage caused directly or indirectly by tidal wave or tsunami, even if attributable to an Earthquake or Volcanic Eruption.
 6. We will not pay for loss or damage caused by or resulting from any Earthquake or Volcanic Eruption that begins before the inception of this insurance.

7. The Ordinance Or Law Exclusion in the Coverage Form and, where applicable, the Causes Of Loss Form continues to apply with respect to any loss under this Coverage Form including any loss under this endorsement, unless Ordinance Or Law Coverage is added by endorsement.
8. Under this Coverage Part, as set forth under Property Not Covered in the Coverage Form to which this endorsement is attached, land is not covered property, nor is the cost of excavations, grading, backfilling or filling. Therefore, coverage under this endorsement does not include the cost of restoring or remediating land.

D. LIMITS OF INSURANCE (The option below, marked by “x”, shall apply):

- ☒ Our liability for loss or damage caused by Earthquake or Volcanic Eruption shall not exceed the sum of \$2,500,000 Per Occurrence and Annual Aggregate for loss or damage at any one insured location, however, the Limit of Insurance shown above shall not exceed the sum of \$2,500,000 Per Occurrence and Annual Aggregate due to any one Earthquake or Volcanic Eruption for all locations combined, nor for all Earthquake or Volcanic Eruption losses occurring in any one year period or policy period, whichever is less, commencing on July 1, 2024.
- ☐ Other:

E. DEDUCTIBLE (The option below, marked by “x”, shall apply):

- ☒ The sum of \$150,000 Per Occurrence shall be deducted from any adjusted claim due to Earthquake or Volcanic Eruption.
- ☐ We shall not be liable for loss to any unit of insurance at any one location, unless such loss exceeds the of the total “insurable value” of such unit of insurance at the time when such loss shall happen, and then only for its proportion of such excess. The following shall each be considered a separate unit of insurance: (a) each separate building or structure; (b) the contents of each separate building or structure; (c) property in each yard; and (d) if the coverage is applicable and the loss involves Business Interruption (Business Income, including Loss of Rent or Rental Value, and/or Extra Expense and Leasehold Interest). This deductible shall supersede any other deductible in this policy as respects Earthquake or Volcanic Eruption.

This percentage is subject to a Minimum Deductible per “occurrence” of .

For the purposes of this endorsement, “insurable value” shall mean:

1. Under the following forms:

BUILDING AND PERSONAL PROPERTY COVERAGE FORM
BUILDERS RISK COVERAGE FORM
CONDOMINIUM ASSOCIATION COVERAGE FORM
DIFFERENCE IN CONDITIONS COVERAGE FORM
OTHER APPLICABLE INLAND MARINE COVERAGE FORMS

The value of Covered Property, at the premises described in the Declarations, per the Valuation clause of this policy, at the time and at the location where the physical damage happened.

2. Under the following forms:

BUSINESS INCOME (AND EXTRA EXPENSE) COVERAGE FORM

BUSINESS INCOME (WITHOUT EXTRA EXPENSE) COVERAGE FORM
EXTRA EXPENSE COVERAGE FORM

The full value(s) that would have been earned in the 12 month period following the "occurrence" by use of the lost or damaged Covered Property, at the premises described in the Declarations where the physical damage happened, plus that proportion of the values at all other locations where loss ensues that was directly affected by use of such lost or damaged Covered Property and that would have been earned in the 12 month period following the "occurrence".

☐ Other:

- F.** If the coverage of the policy to which this endorsement is attached includes both Property Damage and Business Interruption (Business Income, including Loss of Rent or Rental Value, and/or Extra Expense and Leasehold Interest), the Limits shown above shall be the maximum amounts collectible under this policy for loss or damage resulting from Earthquake or Volcanic Eruption, regardless of whether the loss involves Property Damage alone or both Property Damage and Business Interruption.

All other terms and conditions of this policy remain unchanged.

Endorsement Number: 10

Policy Number: ESP1046797-01

Named Insured: 554 Main Street Partners, LLC

This endorsement is effective on the inception date of this Policy unless otherwise stated herein:

Endorsement Effective Date: July 1, 2024

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

WATER DAMAGE COVERAGE

This endorsement modifies insurance provided under the following:

CAUSES OF LOSS – SPECIAL FORM

It is hereby understood and agreed that Section **F. Additional Coverage Extensions**, paragraph 2. **Water Damage, Other Liquids, Powder or Molten Material Damage** is amended to include the following wording:

The most we will pay for this Coverage Extension in any one “occurrence” is the sub-limit shown on the Schedule of Sub-Limits.

All other terms and conditions of this policy remain unchanged.

Endorsement Number: 11

Policy Number: ESP1046797-01

Named Insured: 554 Main Street Partners, LLC

This endorsement is effective on the inception date of this Policy unless otherwise stated herein:

Endorsement Effective Date: July 1, 2024



ARCH SPECIALTY INSURANCE COMPANY
(A Missouri Corporation)

NAMED INSURED: 554 Main Street Partners, LLC

POLICY NUMBER: ESP1046797-01

SCHEDULED LOCATION/PREMISES/BUILDING (If Applicable): 542-554 MAIN STREET, WORCESTER, MA, Worcester, 01609

SCHEDULE OF SUB-LIMITS

This Schedule applies to the Additional Coverages and Coverage Extensions identified by name below but only for which a Sub-Limit has correspondently been inserted. The Sub-Limit is included within, and not in addition to, the Limits of Insurance shown on the Declarations.

COVERAGE	SUB-LIMIT
Water Damage Coverage	\$100,000 per occurrence

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

WARRANTIES

This endorsement modifies insurance provided under this policy.

SCHEDULE

Premises Number and/or Location Address	Building Number	Warranted Protective Safeguards Symbols Applicable
All	All	W1,W3, W4, W6, W7
Information required to complete this Schedule, if not shown above, will be shown in the Declarations.		

A. The following is added to the Commercial Property Conditions:

Warranted Protective Safeguards

1. As a condition of this insurance, you are required to both have in existence (as you or your representative have represented to us or have accepted as a condition for securing coverage under this policy) and to maintain the protective safeguards listed in the Schedule above and as described below.
2. The protective safeguards to which this endorsement applies are identified by symbols representing the Protective Safeguard described.

IT IS WARRANTED BY YOU AS A CONDITION PRECEDENT TO THE ACCEPTANCE OF THIS INSURANCE THAT:

“W1” AUTOMATIC SPRINKLER SYSTEM – The insured premises is protected by a fully functioning “Automatic Sprinkler System” and, based on that protection, you shall exercise due diligence in maintaining, in complete working order, all equipment and services pertaining to its operation which are under your control. You shall give immediate notice to us of any impairment in or suspension of such equipment or service.

“Automatic Sprinkler System” means: (a) Any automatic fire protective or extinguishing system, including connected sprinklers and discharge nozzles; ducts, pipes, valves and fittings; tanks, their component parts and supports; and pumps and private fire protection mains; and (b) When supplied from an automatic fire protective system, non-automatic fire protective systems; and hydrants, standpipes and outlets.

“W2” CENTRAL STATION SPRINKLER ALARM SYSTEM – The insured premises is protected by a fully functioning Central Station Sprinkler Alarm System and, based on that protection, you shall exercise due diligence in maintaining, in complete working order, all equipment and services pertaining to its operation which are under your control. You shall give immediate notice to us of any impairment in or suspension of such equipment or service.

“W3” CENTRAL STATION BURGLAR ALARM SYSTEM – The insured premises is protected by a fully functioning Central Station Burglar Alarm System and, based on that protection, you shall exercise due diligence in maintaining, in complete working order, all equipment and services pertaining to its operation which are under your control. You shall give immediate notice to us of any impairment in or suspension of such equipment or service.

“W4” CENTRAL STATION FIRE AND/OR SMOKE ALARM SYSTEM – The insured premises is

protected by a fully functioning Central Station Fire And/Or Smoke Alarm System and, based on that protection, you shall exercise due diligence in maintaining, in complete working order, all equipment and services pertaining to its operation which are under your control. You shall give immediate notice to us of any impairment in or suspension of such equipment or service.

- “W5”** **ANSUL OR EQUIVALENT COOKING EXTINGUISHING SYSTEM** – Insofar as is within your control, each and every commercial cooking occupancy of any location insured hereunder is protected by an approved ANSUL (or equivalent) chemical extinguishing system, including a hood, grease removal device and duct system, fully functioning and maintained in proper working order at all times during the currency of this policy. You shall give immediate notice to us of any impairment in or suspension of such equipment or service.
- “W6”** **LOCKED and SECURED** – The premises insured under this policy shall be kept locked and secured against unauthorized entry throughout the currency of this policy.
- “W7”** **HEAT MAINTAINED** – Heat will be maintained within the insured premises to a minimum of 55 degrees F.
- “W8”** **HEAT MAINTAINED OR PIPES DRAINED** – Heat will be maintained within the premises to a minimum 50 degrees Fahrenheit or all pipes drained of all liquids.
- “W9”** **SECURITY SERVICE** – Insofar as within your control, the insured premises shall be protected by a contracted on-premises Security Service 24 hours per day / 7 days per week. You shall give immediate notice to us of any impairment in or suspension of such service.
- “W10”** **WATCHMAN** – Insofar as is within your control, a contracted on-premises security service, that includes a recording system or watch clock, shall be maintained and making hourly rounds covering the entire building, at such times as the premises are not in actual operation. You shall give immediate notice to us of any impairment in or suspension of such service.
- “W11”** **CARETAKER** – The premises insured under this policy will have a caretaker on the premises throughout the currency of this policy. You shall give immediate notice to us of any impairment in or suspension of such service.
- “W12”** **ROLL DOWN GATE** – The premises insured shall be protected by roll down gates.

FAILURE TO COMPLY WITH THE WARRANTED PROTECTIVE SAFEGUARDS AS LISTED IN THE SCHEDULE ABOVE SHALL SUSPEND ALL COVERAGE UNDER THIS POLICY FOR ALL PREMISES NOT IN COMPLIANCE, AND THIS SUSPENSION SHALL LAST UNTIL SUCH TIME AS THE PROTECTION OF THE PREMISES MEETS THE WARRANTED CONDITIONS STATED ABOVE.

All other terms and conditions of this policy remain unchanged.

Endorsement Number: 12

Policy Number: ESP1046797-01

Named Insured: 554 Main Street Partners, LLC

This endorsement is effective on the inception date of this Policy unless otherwise stated herein:

Endorsement Effective Date: July 1, 2024

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

ROOF SURFACING VALUATION LIMITATION ENDORSEMENT

This endorsement modifies insurance provided under the following:

BUILDING AND PERSONAL PROPERTY COVERAGE FORM
CONDOMINIUM ASSOCIATION COVERAGE FORM
DIFFERENCE IN CONDITIONS COVERAGE FORM
BUILDERS RISK COVERAGE FORM
OTHER APPLICABLE INLAND MARINE COVERAGE FORMS

It is agreed that:

- A.** With respect to loss or damage by a Covered Cause of Loss (including wind and hail if covered) to any covered building or structure described in this policy, Replacement Cost Coverage (if otherwise applicable to such property) does not apply to "roof surfacing" if the roof is determined to be over 15 years old. Instead, we will determine the value of "roof surfacing" at actual cash value as of the time of loss or damage.
- B.** For the purpose of this endorsement, "roof surfacing" means roofs, roof coatings, roof canopies, the shingles, tiles, cladding, metal or synthetic sheeting, sheathing, decking or similar materials or components covering the roof or used in conjunction with a roof's construction or re-covering and includes, but is not limited to, any material used in securing the roof surface and any material applied to or under the roof surface for moisture protection, membrane or insulation, as well as roof flashing.

All other terms and conditions of this policy remain unchanged.

Endorsement Number: 13

Policy Number: ESP1046797-01

Named Insured: 554 Main Street Partners, LLC

This endorsement is effective on the inception date of this Policy unless otherwise stated herein:

Endorsement Effective Date: July 1, 2024

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

COSMETIC DAMAGE TO ROOF SURFACING EXCLUSION ENDORSEMENT

This endorsement modifies insurance provided under the following:

BUILDING AND PERSONAL PROPERTY COVERAGE FORM
CONDOMINIUM ASSOCIATION COVERAGE FORM
DIFFERENCE IN CONDITIONS COVERAGE FORM
BUILDERS RISK COVERAGE FORM
OTHER APPLICABLE INLAND MARINE COVERAGE FORMS

It is agreed that:

- A. We will not pay for "cosmetic damage" to any "roof surfacing" on any covered building or structure described in this policy that is caused by wind and/or hail.
- B. For the purpose of this endorsement, "cosmetic damage" means that the wind and/or hail caused marring, pitting or other superficial damage that altered the appearance of the roof surfacing, but such damage does not prevent the roof from continuing to function as a barrier to entrance of the elements to the same extent as it did before the cosmetic damage occurred.
- C. For the purpose of this endorsement, "roof surfacing" means roofs, roof coatings, roof canopies, the shingles, tiles, cladding, metal or synthetic sheeting, sheathing, decking or similar materials or components covering the roof or used in conjunction with a roof's construction or re-covering and includes, but is not limited to, any material used in securing the roof surface and any material applied to or under the roof surface for moisture protection, membrane or insulation, as well as roof flashing.

All other terms and conditions of this Policy remain unchanged.

Endorsement Number: 14

Policy Number: ESP1046797-01

Named Insured: 554 Main Street Partners, LLC

This endorsement is effective on the inception date of this Policy unless otherwise stated herein:

Endorsement Effective Date: July 1, 2024

COMMERCIAL PROPERTY CONDITIONS

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

A. CONCEALMENT, MISREPRESENTATION OR FRAUD

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

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

B. CONTROL OF PROPERTY

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

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

C. INSURANCE UNDER TWO OR MORE COVERAGES

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

D. LEGAL ACTION AGAINST US

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

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

E. LIBERALIZATION

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

F. NO BENEFIT TO BAILEE

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

G. OTHER INSURANCE

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

H. POLICY PERIOD, COVERAGE TERRITORY

Under this Coverage Part:

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

unless otherwise stated within the applicable Coverage Form or an endorsement to the policy.

I. TRANSFER OF RIGHTS OF RECOVERY AGAINST OTHERS TO US

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

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

This will not restrict your insurance.