

**AXIS INSURANCE COMPANY
411 S. STATE ST, SUITE 1A NEWTOWN, PA 18940**

COMMERCIAL FIRE POLICY DECLARATIONS

Policy Number : **AXCF110001139**

AMENDED: 5/28/2019

Endorsement #1

Named Insured and Mailing Address
CIRCLE LIQUOR STORE INC
& JM CONSULTING ASSOCIATES
INC ATIMA
1 MACARTHUR BLVD
SOMERS POINT, NJ 08244

Agent - 709
GLENN INSURANCE INC
500 EAST ABSECON BLVD
ABSECON, NJ 08201
(609) 641-3000

2. Policy Term: 12:01 A.M. Standard Time From 05/28/2019 to 05/28/2020

Policy Changes

INCREASED BI W/EE AND ADDED FORM MCP341

AXIS INSURANCE COMPANY
411 S. STATE ST, SUITE 1A NEWTOWN, PA 18940

COMMON POLICY DECLARATION

Policy Number
AXCF110001139 2019 1

AMENDED: 5/28/2019

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PRODUCER - 709
GLENN INSURANCE INC
500 EAST ABSECON BLVD
ABSECON, NJ 08201
(609) 641-3000

Policy Term: From 05/28/2019 to 05/28/2020 12:01 A.M. Standard Time at your mailing address shown above.

You are a: CORPORATION

Your Business/Operation: LIQUOR STORE

IN RETURN FOR PAYMENT OF THE PREMIUM, AND SUBJECT TO ALL THE TERMS OF THIS POLICY,
WE AGREE WITH YOU TO PROVIDE THE INSURANCE AS STATED IN THIS POLICY. THERE ARE EXCLUSIONS,
CONDITIONS AND LIMITATIONS CONTAINED IN THE POLICY FORMS AND ENDORSEMENTS.

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

(N/A MEANS NO COVERAGE)
ADVANCE PREMIUM

Commercial Property Coverage Part	\$	31,208
Commercial General Liability Coverage Part	\$	N/A
Commercial Inland Marine Coverage Part	\$	2,025
Commercial Crime Coverage Part	\$	107
Commercial Glass Coverage Part	\$	N/A
Certified Terrorism Coverage	\$	N/A
	\$	
Total Advance Premium	\$	33,340
Surcharge NJ-PLIGA	\$	200
	\$	
Additional/Return Premium	\$	3,894
Additional/Return NJ - PLIGA	\$	23

COMMON POLICY DECLARATION**Policy No.** AXCF110001139

These Declarations together with the Forms and Endorsements, if any, issued to form a part thereof, completes the above numbered policy.

Form Edition	Description
The following forms and endorsements are applicable to the Common Coverage Part	
MCM 418*(01/2015)	Non-Certified Acts of Terrorism Exclusions
MCM 820*(08/2015)	Mandatory Endorsement - New Jersey
SIPN-090*(01/16)	Notice to Policyholder - Boiler Inspections
MCM 412 (01/2015)	Certified Acts of Terrorism Exclusions
TPD12 (01/2015)	Notice Of Terrorism Insurance Coverage
MIM 141 (01/2015)	Certified Acts of Terrorism Exclusion
The following forms and endorsements are applicable to the Commercial Property Coverage Part	
MCP 010 (01/2008)	General Property Form
SIIL-7000*(09/11)	Software Loss Exclusion
SIIL-7001 (09/11)	Equipment Breakdown Coverage Schedule
MCP 011 (01/2005)	Supplemental Declarations
MCP 107 (01/2005)	Water Damage - Sewer/Drain Backup Coverage
MCP 250 (01/2005)	Building Code/Law Coverage - Blanket Insurance
MCP 251 (01/2005)	Windstorm and Related Damage Deductible
MCP 515	Deletes certain coverage for loss
MCP 520	Provides Replacement Coverage
SICP-7000 (09/11)	Building Code/Law Coverage Modifications
SICP-7005 (09/11)	Equipment Breakdown Coverage Form
The following forms and endorsements are applicable to the Commercial Inland Marine Coverage Part	
MIM 143 (01/2015)	Non-Certified Acts of Terrorism Exclusions
MIM 010 (06/2007)	Inland Marine Common Provisions Form
MIM 100 (09/2005)	Computer Coverage
MIM 102 (04/2007)	Computer Hacking and Virus Exclusion
The following forms and endorsements are applicable to the Commercial Crime Coverage Part	
MCP 070 (06/1994)	Crime Supplemental Declaration
MCP 170 (10/2004)	Crime Common Provisions Form
MCP 171 (10/2004)	Employee Dishonesty Coverage (Form A)
The following forms and endorsements are applicable to the Commercial Business Income Coverage Part	
MCP 341 (01/2005)	Business Income - Ordinary Payroll Limitation

* Mandatory Forms

07/26/2019

Countersignature Date

By:


Stan M. Geary

Representative

AXIS INSURANCE COMPANY
411 S. STATE ST, SUITE 1A NEWTOWN, PA 18940

COMMERCIAL PROPERTY POLICY DECLARATION

Policy Number
AXCF110001139 2019 1

AMENDED: 5/28/2019

Endorsement #1

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PRODUCER - 709
GLENN INSURANCE INC
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Policy Term: From 05/28/2019 to 05/28/2020 12:01 A.M. Standard Time at your mailing address shown above.

You are a: CORPORATION

Your Business/Operation: LIQUOR STORE

IN RETURN FOR PAYMENT OF THE PREMIUM, AND SUBJECT TO ALL THE TERMS OF THIS POLICY,
WE AGREE WITH YOU TO PROVIDE THE INSURANCE AS STATED IN THIS POLICY. THERE ARE EXCLUSIONS,
CONDITIONS AND LIMITATIONS CONTAINED IN THE POLICY FORMS AND ENDORSEMENTS.

LOCATION, CONSTRUCTION AND OCCUPANCY OF PREMISES YOU OWN, RENT OR OCCUPY

Prem No.	Bldg No.	1	Construction	Occupancy	File No.
1	MACARTHUR BOULEVARD	SOMERS POINT, NJ 08244	2	0053	

COVERAGES PROVIDED

Premises	Building or Coverage Item #	Limits of Insurance	Coverage	Cause of Loss Options	Coinsurance Factor	Deductible	Premium
Prem No.	1 Bldg No.	1	3,000,000	Building	Expanded	100%	\$ 2,000 \$ 13,179
Prem No.	1 Bldg No.	1	2,000,000	Bus. Pers. Property	Expanded	100%	\$ 2,000 \$ 10,276
Prem No.	1 Bldg No.	1	1,750,000	Business Income/Extra Expense		100%	N/A \$ 7,753
Total Premium							\$ 31,208

MORTGAGEE(S) & MAILING ADDRESS

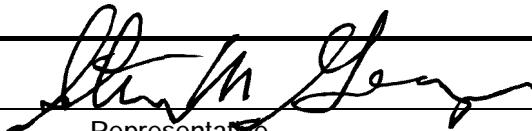
See Attached Additional Interests Supplemental for Details

07/26/2019

Countersignature Date

By:

Representative



ADDITIONAL INTEREST SUPPLEMENTAL DECLARATIONS

Policy # AXCF110001139

SCHEDULE

Location 1 **Building 1**
Interest Primary Mortgagee
Name OCEAN FIRST BANK
IT'S SUCCESSORS AND/OR ASSIGNS
ATIMA
Address 975 HOOPER AVENUE
TOMS RIVER, NJ 08753

Location 1 **Building 1**
Interest Loss Payee
Name OCEAN FIRST BANK
IT'S SUCCESSORS AND/OR ASSIGNS
ATIMA
Address 975 HOOPER AVENUE
TOMS RIVER, NJ 08753

AXIS INSURANCE COMPANY
411 S. STATE ST, SUITE 1A NEWTOWN, PA 18940

COMMERCIAL INLAND MARINE POLICY DECLARATIONS

Policy Number
AXCF110001139 2019 1 -DB-PH

AMENDED: 5/28/2019

Endorsement #1

Named Insured and Mailing Address
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& JM CONSULTING ASSOCIATES
INC ATIMA
1 MACARTHUR BLVD
SOMERS POINT, NJ 08244

PRODUCER - 709
GLENN INSURANCE INC
500 EAST ABSECON BLVD
ABSECON, NJ 08201
(609) 641-3000

Policy Term: From 05/28/2019 to 05/28/2020 12:01 A.M. Standard Time at your mailing address shown above.

You are a: CORPORATION

Your Business/Operation: COMPUTER COVERAGE

IN RETURN FOR PAYMENT OF THE PREMIUM, AND SUBJECT TO ALL THE TERMS OF THIS POLICY,
WE AGREE WITH YOU TO PROVIDE THE INSURANCE AS STATED IN THIS POLICY. THERE ARE EXCLUSIONS,
CONDITIONS AND LIMITATIONS CONTAINED IN THE POLICY FORMS AND ENDORSEMENTS.

LOCATION OF PREMISES YOU OWN, RENT OR OCCUPY

Prem No. 1 Bldg No. 1
1 MACARTHUR BOULEVARD SOMERS POINT, NJ 08244

COVERAGES PROVIDED

Premises <u>Building or Coverage Item #</u>	Limits of <u>Insurance</u>	<u>Coverage</u>	<u>Deductible</u>	<u>Premium</u>
Prem No. 1 Bldg No. 1	100,000	COMPUTER COVERAGE	See Form	3,000
			Total Premium	\$ 2,025

MORTGAGEE(S), LOSS PAYEE(S) & MAILING ADDRESS

See Attached Additional Interests supplemental for Details

07/26/2019

Countersignature Date

By:

Representative



ADDITIONAL INTEREST SUPPLEMENTAL DECLARATIONS

Policy # AXCF110001139

SCHEDULE

Location 1 **Building 1**
Interest Primary Mortgagee
Name OCEAN FIRST BANK
IT'S SUCCESSORS AND/OR ASSIGNS
ATIMA
Address 975 HOOPER AVENUE
TOMS RIVER, NJ 08753

Location 1 **Building 1**
Interest Loss Payee
Name OCEAN FIRST BANK
IT'S SUCCESSORS AND/OR ASSIGNS
ATIMA
Address 975 HOOPER AVENUE
TOMS RIVER, NJ 08753

GENERAL PROPERTY FORM – MCP 010 01 08

YOUR POLICY INCLUDES:

- The Declarations / Supplemental Declarations, Including Information About –
 - *You* and *Your* Business
 - The Locations and Property Items Covered
 - The Applicable Coverages
 - The Applicable General Limits and Deductible
 - The Applicable Special Limits and Factors
 - Who *We* are, and *Your* Insurance Representative
- This General Property Form – MCP 010.
- Additional Endorsements, if Applicable.

THIS INSURANCE FORM INCLUDES:

ITEM	PAGE
• Part I A – Main Property Coverages: <ul style="list-style-type: none">• Coverage A – Buildings• Coverage B – Business Personal Property• Coverage C – Personal Property of Others• Coverage D – Loss of Use from a <i>Direct Covered Loss</i>	2
• Part I B – Supplemental Coverages	4
• Part I C – Cause of Loss Options	10
• Part I D – Property Exclusions / Limitations	12
• Part I E – Property Loss Limitations	13
• Part I F – Losses Not Insured	13
• Part I G – Special Conditions, Including – <ul style="list-style-type: none">• Duties When Loss Occurs• How Losses Are Settled• Other Special Conditions, Including Vacancy, Unoccupancy, and Other Increase in Hazard	15
• Part I H – Glossary	16
• Part I – Common Conditions, Including – <ul style="list-style-type: none">• Action or Suit Against <i>Us</i>• Cancellation / Termination• Concealment / Misrepresentation / Fraud• Coverage Territory• Examination / Changes• Other Insurance• Other Conditions	19
• Part I – Common Exclusions	20
	21
	22

DEFINITIONS AND WORD MEANINGS

Words shown in *italics* are defined for the purposes of this insurance in Glossaries: See the Glossary and Part I C.

The word “Provisions,” refers to all or part of the text of this insurance contract – including agreements, conditions, exclusions, limits, limitations, and all other terms.

The meaning of other words / phrases not specifically defined in the Glossaries are to be found in their relevant conventional definition based on consideration of the context in which they are used in this policy.

COVERAGE PARTS

Part I – this coverage part – includes provisions relating to General Property Insurance for *your* buildings and / or business personal property. If included in this insurance contract, Part II relates to General Liability Insurance for covered operations and premises.



PART I A • MAIN COVERAGES

INSURING AGREEMENT

- A. We provide insurance for those of the following coverages for which a specific limit of liability and related premium charge is shown in the Declarations (the term "Declarations" also includes a Supplemental Declarations or any other similar form), subject to all applicable provisions. If a series of Declarations or Change Endorsements are issued, then this term means the current Declarations or Change Endorsement.

The term "described" used below (for example, described buildings) means described in the Declarations.

- B. Unless otherwise specifically provided in this policy, this insurance applies only to *covered loss* that takes place during the current policy term on the applicable described premises (the location / premises described in the Declarations).
- C. With respect to personal property covered by this policy (including any covered within the definition of or by Extension of Coverage A), coverage is extended to *covered loss* that also takes place outdoors (meaning not in a building) on, or within 100 feet of, the described premises.

D. Insuring Agreement Qualification

The Coverages in this policy are subject to certain Exclusions and Limitations, including Part I Common Exclusions and Parts I D, E, and F.

COVERAGE A • BUILDINGS / STRUCTURES

We cover described buildings (the general term buildings also includes other sorts of structures). Coverage A also includes the following property to the extent that such is part of, or incidental to the use of, described buildings:

1. Additions under construction.*
2. Alterations or repairs.
3. Building equipment, fixtures, materials, and supplies, intended for use in alteration, construction, or repair of described buildings.*
4. Completed additions.
5. Equipment, fixtures, and machinery permanently installed as part of described buildings.
6. Outdoor fixtures. For example, flag poles, ground lights, light standards.

* Such property is covered by this policy only on an excess basis, if covered by other insurance.

COVERAGE B • BUSINESS PERSONAL PROPERTY

We cover the following property located in or on described buildings:

1. Tangible personal property (including equipment, fixtures, and machines not subject to Coverage A) owned by *you* and used in *your* described business / operations.
2. Tangible personal property of others – but only to the extent of the value of the labor, materials, and supplies provided by *you* in connection with such property.

3. Tenant's improvements and betterments. This means *your* remaining use interest in additions, alterations, fixtures, and installations, not legally removable by *you*, that are both: made part of a building that *you* occupy (but do not own) and acquired or made at *your* expense.

This coverage applies only if the cost of such property is not included in *your* rent and repair or replacement is at *your* expense.

COVERAGE C • PERSONAL PROPERTY OF OTHERS

We cover tangible personal property of others, located in or on described buildings, in *your* care, control, or custody in connection with *your* described business / operations.

Our payment under this coverage is solely for the account of the owner of such tangible personal property. Such beneficiary must comply with all relevant loss settlement and other conditions.

COVERAGE D • LOSS OF USE RESULTING FROM DIRECT COVERED LOSS

- A. We cover *your* loss of Business Income / Extra Expense, as described in the following paragraphs, that is the direct result of a *direct covered loss* that results in either:
1. The necessary interruption of *your* described business / operations; or
 2. The described premises being made incapable of being occupied.

We also cover such loss if access to the described premises is prohibited by order of any civil authority. This order must result from fortuitous direct physical loss to property at a premises other than the described premises (provided such other premises / property is not occupied or owned by *you*) caused by an applicable cause of loss covered under this policy.

B. Coverage Description

1. The following coverages apply as described in the Declarations:

- a. If Coverage D: Business Income (D.1) and Extra Expense (D. 2).
- b. If Coverage D. 1: Business Income (Only).
- c. If Coverage D. 2: Extra Expense (Only).

2. Coverage D. 1 – Business Income

We cover *your* following loss of Business Income, as described, to the extent that such would otherwise be earned or incurred by *your* business / operations had the *direct covered loss* not occurred.

- a. **Net Income** – *Your* loss of net income (net profit or loss before income taxes) plus continuing necessary normal operating expenses to the extent that such would exist had the *direct covered loss* not occurred.

- b. **Rental Income** – *Your* loss of rents from tenant occupancies (that *you* rent or customarily hold for rental to others under written leases) plus continuing expenses that are the obligation of tenants, under

such leases, but which become *your* obligation because of the *direct covered loss*.

Coverage D. 1 does not extend to any expenses that do not continue, or need not continue, during the applicable coverage period.

3. Coverage D. 2 – Extra Expense

We cover any sort of necessary reasonable expenses that *you* incur in order:

- a. To continue, to the extent feasible, *your* normal business / operations at the same capability and quality of service as would otherwise exist had the *direct covered loss* not occurred – whether continued at the described premises or elsewhere (a replacement or temporary location); or
- b. To minimize the period of interruption if *you* cannot continue *your* normal business / operations at the same capability and quality of service as would otherwise exist had the *direct covered loss* not occurred.

Extra expense means those increased expenses, incurred as described in the preceding paragraphs, that *you* would not otherwise incur in *your* normal business / operations had the *direct covered loss* not occurred – including the expenses to relocate at or equip and operate a replacement or temporary location.

4. Special Costs or Expenses

We also cover any sort of special costs or increased expenses that *you* incur specifically to minimize or reduce *covered loss*: but not for an amount more than such costs or expenses reduce the amount *we* would be otherwise obligated to pay had *you* not incurred such costs or expenses.

5. Cancellation of Contract

If the subject interruption or unoccupancy directly causes the cancellation, lapse, or suspension of a written agreement, contract, or lease, *we* also cover *your* loss of Business Income and / or Extra Expense directly arising out of such, provided that *you* can demonstrate that *you* otherwise would have been able to satisfy and meet all the requirements of the agreement, contract, or lease had the *direct covered loss* not occurred.

This does not apply to any loss of Business Income and / or Extra Expense that may continue beyond the applicable coverage period.

C. Coverage Period(s)

1. Basic Period of Indemnity

Our obligation begins on the date of the *direct covered loss* and ends on the date that (a) or (b) ends, whichever is the shorter period:

- a. The period required with diligence and ongoing effort to restore *your* covered business / operations to substantially the same capability and quality of service that existed immediately prior to the *direct covered loss*; or

- b. The period required with diligence and ongoing effort to repair, replace, or restore the damaged property for the same purpose and occupancy.

But, if *you* occupy a premises owned by others and do not have control of its repair or restoration then: *we* provide coverage (if required) beyond this period for the additional time required to effect such repair, replacement, or restoration or 90 days, whichever one is the shorter period.

2. Civil Authority – Special Period of Indemnity

Our obligation for *covered loss* caused by order of any civil authority begins on the date of the order prohibiting access and runs for 14 consecutive days or the end of the period that access is denied, whichever one is the shorter period.

3. Electronic Media – Special Period of Indemnity

We cover *your* loss of Business Income, up to a period not exceeding 60 consecutive days (subject to the preceding Paragraph 1), if *direct covered loss* to electronic media causes or contributes to such loss: any additional loss beyond such period caused by the failure to replace or restore electronic media is not covered by *us*.

Electronic media are: (a) any sort of electronic data processing, recording, or storage media, including the data stored on such media; (b) programming records used for electronic data processing or electronically controlled equipment.

If MCP 501 along with a number is listed in the Declarations, the number “60” above is replaced by the number shown for the subject described premises.

4. Extended Period of Indemnity

To assist *you* in *your* recovery after the end of the basic period, *we* extend coverage (if required) for up to an additional 30 consecutive days beyond the basic period described in the preceding Paragraph 1.

If MCP 502 along with a number is listed in the Declarations, the number “30” above is replaced by the number shown for the subject described premises.

5. Policy Term Extension

The described periods are not limited by expiration of the policy term.

6. Special / Extended Periods of Indemnity and Coverage D Limit

The described extended / special periods do not increase the applicable limit.

D. Special Conditions

1. *Your* business / operations, as referred to in this policy, means those activities and the associated expenses and income that are normal to *your* described business / operations at the described premises.
2. *You* are required to resume, in whole or in part, *your* normal business / operations as soon as possible and to the maximum extent feasible.

E. Special Exclusions / Limitations

We do not cover expense or loss caused by or resulting from the following:

1. **Cancellation** – The cancellation or suspension of any agreement, contract, lease, or license, other than as provided for in Part I A, Coverage D, Item B. 4.
2. **Finished stock** – Loss to *finished stock* or the time required to reproduce *finished stock*: this does not apply to Extra Expense.

3. **Interference** – Delay caused by strikers (or others) with rebuilding, repairing, or replacing property or resuming *your* business / operations at the described premises, whether such delay arises at the described premises or elsewhere.

4. **Antennas** – Loss to antennas (including their lead-in wiring, masts, and towers): this is deleted if MCP 503 is listed in the Declarations.

PART I B • SUPPLEMENTAL COVERAGES

SUPPLEMENTAL COVERAGES – ADDITIONAL CONDITIONS

We provide the following Supplemental Coverages as extensions of the main coverages (but only when, and then to the extent that, such main coverages apply under this policy) subject to the following:

- A. These Supplemental Coverages do not modify or waive any provisions in this policy except to the extent specifically described: such are subject to all underlying provisions applicable in this policy, except to the extent specifically modified in Part I B.
- B. The limits shown for the following Supplemental Coverages are additional amounts of insurance unless otherwise indicated. However, these special limits are not increased or added together because we provide multiple coverages or cover multiple locations in one or more policies.
- C. If the Supplemental Coverage is keyed to a percentage of the underlying main coverage and such coverage is provided on multiple items at different limits, then:
 1. If the Supplemental Coverage can be keyed to a specific described item, we use the coverage limit for that item as the basis limit.
 2. If the Supplemental Coverage cannot be keyed to a specific described item, we use the single greatest limit provided in this policy for that coverage as the basis limit.
- D. If the Supplemental Coverage is keyed to property subject to different causes of loss, then:
 1. If the Supplemental Coverage can be keyed to a specific described item, we use the causes of loss for that item.
 2. If the Supplemental Coverage cannot be keyed to a specific described item, we use the most relevant causes of loss at the described premises for the subject property: if at a newly acquired location, we use the most relevant causes of loss at the described premises for the subject property.
- E. The Coinsurance Condition is not applicable to these Supplemental Coverages, except where specifically stated. However, any additional amounts of insurance applicable to the Supplemental Coverages may not be used to satisfy the Coinsurance Condition requirements for the underlying main coverage.

I. ACCOUNTS RECEIVABLE COVERAGE

A. We cover, up to the applicable limit shown in the Supplemental Declarations, loss arising out of *your* inability to collect on accounts receivable / credit card billings because of *covered loss* to records of such accounts. This covers all sums due *you* from customers which are uncollectible because of such loss. This also includes *your* increased collection expenses as well as other reasonable necessary expenses incurred by *you* to replace or restore these records.

Parts I E and I F (other than 8 and 12.A) do not apply.

Coverage does not apply to loss:

1. Due to accounting, billing, or bookkeeping error or omission; or
2. Where proof is dependent upon an audit, or inventory computation. But such audit can be used in support of a claim which *you* prove through other sources.

B. Deductible

1. A \$250 deductible applies to this coverage unless MCP 510 is listed in the Declarations: if MCP 510 is applicable, the general deductible amount shown in the Declarations applies to this coverage.
2. If a specific separate deductible amount is specified for this coverage in the Declarations, such specific deductible applies (the preceding paragraph does not apply in such cases).

C. This Supplemental Coverage applies only in connection with Coverage B.

2. AUTOMATIC INCREASE / PEAK SEASON COVERAGES

A. **Automatic Increase** – The current limit of liability shown for Coverage A or Coverage B is increased on an annual pro rata basis by the factor shown in the Supplemental Declarations.

If no factor is shown in the Supplemental Declarations, then no automatic increase is applicable.

B. **Peak Season** – The current limit of liability shown for Coverage B is increased by the factor shown in the Supplemental Declarations during those periods of time during the year when it is *your* normal practice to increase

the amount of business personal property at the described premises because of customary seasonal or holiday sales.

If no factor is shown in the Supplemental Declarations, then no peak season increase is applicable.

- C. These increases do not apply to any Supplemental Coverages and are not applicable in determining the basis limit for the Supplemental Coverages.

3. BUILDING EXTENSION COVERAGES

A. Glass Extension (Cause of Loss Options 3 and 5 Only)

We cover, up to the applicable limits shown in the Supplemental Declarations, loss to glass (other than signs) that is part of a building. The “per item” limit applies separately to each pane, panel, plate (or multiple plate) and similar discrete item or unit.

If the loss is caused by any of the *specified causes of loss* (other than vandalism), or the building is constructed of glass curtain walls, the special limits do not apply.

This Supplemental Coverage does not provide an additional amount of insurance.

B. Outdoor Signs Extension

Coverage A is extended to cover, up to the applicable limits shown in the Supplemental Declarations:

1. Outdoor signs (including sign posts and poles) not attached to buildings. The applicable causes of loss are those applicable to outdoor signs attached to buildings; if there are no outdoor signs attached to buildings, cause of loss Option 2. B applies.
2. Outdoor signs (including sign posts and poles) attached to buildings for the causes of loss applicable to the subject building.

C. Personal Property Extension

Coverage A is extended to cover the following property when both owned by *you* and used primarily to maintain or service covered buildings / described premises: air conditioners; cooking, dishwashing, laundering, refrigeration, and ventilating appliances; fire extinguishers; floor coverings; lawn care and snow removal equipment – including riding mowers and similar items, but not other types of vehicles; outdoor fixtures / furniture.

This Supplemental Coverage does not provide an additional amount of insurance.

4. BUILDING CODE / LAW COVERAGE

- A. Coverage A is extended to cover the following losses or expenses that ensue as a direct consequence of *covered loss* at the described premises. We cover such for an amount determined by applying the applicable factor shown in the Supplemental Declarations to the Coverage A limit for the subject property: the product is the specified limit for this Supplemental Coverage (Items 1, 2, and 3 combined). The losses or expenses covered are:

1. The loss caused by enforcement of any building, land use, or zoning code / law in force the date of the *covered loss*, that:
 - a. Requires the demolition of parts of the same

property not damaged by a covered cause of loss.

- b. Regulates the construction or repair of buildings, or establishes building, land use or zoning requirements at the described premises.
2. The increased expense *you* incur to construct, rebuild, or repair the property caused by enforcement of building, land use, or zoning code / law in force on the date of the *covered loss*: the property must be intended for the same use / occupancy as the current property unless otherwise prohibited by such code / law.
3. The expense *you* incur to demolish undamaged parts of property and clear the site of such parts caused by enforcement of building, land use, or zoning code / law in force on the date of the *covered loss*.

If MCP 504 is listed in the Declarations, then Coverage D is extended, as to Condition C. 1 under Part I A, to the increased period of time required to comply with the conditions described in the preceding Paragraph 1.

- B. We are not liable for payment under this Supplemental Coverage:
1. Until the property is repaired or replaced by *you* or by *us* (at the same premises or elsewhere if permitted or required by this policy); and
- Unless the repair or replacement is made as soon as possible after the loss, but no later than the period described in Part I G, Condition 2.C. 2.b.
2. For any loss or expense arising out of the enforcement of any code, directive, law, ordinance, or regulation requiring any *insured* or others to clean up, contain, detoxify, monitor, neutralize, remove, test for, or treat any *pollutants*, asbestos, *fungi*, mold or lead contamination.
- C. Our maximum liability under this Supplemental Coverage (A.1, 2 and 3 combined), subject to (1), the specified limit and (2), the applicable limits and limitations on our liability described in Part I G, Condition 2. A, is the sum of the following:
1. The cost to demolish the property and clear the site. And,
 2. The cost to reconstruct / replace the property on the described premises.
- D. If a Coinsurance Condition reduction applies to the underlying *covered loss* (See Part I G), then the same amount of reduction applies to this Supplemental Coverage.
- E. This Supplemental Coverage applies only to buildings covered on a replacement basis (See Part I G, Condition 2) – unless MCP 506 is listed in the Declarations.

5. COLLAPSE – CAUSE OF LOSS OPTIONS 3 AND 5 ONLY

- A.** Coverage is extended to cover the *collapse* of a building or any structural part of a building that ensues only as a consequence of the following:
 1. Any cause of loss provided for in Cause of Loss Option 3. Under this coverage, these causes of loss apply to both covered buildings and business personal property.
 2. Hidden decay, unless such decay is known to an *insured* prior to *collapse*.
 3. Hidden insect or vermin damage, unless such damage is known to an *insured* prior to *collapse*.
 4. Weight of contents, equipment, animals, or people.
 5. Weight of rain that collects on a roof.
 6. Use of defective material or methods in construction, remodeling, renovation or repair.
- B.** For the preceding Items A.2 through A.6, we do not cover the following unless the loss is a direct result of the *collapse* of a building or a structural part of a building: antennas, including their lead-in wires, masts, or towers; awnings; beach or diving platforms and related equipment or structures; decks; docks, piers or wharves; downspouts or gutters; fences; outdoor swimming pools; paved surfaces of any sort (including but not limited to, bridges, driveways, parking lots, patios, pavements, roads, walks); retaining walls; yard fixtures.

C. This Supplemental Coverage applies only to property covered in this policy by Cause of Loss Options 3 or 5.

This Supplemental Coverage does not provide an additional amount of insurance.

6. CONSEQUENT LOSS COVERAGES (SPOILAGE)

- A.** We cover, up to the applicable limits shown in the Supplemental Declarations, loss to covered business personal property spoiled as a consequence of the disruption of cooling, electrical, heating, or refrigeration services on the described premises resulting from the following:

1. Loss of Utility Services

The loss of utility services to the described premises arising out of fortuitous direct physical loss to property of the utility caused by a cause of loss that would be covered by this policy if it were *your* property.

2. Mechanical Breakdown

The abrupt accidental mechanical breakdown or faulty operation (including refrigerant leakage) of equipment providing cooling, electrical, heating, or refrigeration services: the limit shown for this Extension is *our* total aggregate limit for all such loss during any annual (12 month) policy term.

This coverage does not include any loss arising out of conditions within *your* control. For example: failure

to repair a defect or to repair or replace defective equipment or parts if the defect is known to *you*, *your* employees, or those acting on *your* behalf; insufficient fuel, inadequate or improper maintenance; disconnection of or failure to connect units to power source; failure to turn on power or units; failure to set proper temperature.

If a \$0 (zero) limit is specified, then the subject coverage is not applicable under this policy.

- B.** Spoilage that results from *covered loss* to covered cooling, electrical, heating, or refrigeration equipment on the described premises is not subject to the special limits.

7. DEBRIS REMOVAL COVERAGE – COVERAGES A, B, C

- A.** We cover, subject to the limits specified in the following Paragraphs B and C, the necessary reasonable expenses incurred to remove the debris of a *covered loss*.
- B.** We pay such debris removal expense that *you* incur – but only up to an amount not exceeding that equal to the product of the amount otherwise payable by *us* for the *covered loss* times the factor shown in the Supplemental Declarations. This amount is not additional insurance and does not increase *our* maximum limit of liability on the loss.
- C.** We also pay such debris removal expense, up to the applicable limit shown in the Supplemental Declarations, if either:
 1. The debris removal expense incurred exceeds the amount available for debris removal expense calculated in the preceding Paragraph B; or
 2. The sum of the debris removal expense incurred and the amount otherwise payable by *us* for the *covered loss* exceeds *our* maximum limit of liability on the loss.

We pay up to the shortfall or the special limit, whichever is the lesser amount.

- D.** This Supplemental Coverage does not apply to any of the following expenses:

- 1. To remove the debris of trees.
- 2. To extract *pollutants* (whether or not covered property) from land or water.*
- 3. To remove, replace, or restore land or water that is polluted or is a *pollutant*.*
- 4. To remove volcanic ash, dust, or particulate matter that does not cause loss.
- * This also excludes the expense to safely dispose of such as required by any code, directive, law, ordinance, or regulation.

- E.** This Supplemental Coverage applies only to such covered expenses reported to *us* in writing within 180 days from the date of the *covered loss*.

- F. Other than Extension C, these Extensions do not provide additional amounts of insurance.

8. EMERGENCY REMOVAL

We cover fortuitous direct physical loss to covered property when removed from the described premises because of imminent danger of loss by a covered cause of loss.

This Supplemental Coverage applies for 30 consecutive days from the first day of removal.

9. FIRE EXPENSE COVERAGES

A. Fire Department Service Charges

We cover, up to the applicable limit shown in the Supplemental Declarations, *your* written contractual obligation to pay service charges when a fire department is called to protect or save property from imminent loss by an applicable covered cause of loss. The deductible does not apply.

This Supplemental Coverage does not cover service charges:

1. Incurred prior to assumption of *your* contractual obligation;
2. Arising in connection with a false alarm.

B. Fire Extinguisher Recharge Expense

We cover, up to the applicable limit shown in the Supplemental Declarations, the cost to recharge fire extinguishers / related equipment discharged in pursuit of extinguishing a fire at the described premises. The deductible does not apply.

10. NEWLY ACQUIRED PROPERTY COVERAGES

A. We cover property newly acquired or constructed by *you*, as well as Loss of Use (if covered by this policy) resulting from fortuitous direct physical loss to such property, as follows:

1. **Coverage A** – We cover, up to the applicable limits shown in the Supplemental Declarations, the following:
 - a. New buildings while being built on described premises.

We also cover temporary structures erected to assist in construction of new buildings or of additions / alterations to described buildings while such construction is taking place: but such are covered by this policy only on an excess basis if covered by any other insurance.

- b. Buildings at a location newly acquired by *you* if such buildings are intended for use either similar to that of described buildings or as a warehouse.
2. **Coverage B** – We cover, up to the applicable limits shown in the Supplemental Declarations business personal property owned by *you* at a location newly acquired by *you*, other than exhibitions and fairs. However, when *you* are moving covered property from a described premises under this policy to a newly described premises under this policy, then the applicable Coverage B limit applies for all such premises for 10 days after moving begins.

3. **Coverage D** – We cover the subject loss arising out of *direct covered loss* to the following property:

a. Alterations or New Buildings at Described Premises

1. Alterations or additions to described buildings.
2. New buildings, whether under construction or completed.
3. Building materials or supplies and equipment or machinery which are used in alteration or construction at described premises or incidental to *your* occupancy of the new building.

If the subject *direct covered loss* delays the start of *your* covered business / operations at the described premises, then this Extension begins on the projected start up date (had the *direct covered loss* not occurred).

This Extension is subject to the Coverage D limit and Coinsurance Condition. This Extension does not provide an additional amount of insurance.

b. Newly Acquired Locations

Property owned by *you* at any location that *you* newly acquire, other than exhibitions or fairs: we cover such up to the applicable limits shown in the Supplemental Declarations.

4. **Special Limits** – The special limits referred in the preceding paragraphs are developed by multiplying the subject coverage limit (Coverage A, B, or D) by the applicable factor shown in the Supplemental Declarations: The product is the amount available for *covered loss* to new buildings (Coverage A) or *covered loss* at new locations (Covrances B and D) – all subject to the specified maximum limit per building or per location.

B. Coverage Period

This Supplemental Coverage applies for up to a period of 60 consecutive days from the beginning date of the subject acquisition or construction: but, in no case, beyond the end of the policy term or the date on which *you* report the values to *us*, whichever date is earlier.

This coverage period does not apply to the Extension in the preceding Paragraph A.3.a.

C. Additional Premium

Additional premium is applicable for the values *you* report to *us* based on the date of acquisition or the date that *you* first begin construction.

11. OFF PREMISES COVERAGES

A. Property at Other Locations

We cover, up to the applicable limit shown in the Supplemental Declarations, loss to covered property temporarily at locations that *you* do not lease, operate, or own.

This Extension does not apply to property: at exhibitions or fairs; in or on any vehicle; in the care, control, or custody of *your* sales people; that is *stock*.

B. Property in Transit – Cause of Loss Option 5 Extension

1. We cover, up to the applicable limit shown in the Supplemental Declarations, *your* business personal property covered by this policy (other than property in the care, control, or custody of *your* sales people) while in course of transit away from the described premises. Such property is covered for fortuitous direct physical loss (as described in the following Paragraph 2) while in or on a motor vehicle leased, operated, or owned by *you*.
2. The direct physical losses we cover under this Extension are:
 - a. Collision, overturn, or upset of *your* vehicle.
 - b. Fire (hostile fire) or lightning, explosion, riot or civil commotion, vandalism, windstorm / hail.
 - c. Theft of an entire bale, case or package by forced entry (there must be marks of forced entry) into a securely locked body or compartment of the vehicle.
3. If MCP 505 is listed in the Declarations, we cover, subject to the applicable limit shown in the Supplemental Declarations (*we* may show a separate sub-limit for loss by theft), *your* property while in the course of transit away from the described premises for all loss covered by Cause of Loss Option 5. The coverage described in the preceding Paragraph B.1, is deleted and replaced by that of MCP 505 and the limitations of coverage described in the preceding Paragraphs 1 and 2 do not apply to loss covered by MCP 505.
4. This Extension and Option MCP 505:
 - a. Apply only to property covered by Loss Option 5 at the described premises from which the property is in transit.
 - b. Do not apply to property within 100 feet of any described premises.
- C. The limits under this Supplemental Coverage do not apply to property moved pursuant to Supplemental Coverage 8 – Emergency Removal.

12. OUTDOOR PROPERTY COVERAGE

Coverage A is extended to cover, up to the applicable limit shown in the Supplemental Declarations, *your* outdoor: antennas (including lead-in wiring, masts, and towers); fences; decorative plants, shrubs and trees (including any debris removal expense). Loss to any one plant, shrub, or tree is also subject to the applicable limit per item shown in the Supplemental Declarations.

Such property is covered for fortuitous direct physical loss caused by fire (hostile fire), aircraft, explosion, lightning, or riot or civil commotion, to the extent such are covered causes of loss.

13. PERSONAL PROPERTY COVERAGES

A. Creatures

Coverage B is extended to cover the following creatures:

1. Held for sale: but only if inside the building at the described premises at the time of loss.
2. Owned by others: but only if being boarded by *you* at the time of loss.

This Extension applies only to creatures destroyed by, or where their destruction is made necessary because of harm by, a *specified cause of loss*.

This Extension does not provide an additional amount of insurance.

B. Personal Effects

Coverage B is extended to cover, up to the applicable limit shown in the Supplemental Declarations, personal effects owned by *you*, or *your* directors, employees, officers, partners, or volunteer workers, while on the described premises.

C. Personal Property of Others

1. Coverage B is extended to cover, up to the applicable limit shown in the Supplemental Declarations, personal property of others in *your* care, control, or custody in connection with *your* covered business / operations (but see the Extension in the following Paragraph 2, as to leased property). Our payment under this coverage is solely for the account of the owner of such property, and such beneficiary must comply with all relevant loss settlement and other conditions.

This Extension is in addition to Coverage B. 2 under Part I A.

2. Coverage B is extended to cover leased property in *your* care, custody, or control for which *you* are contractually obligated to provide property insurance. This Extension: (a) applies for the causes of loss for which *you* are contractually responsible to the extent such causes of loss are otherwise applicable to *your* property; (b) is not subject to the Extension in the preceding Paragraph 1 or Coverage B. 2 under Part I A.

This Extension does not provide an additional amount of insurance.

D. Valuable Papers and Records

1. Coverage B is extended to cover, up to the applicable limit shown in the Supplemental Declarations, *your* expenses, including the cost of research, incurred to replace or restore the information contained in *your* *valuable papers and records* (including electronic or magnetic media) for which duplicates do not exist because of *covered loss* to such property.

Parts I E and I F (other than 8 and 12. A) do not apply.

2. The full Coverage B limit applies to the cost of replacement of *valuable papers and records* in blank form.

3. **Deductible**

- a. A \$250 deductible applies to this coverage unless MCP 511 is listed in the Declarations: if MCP 511 is applicable, the general deductible amount shown in the Declarations applies to this coverage.
- b. If a specific separate deductible amount is specified for this coverage in the Declarations, such specific deductible applies (the preceding paragraph does not apply in such case).

- E. **Vehicles**

1. Coverage B is extended to cover the following property owned by *you*:
 - a. Aircraft, self-propelled machines, semi-trailers and trailers, watercraft, or other vehicles which *you*: hold for sale (other than automobiles), manufacture, process, or warehouse.
 - b. Canoes and rowboats while ashore at the described premises.
 - c. Vehicles principally operated at the described premises specifically to service the described premises or *your* described business/operations.
2. This Extension does not apply to vehicles: licensed for use on public roads; not customarily kept and operated at the described premises.
3. This Extension does not provide an additional amount of insurance.

14. **POLLUTION CLEAN UP COST COVERAGE – COVERAGES A, B, C**

- A. We cover, up to the applicable limit shown in the Supplemental Declarations, the necessary reasonable expenses that *you* incur to extract *pollutants* from land or water at the described premises: but only if the discharge, dispersal, emission, escape, migration, release or seepage of *pollutants* is a consequence of a *covered loss*.

The special limit specified for this Supplemental Coverage is *our* total liability for all such expense for each annual (12 month) term of the policy – regardless of the number of occurrences or total expenses incurred.

This Supplemental Coverage applies only to such expenses reported to *us* in writing within 180 days from the date of the subject *covered loss*.

- B. This Supplemental Coverage does not apply to the extraction of any sort of nuclear or radioactive materials – whether such is natural or human made.
- C. If a specific deductible is shown for this Supplemental Coverage, such deductible applies in lieu of any other deductible otherwise shown as applicable in this policy.

15. **PRECIOUS METALS COVERAGE • INDUSTRIAL OPERATIONS**

We cover, up to the applicable limit shown in the Supplemental Declarations, *your* gold, silver, or other precious metals that are used by *you* for manufacturing purposes in connection with *your* industrial operations covered in this policy. This does not apply to the manufacturing of gold, silver, or other precious metal products.

16. **STEAM EQUIPMENT OR OTHER FIRED VESSEL EXPLOSION COVERAGE**

- A. We cover loss by explosion of fuel or gas within the furnace of a fired vessel or flues or passages through which the gases of combustion pass – including such explosion loss to steam boilers, engines, pipes or turbines.
- B. We cover loss by explosion to hot water boilers or other equipment for heating water.
- C. Unless Cause of Loss Option 5 applies, explosion does not include bursting, operation, or rupture of a pressure relief device.

This Supplemental Coverage does not provide an additional amount of insurance.

17. **WATER DAMAGE / RELATED DAMAGE REPAIR EXPENSE COVERAGE**

- A. We cover the following additional expenses incurred in connection with an otherwise covered sprinkler leakage loss or water damage loss (including freezing), as described under Part I C • Cause of Loss Options, when the building containing the appliance, equipment, or system is covered property under this policy:
 1. The expense to repair damage to the building that occurs because of necessary reasonable efforts to get at and repair damage to the appliance, equipment, or system from which the “water” escapes.
 2. The concurrently incurred expense to repair or replace that particular defective/damaged part (joint, piece of pipe, valve, or similar specific item) of the appliance, equipment, or system from which the “water” escapes.

- B. This Supplemental Coverage does not apply:

1. To the expense to repair or replace the subject appliances, equipment, or systems, other than the particular defective/damaged part as provided for in the preceding Paragraph A.2.
2. If others are responsible by contract or law for payment of such expenses.

This Supplemental Coverage does not provide an additional amount of insurance.

18. **WEATHER RELATED COVERAGE – CAUSE OF LOSS OPTION 5**

We cover the following loss to the interior of a covered building or covered personal property within a building by hail, ice, rain, sleet, or snow:

- A. Loss arising out of the thawing of hail, ice, sleet, or snow on the building.

- B. Loss by any such elements to the interior of the building although the exterior walls or roof are not first damaged by a covered Cause of Loss allowing these elements to enter into the interior; but, if MCP 515 is listed in the Declarations, this Extension is deleted.
- C. Loss by such elements to personal property within a building.

This Supplemental Coverage applies only to property covered by Cause of Loss Option 5.

This Supplemental Coverage does not provide an additional amount of insurance.

PART I C • CAUSE OF LOSS OPTIONS

GENERAL CAUSE OF LOSS CONDITIONS – COVERAGES

A, B, C

- A. Subject to all applicable provisions in this policy, property covered under this policy is insured for that coverage option (see descriptions) which is designated in the Declarations as applicable to the specific item. Accordingly, the same sort of property – buildings, for example – can be insured for differing causes of loss based upon the option selected to apply to the specific item.
- B. The various described causes of loss cover fortuitous direct physical loss not otherwise excluded or limited. Loss – *covered loss* – means: **fortuitous direct physical damage to or destruction of covered property by a covered cause of loss, and if covered under Cause of Loss Option 5 the term “damage” includes the taking of the subject covered property by theft (including damage arising in the course of such theft).** Covered cause of loss means a cause of loss contemplated by the following coverage options to the extent that such are described as applicable to the subject covered property.

Direct physical loss does not include or mean any sort of consequent loss, loss of use, or loss of utility. But such loss may otherwise be specifically provided for in this policy: for example, see Coverage D or Supplemental Coverage 6

C. CAUSES OF LOSS COVERAGE OPTIONS

The following are subject to all applicable Exclusions and Limitations described in this policy:

1. OPTION 1 – FIRE COVERAGE

Option 1 includes the following:

- **Fire** (hostile fire)
- **Explosion**
- **Lightning**

2. OPTION 2 – BASIC COVERAGE

Option 2 includes the following:

- **Fire** (hostile fire)
- **Aircraft***
- **Explosion**
- **Lightning**
- **Riot or Civil Commotion***
- **Sinkhole Collapse***
- **Smoke***
- **Vandalism***

- **Vehicles***
- **Volcanic Eruption***
- **Windstorm / Hail**
- * See following cause of loss descriptions.

3. OPTION 3 – BROAD COVERAGE

Option 3 includes the following:

- **Fire** (hostile fire)
- **Aircraft***
- **Explosion**
- **Falling Objects***
- **Glass Breakage***
- **Lightning**
- **Riot or Civil Commotion***
- **Sinkhole Collapse***
- **Smoke***
- **Vandalism***
- **Vehicles***
- **Volcanic Eruption***
- **Water Damage***
- **Weight of Ice, Sleet, or Snow**
- **Windstorm / Hail**

* See following cause of loss descriptions.

4. OPTION 4 – SPRINKLER LEAKAGE COVERAGE

Option 4 adds **Sprinkler Leakage** to Options 1, 2, or 3.

5. OPTION 5 – EXPANDED COVERAGE

Option 5 includes Options 3 and 4, plus other fortuitous direct physical loss to or theft of covered property not otherwise excluded or limited in this policy. The losses and costs excluded in the following descriptions of the listed causes of loss in the following paragraphs with regard to Falling Objects and Sinkhole Collapse also apply to Option 5.

6. OPTION 6 – EARTHQUAKE

Option 6 is **Earthquake**: Option 6 is described in Endorsement MCP 119.

7. EXCLUSION OPTION A – THEFT

When Exclusion Option A is designated as applicable with Option 5, the covered causes of loss do not include theft (theft also includes burglary / robbery).

8. EXCLUSION OPTION B – VANDALISM

When Exclusion Option B is designated as applicable along with any other option (for example, Option 2 B), the covered causes of loss do not include vandalism.

9. EXCLUSION OPTION C – WATER DAMAGE

When Exclusion Option C is designated as applicable along with any other option (for example, Option 3 C), the covered causes of loss do not include water damage – other than that caused by covered freezing of an appliance or system.

10. EXCLUSION OPTION D – WINDSTORM / HAIL

When Exclusion Option D is designated as applicable along with any other option (for example, Option 5 D), the covered causes of loss do not include windstorm/hail.

11. DESCRIPTION OF LISTED CAUSES OF LOSS

The following definitions apply to and limit the scope of the listed causes of loss:

a. **Aircraft:** This means direct physical contact of aircraft with covered property. Aircraft includes objects that fall from aircraft, spacecraft, or self-propelled missiles.

b. **Falling Objects:** This means damage to other property caused by the falling object.

This does not include:

1. Loss to personal property outdoors (not in buildings).

2. Loss to the interior of a building, or any property within a building, unless the falling object first penetrates the roof or exterior walls of the building.

c. **Glass Breakage:** This means damage to other property caused by breakage of glass that is part of buildings.

d. **Riot or Civil Commotion:** This includes, but is not limited to:

1. Acts of striking employees while occupying the described premises;

2. Looting occurring at the time and place of riot or civil commotion.

e. **Sinkhole Collapse:** This means abrupt collapsing or sinking of land causing loss to covered property: such collapsing or sinking must be into an underground empty space created by the action of water on limestone or similar rock.

This does not include: the cost of filling sinkholes; collapsing or sinking into man-made cavities.

f. **Smoke:** This means smoke causing abrupt accidental direct physical loss.

g. **Sprinkler Leakage:** This means accidental discharge or leakage from an *automatic sprinkler system* and the collapsing of a tank that is part of such system.

h. **Vandalism:** This means willful malicious damage to property, and includes such damage done to a building by burglars while breaking into or out of such building.

This does not include: breakage of building glass; loss by theft.

i. **Vehicles:** This means direct physical contact of a vehicle, or an object thrown up by a vehicle, with covered property.

This does not include: loss caused by vehicles *you* own or which are operated in the course of *your* business.

j. **Volcanic Eruption:** This means only:

1. Airborne blast or shock waves;
2. Ash, dust, or particulate matter other than that which can be swept or washed away without leaving physical damage; and
3. Lava flow;

caused by eruption of a volcano: but see Part I • Common Exclusion 1.

All volcanic eruptions that take place within a continuous 168 hour period are considered a single occurrence and constitute a single loss.

k. **Water Damage:** This means abrupt accidental discharge of water as a direct result of the breaking or cracking of any part of an appliance, equipment, or system containing water: but see Sprinkler Leakage for an *automatic sprinkler system*. Water includes steam and, as to Cause of Loss Option 5, includes such discharge of other liquids or materials.

NOTE: The term “abrupt” refers to an event instantaneous in time – not gradual, ongoing, or repeated over time.

D. SPECIFIED CAUSES OF LOSS

Where the term *specified causes of loss* is used, the term means the following: fire; aircraft; explosion; falling objects; lightning; riot or civil commotion; sinkhole collapse; smoke; sprinkler leakage; vandalism; vehicles; volcanic eruption; water damage; weight of ice, sleet, or snow; windstorm / hail. However, these apply only to the extent that the subject property is otherwise insured for such causes of loss.

E. COVERED LOSS

1. **Coverages A, B, C • Covered loss** is described in Part I C, General Cause of Loss Condition B.

2. **Coverage D • Relevant to the context in which it is used:**

- a. *Direct covered loss* means: fortuitous direct physical loss as described in Part I C, General Cause of Loss Condition B which occurs at described premises occupied by *you* (occupancy is not a condition for

Rental Income loss), which directly results in the subject covered Business Income Loss / Extra Expense.

- b. *Covered loss* means: the subject covered Business Income loss / Extra Expense which results as a direct consequence of such described *direct covered loss*.

PART I D • PROPERTY EXCLUSIONS / LIMITATIONS

We do not cover the following property or loss except to the extent otherwise specifically provided for in this policy.

1. ALL PROPERTY COVERAGES

- A. Building Glass: but see Supplemental Coverage 3. A.
- B. Crops of any sort, whether growing, harvested, or in any way held.
- C. Land, including land on which covered property is located. Water.
- D. Property not described in this policy.
- E. Property that is more specifically described and insured under another coverage form in this policy or by any other insurance: but as to Coverage A, this insurance applies excess.
- F. Outdoor property, as follows (but see Supplemental Coverage 12):
 - 1. Antennas, including their lead-in wiring, masts, and towers.
 - 2. Fences.
 - 3. Lawns.
 - 4. Plants, shrubs, or trees.
- G. Signs (outdoor signs): but see Supplemental Coverage 3.B.
- H. Vehicles, as follows: aircraft, motorized land vehicles, self-propelled machines, or watercraft – including their accessories, equipment, motor, parts, tires, or trailers. This also includes: devices designed to be powered through their electrical systems, radar detectors, recorded discs and tapes in such vehicles for use in the vehicle.

But see Supplemental Coverage 13. E.

2. COVERAGE A

- A. Cost of backfilling or filling, excavations or grading.
- B. Docks, piers, pilings, or wharves.

- C. Foundations of buildings, boilers, or machinery that are below the lowest basement floor or, if no basement, below ground level.
- D. Paved surfaces of any sort, including – but not limited to – bridges, driveways, parking lots, patios, roads, or walks.
- E. Retaining walls that are not part of described buildings.
- F. Underground drains, flues, or pipes.

3. COVERAGES B AND C

- A. Creatures of any sort: but see Supplemental Coverage 13. A.
- B. *Money*. Gold, silver, and other precious alloys or metals other than as provided for in the following Paragraph 4: but also see Supplemental Coverage 15.
- C. Property while airborne or waterborne.
- D. *Securities*.
- E. *Valuable papers and records* as well as the cost to replace, research, or restore the information on *valuable papers and records*: but see Supplemental Coverage 13. D.

4. COVERAGES B AND C (CAUSE OF LOSS OPTION 5)

Loss by theft to the following property is covered only up to the applicable limits shown in the Supplemental Declarations (these limits are aggregate limits for all described property per occurrence).

- A. Furs (this also includes both fur and fur trimmed garments).
- B. Jewelry-type property meaning: (1) jewels, jewelry, pearls, precious and semi-precious stones, watches and watch movements; (2) gold, silver, platinum and other precious alloys or metals used to make jewelry.

This does not apply to items of jewelry-type property worth, at *your* regular retail price, less than the applicable limit per item shown in the Supplemental Declarations.

PART I E • PROPERTY LOSS LIMITATIONS

We do not provide insurance under Part I for any sort of damage or loss directly or indirectly, wholly or partially, aggravated by, consisting of, or resulting from the following – even if loss otherwise covered contributes to such concurrently or in any sequence. The following exclusions and limitations of loss in connection with certain property apply to the extent that the subject loss and property are otherwise covered under this policy.

1. BUILDERS / BUILDING ITEMS

A. **Builders' Equipment** – Loss to builders' equipment, machinery, or tools either owned by *you* or in *your* care, custody, or control while away from the described premises.

B. **Building Property** – Loss by theft of building materials or supplies – unless attached to and forming an integral part of the building under alteration, construction, or repair at the time of loss, other than such property held for sale by *you*.

2. DISAPPEARANCE OF PROPERTY

Loss, otherwise covered by this policy, in connection with covered property that is missing where there exists no physical evidence to show what happened to the property. Loss discovered or inferred upon taking inventory. Acts of appropriation, pilferage or shoplifting.

3. FRAGILE ITEMS

Breakage of any sort of fragile items (including, but not limited to, chinaware, glassware, marbles, porcelains, or statuary). This does not apply to: loss caused by a *specified cause of loss*; building glass; containers of property held for sale by *you*; lenses of photographic or scientific instruments.

4. HOT WATER / STEAM EQUIPMENT

A. **Hot Water Boilers** – Loss to hot water boilers or other water heating equipment by any condition or event inside such boilers or equipment.

B. **Steam Equipment** – Loss to steam boilers, engines, pipes, or turbines by any condition or event inside such equipment.

But see Supplemental Coverage 16.

5. UNAUTHORIZED / VOLUNTARY TRANSFER OF PROPERTY

A. **Unauthorized Transfer** – Loss in connection with property that is given or transferred to any persons or transferred to any place (not the described premises) on the basis of false / unauthorized instructions – however such are given or transmitted.

B. **Voluntary Transfer** – Loss in connection with property that *you* (or others to whom *you* have entrusted the property) voluntarily give or transfer to anyone on the basis of being induced to do so by false pretense or fraudulent device, scheme, or trick.

PART I F • LOSSES NOT INSURED

We do not provide insurance under Part I for any sort of loss directly or indirectly, wholly or partially, aggravated by, consisting of, or resulting from the following – even if loss otherwise covered contributes to such concurrently or in any sequence.

1. COMPUTER HACKING AND COMPUTER VIRUS EXCLUSION

Computer hacking or computer viruses.

2. DELAY OR LOSS OF MARKET / LOSS OF USE EXCLUSIONS

Delay or loss of market or sale. Loss of occupancy. Because property cannot be occupied or used. Consequent loss. But see Coverage D and Supplemental Coverage 6 for certain described coverage.

3. DISHONESTY EXCLUSION

Criminal or dishonest acts by *you*, by any of *your* employees, officers, partners, representatives, trustees, volunteer workers, or by any other person to whom *you* entrust property.

This applies whether any such persons act alone or in collusion with others or such acts take place within or outside of working hours.

This Exclusion does not pertain to acts of physical damage by *your* employees.

4. ELECTRICAL DAMAGE EXCLUSION

Loss, however caused, by artificially generated electrical currents to electrical or electronic appliances, devices or wiring.

If loss resulting from fire ensues, we insure such resulting loss.

5. EXPLOSION OF STEAM EQUIPMENT EXCLUSION

Explosion of steam boilers, engines, pipes, or turbines which are leased to *you*, owned by *you*, or operated under *your* control: but see Supplemental Coverage 16.

If loss resulting from fire or combustion explosion ensues, we insure such resulting loss.

6. FLOOD / FLOODING EXCLUSION

Flood, surface water, waves, storm surge, tidal water or tidal waves, overflow of streams or other bodies of water, or their spray, aggravated by or resulting from any natural or human made causes: all, whether or not arising out of or caused by rain, snow, wind or other condition of the weather, or an otherwise covered cause of loss.

If loss resulting from fire, explosion, or theft (to the extent insured by this policy) ensues, we insure such resulting loss.

7. FREEZING OF APPLIANCES OR OTHER EQUIPMENT EXCLUSION

Leakage or overflow of any liquids or any other materials from air conditioning, heating, plumbing, or other appliances or equipment (other than fire protection systems), or damage to such appliances or equipment, caused by freezing.

If you (and others you designate to care for the premises) exercise ongoing care to maintain adequate heat in the building, or such appliances or equipment are drained and kept dry, this exclusion is waived to the extent that such loss is otherwise insured by this policy.

8. INTENTIONAL LOSS EXCLUSION

Acts committed by, or at the direction of, any *insured* with the intent to cause a loss.

9. LAW OR ORDINANCE / GOVERNMENTAL DIRECTIVE EXCLUSIONS

Enforcement of any code, law, ordinance, or regulation, including those pertaining to construction, repair, or use of property or demolition of property (including debris removal). Any governmental directive. But see Supplemental Coverage 4.

10. POWER, HEATING, OR COOLING FAILURE EXCLUSION

Power, heating, or cooling failure or loss of utility services that takes place off the described premises. If loss by a covered cause of loss ensues, we insure such resulting loss.

But see Supplemental Coverage 6.

11. WATER DAMAGE EXCLUSION

- A. Underground, surface or subsurface water that exerts pressure on or flows, seeps or leaks through: basements; doors, windows, or other openings; driveways, floors; foundations; paved surfaces; sidewalks; swimming pools; walls. See also mudflow or mudslide under Exclusion 12. E.
- B. Water or sewage that backs up through sewers or drains or overflows from a sump: If MCP 507 is listed in the Declarations, this Paragraph (B) is deleted with regard to the subject described premises.

If loss resulting from fire, explosion, or sprinkler leakage (to the extent insured by this policy) ensues, we insure such resulting loss.

12. WEAR, TEAR, AND OTHER SPECIFIED LOSS / CAUSE OF LOSS EXCLUSIONS

- A. Wear and tear; birds, domestic animals, insects, raccoons, rodents, or vermin; contamination or pollution including, but not limited to: (1) the discharge, dispersal, emission, escape, migration, release, or seepage of *pollutants*; (2) the costs associated with enforcement of any governmental directive, law or ordinance which requires you or any others to cleanup, contain, detoxify, monitor, neutralize, remove, test for, or in any way respond to *pollutants*, asbestos, *fungi*, mold or lead contamination or assess the effects of *pollutants*, asbestos, *fungi*, mold or lead contamination: but see Supplemental Coverage 14 for certain coverage; corrosion; decay or deterioration;

deficiency, error, or omission in design, materials, plans, or workmanship; disease; dry or wet rot; *fungi*, mold, spores, mildew, bacterium, or other natural growth; inherent vice (a customary characteristic of the property); latent defect (an original condition or fault leading to loss); mechanical breakdown; rust.

- B. Buckling, bulging, contracting, cracking, expansion, settling, shrinkage, or sinking.
- C. Contamination by any virus or other pathological agent that causes disease or illness in humans, animals, birds, or other creatures, or the costs associated with enforcement of any governmental directive, law or ordinance which requires you or any others to clean up, contain, detoxify, monitor, neutralize, remove, test for, or in any way respond to any virus or other pathological agent.
- D. Continuous or repeated leakage or seepage from any part of an appliance or system which contains water or other liquids resulting from a condition which you fail to repair.
- E. Earth / ground / land movement on or below the surface of the earth aggravated by or resulting from any natural or human made causes including, but not limited to: earth / ground / land collapsing (other than sinkhole collapse), pressure, rising, shifting, sinking, sliding, or subsidence; landslide; mine subsidence; mudflow; mudslide; rockslides or rock falls. See also Part I • Common Exclusion 1 as to catastrophic earth movement.
- F. Marring or scratching: but these apply solely to personal property.
- G. Smog, smoke, or vapor from agricultural or industrial activities.

If loss by a covered *specified cause of loss* ensues we insure such resulting loss.

13. WEATHER / RELATED EXCLUSIONS

A. Cause of Loss Options 2 and 3

- 1. As to Windstorm / Hail: cold or frost; ice (other than hail), sleet or snow, whether or not wind driven.
- 2. Weight of hail, ice, sleet or snow: but these apply only to personal property while outdoors at the time of loss.

B. Cause of Loss Options 2, 3, and 5

- 1. **Building Interior** – Loss by dust, hail, ice, rain, sand, sleet, or snow, whether or not wind driven, to: (a) the interior of a building; or (b) property within a building: but see Supplemental Coverage 18. But, if the building first sustains loss by any covered cause of loss to the exterior roof or walls, which then allows these elements to enter the building, we insure the resulting loss by such elements.
- 2. **Downspouts or Gutters** – Loss by weight of hail, ice, sleet, or snow to downspouts or gutters.

C. Cause of Loss Option 5

- 1. Drought.

2. Freezing, hail, ice, rain, sleet, or snow: but these only apply to personal property while outdoors at the time of loss;
3. Changes or extremes of temperature or dampness or dryness of the atmosphere: but these only apply to personal property; and

4. Any other weather conditions: but this only applies if weather conditions contribute with a cause, condition, or event, otherwise excluded by this policy, to produce the loss.

If loss otherwise covered by this policy ensues, *we* insure such resulting loss.

PART I G • SPECIAL PART I CONDITIONS

1. DUTIES WHEN LOSS / DANGER OF LOSS OCCURS *You, other insureds, and other coverage beneficiaries must do all of the following things:*

A. Report the Loss

Give immediate written notice to *us* of any loss. Also, immediately notify the police in case of theft, vandalism, or other violation of law. As soon as possible, give *us* a description of how, when, and where the loss occurred.

B. Protect Property

Protect property if in imminent danger from a covered cause of loss or, if loss has occurred, from further loss. For example, by taking exposed property indoors, by covering openings or windows, or by making temporary repairs. *We* cover the reasonable necessary expenses that *you* incur for such immediate temporary repairs or safeguards.

However, it is *your* ongoing obligation, at *your* expense, to – as soon as feasible after *you*, *your* employees, or those *you* authorize to act on *your* behalf become aware of any condition under *your* control which could lead to loss while this policy is in force – undertake all reasonable construction, maintenance, or repair necessary to protect property from such *covered loss*. Listing of all such conditions is not feasible, but examples include: if a roof is leaking, to repair such; if a flooring support is collapsing / deteriorating, to repair such; if new supports or retaining walls become required, to construct such.

Any additional or subsequent loss resulting from *your* neglect of these duties is not covered under this policy, and *you* must either rely on other insurance or absorb such loss *yourself*.

C. Cooperation on the Loss

As often as *we* may reasonably request / require:

1. Immediately exhibit all that remains of the damaged and undamaged property, and allow *us* to take samples of such property for examination and inspection.
2. Produce for examination and copying: the inventory described in the following Paragraph D; all relevant accounting procedures, affidavits, books of account, bills, contracts, deeds, documents, evidence, financial records, invoices, liens, leases, receipts, records, tax returns, vouchers, or other sources of information, or facsimiles acceptable to *us*.

3. Submit to examination and provide statements under oath and sign and swear to such. If more than one person is examined, *we* reserve the right to make such examination of each person out of the presence of the others. *We* also reserve the right to video record any examinations.
4. Otherwise cooperate with *us* in the investigation / settlement of the claim.

D. Inventory

At *our* request, prepare and sign an inventory of all damaged and undamaged property, showing in detail: age; description; quantity; *actual cash value* and, if so covered, replacement cost; source; amount of loss claimed. To the extent possible, set the damaged property aside and put such in best possible order for *our* examination.

E. Statement of Loss / Proof of Loss

Submit to *us* a statement about the loss that includes all information reasonably required by *us* (including, but not limited to, that described in the preceding Paragraphs C.2 and D) to determine: coverage; *our* liability for the loss and the amount and scope of loss; specifications of any damaged buildings. The statement is also to include detailed repair estimates.

And if required: submit to *us* within 60 days after *our* request a signed, sworn proof of loss. This is to include the information described in the preceding paragraphs and any other information reasonably required by *us*, including all knowledge available to *you*, and others about:

1. The time and cause of loss.
2. *Your* interest and that of all others in the property involved (including a description of all encumbrances on such property).
3. All other insurance policies which may apply to the loss.
4. Any changes in occupancy, title, or use of the property during the policy term.

Failure to comply with these (or other Conditions) can alter or void *our* obligations under this policy.

2. HOW LOSSES ARE SETTLED

A. Limit of Liability per Loss Occurrence – Coverages A, B, C

Our maximum liability is that amount which is the least one of all the following:

1. The *actual cash value* or the replacement value (if MCP 520 is listed in the Declarations – see Condition 2.C.2) of the damaged portions of subject property at the time of loss. But, in no event, exceeding the lesser of Paragraph a or Paragraph b:
 - a. The lesser cost reasonably required, with diligence and ongoing effort, to:
 1. Repair or restore the damaged property with like materials of comparable quality used for the same purpose / same occupancy, bringing such to the same general condition as existed immediately prior to the loss; or,
 2. Replace the damaged property, at the same described premises, with like property of comparable quality used for the same purpose / same occupancy;
 - b. The necessary reasonable expense paid to repair, replace, or restore the damaged property.

2. Any factors, limits, special limits, or other recovery limitations described or specified in this policy as applicable to the subject loss and property, whether shown in the Declarations, any endorsements, or elsewhere in this policy.

The inclusion of any sort of recovery limitations or special limits or the inclusion of more than one item within any provision in this policy do not increase or otherwise modify any of the general limits shown in this policy – unless specifically stated to be additional insurance.

3. The insurable interest of the *insured* (or other named interests) at the time of loss.

And, in all cases subject to the following special conditions:

4. **Glass** – Loss to glass is settled on the basis of the cost of replacement with safety glazing material when such replacement is required by law or ordinance.

Loss to glass is subject to the applicable limits shown in the Supplemental Declarations; the “per item” limit applies to each individual pane or panel or similar item.

5. **Money** (If covered under this policy) – At face value: if foreign money, at its exchange rate (in dollars) on the date that the loss is reported to *us* by *you*.

6. **Securities** (If covered under this policy) – At their value at the close of business on the date that the loss is reported to *us* by *you*.

7. **Stock** – Loss to *stock* that *you* have sold but not delivered at the selling price, less discounts and expenses that *you* would otherwise have.

8. Tenant's Improvements and Betterments

- a. If *you* make repairs as soon as feasible, loss is settled as described in the preceding paragraphs.
- b. If *you* do not make repairs as soon as feasible, *our* obligation is limited to a proportion of *your* original cost for the improvements, determined as follows:
 1. Divide the number of days from the date of loss to the expiration date of the lease by the number of days from the date of installation (of the improvement) to the expiration date of the lease, then
 2. Multiply the original cost by the figure resulting from this division.

Note: If *your* lease contains a renewal option, we use the expiration date of the renewal option in lieu of the expiration date of the current lease.

9. **Valuable Papers and Records** – Loss to *valuable papers and records* (other than prepackaged software programs) not subject to Supplemental Coverage 13.D is settled on the basis of the cost of blank materials for reproducing such records plus the cost of labor to copy such records when duplicates of such exist.

B. Limit of Liability per Loss Occurrence – Coverage D

Our maximum liability is determined based on consideration of all the following:

1. Coverage D. 1 – Business Income

- a. The net income / rental income of the business / operations before the date the *direct covered loss* occurred.
- b. The likely net income / rental income of the business / operations had the *direct covered loss* not occurred.
- c. The operating expenses, including payroll expenses, necessary to resume *your* normal business / operations at the same capability and quality of service as existed immediately prior to the date the *direct covered loss* occurred.
- d. Any other relevant sources of information, including all information described under Part I G, Condition 1 – “Duties.”
- e. Any liability *we* otherwise have, as determined in the preceding Paragraphs, is reduced to the extent that *you* can resume *your* normal business / operations, in whole or in part, including by using any property (including damaged property) at the described premises or elsewhere: See Part I A, Coverage D, Condition D. 2.

2. Coverage D. 2 – Extra Expense

- a. All expenses that exceed the normal operating expenses that *you* would otherwise incur in *your* business / operations during the coverage period of indemnity had the *direct covered loss* not occurred.

- b. All necessary expenses that reduce the Business Income loss that would otherwise be incurred; but this applies only if Coverage D. 1 applies under this policy.
- c. Any liability *we* otherwise have for Extra Expense, as determined in the preceding Paragraph 2.a. is reduced by the following:
 - 1. The remaining salvage value of any property bought for temporary use during the coverage period of indemnity once *your* business / operations are resumed.
 - 2. Any Extra Expense that is paid for by other insurance that is not subject to the same provisions that apply under this policy.
 - 3. To the extent that *you* can resume normal business / operations.

3. Coverage D. 1 and D. 2

Conditions 1 and 2 apply to each described premises at which *direct covered loss* occurs, and *our* maximum liability for such loss does not exceed the limits or other recovery limitations otherwise shown in this policy applicable to the subject *covered loss*.

C. Bases of Loss Settlement – Coverages A, B, C

1. Actual Cash Value Basis

Loss settlement under Coverages A, B, and C is on an *actual cash value* basis.

However, if the cost to repair a damaged building is less than the replacement threshold limit specified in the Supplemental Declarations, then loss settlement is on a replacement basis (pursuant to the provisions of the following Condition C.2) other than loss to the following property: awnings; cooking, dishwashing, laundering, refrigerating, or ventilating appliances; fire extinguishers; floor coverings; lawn care and snow removal equipment; outdoor fixtures / furniture.

2. Replacement Coverage Option – Coverages A / B

a. If MCP 520 is listed in the Declarations (or the replacement option is otherwise designated as applicable in this policy) then the expense of replacement applies in lieu of *actual cash value* as the basis for loss settlement on those buildings and that personal property designated in this policy as subject to this Option. However, in any case, loss to the following property remains on an *actual cash value* basis:

1. Manuscripts.
2. Property of others.
3. Stock – Unless MCP 521 is listed in the Declarations.
4. Works of art, antiques, or rare articles, including – but not limited to – bronzes, bric-a-brac, etchings, marble, pictures, porcelains.

- b. We are not liable for payment on a replacement basis until *you* complete repair, replacement, or restoration of the subject property.

You may submit a claim on an *actual cash value* basis and then, no later than 180 days following settlement on an *actual cash value* basis (or *our* offer of such if *you* decline settlement), make further claim in writing on repair, replacement, or restoration which *you* have completed at the time *you* make such claim.

- 3. Unless MCP 522 is listed in the Declarations as applicable to the subject property, *you* must make repair, replacement, or restoration at the same described premises. But see Supplemental Coverage 4, if such is prohibited by law or ordinance.

D. Appraisal

- 1. If *you* and *we* do not agree on the amount of the loss or values or on the amount of Business Income or operating expenses, either one can require that the items in dispute be set by appraisal. Within 30 days of receipt of a written demand for appraisal, each is to select a competent and disinterested appraiser. Each party is to then notify the other of the appraiser selected.
- 2. The two appraisers are to select a competent and disinterested umpire. If the appraisers are unable to agree upon an umpire within fifteen days, *you* or *we* may petition a judge of a Court of Record to select an umpire.
- 3. The appraisers are to reach a mutual agreement on the items in dispute. If the appraisers fail to agree within a reasonable time, they are to submit their differences to the umpire. Written agreement signed by any two of these three persons constitutes settlement on the items in dispute.
- 4. Each appraiser is paid by the party selecting the appraiser. All other expenses of the appraisal are paid equally by *you* and *us*.
- 5. If *we* agree to appraisal, *we* specifically retain *our* right to deny the claim.

E. Coinsurance Requirements • Coverages A, B, C

When the Declarations show a Coinsurance factor, the following Conditions apply:

- 1. **Full Liability** – *We* pay the full amount of *our* obligation on the loss, as otherwise determined and limited in this policy, if the product of “a” times “b” is an amount equal to or less than the applicable limit for the property shown in the Declarations, where:
 - a. “a” is 100% of the applicable value of the property at the time of loss (if two or more items are covered by one limit, use the sum of their separate values).
 - b. “b” is the applicable Coinsurance factor specified in this policy.

But if this figure exceeds the applicable limit, *our* maximum obligation on the loss is reduced, as determined in Condition E.2. (But see the following Special Condition).

2. **Reduced Liability** – If the figure in the preceding Paragraph E.1 (that is, “a” x “b”) exceeds the applicable limit for the property, *our* obligation, subject to all other provisions, is as follows:
 - a. Divide the applicable limit by the figure determined in Paragraph E.1; then
 - b. Multiply the amount of loss (less deductible) by the figure determined in Paragraph E.2.a: *Our* maximum obligation is this reduced amount (the product of [b]).

F. Coinsurance Requirements • Coverage D.1
When the Declarations show a Coinsurance factor, the following Conditions apply:

1. **Full Liability** – *We* pay the full amount of *our* obligation on the loss, as otherwise determined and limited in this policy, if the product of “a” times “b” is an amount equal to or less than the applicable limit for such loss shown in the Declarations, where:
 - a. “a” is the sum of the net income (net profit or loss prior to income tax) plus all operating expenses (including payroll).
 - b. “b” is the applicable Coinsurance factor specified in this policy.

But if this figure exceeds the applicable limit, *our* maximum obligation on the loss is reduced, as determined in Condition F. 2 (But see the following Special Condition).

The net income and operating expenses used are those that would have been earned (had the *direct covered loss* not occurred) by *your* business / operations at the described premises for the 12 months following the latest one of the following dates, as applicable to the policy: the inception date, if a new policy; the renewal date, if a renewal policy; the last applicable anniversary date, if a term policy.

2. **Reduced Liability** – If the figure in the preceding Paragraph F.1 (that is, “a” x “b”) exceeds the applicable limit for the loss, *our* obligation, subject to all other provisions, is as follows:
 - a. Divide the applicable limit by the figure determined in Paragraph F.1; then
 - b. Multiply the amount of loss by the figure determined in Paragraph F.2.a: *Our* maximum obligation is this reduced amount (the product of [b]).

Special Condition – Waiver of Conditions E and F.

When the amount of *covered loss* is less than both: the Special Condition limit specified in the Supplemental Declarations and the product of the amount of insurance (applicable to the *covered loss*) times the Special Condition factor specified in

the Supplemental Declarations – the Coinsurance Condition is waived on such loss.

G. Deductible – Coverages A, B, C

1. *We* are liable for *covered loss* in any occurrence only when the loss is in excess of the deductible amount shown in the Declarations, and then only on the amount of loss less the deductible amount.
2. However, if MCP 512 is listed in the Declarations as applicable to the subject property loss and if the loss is 5 (five) times or more the deductible amount, then: reduce the applicable deductible by 2% (.02) of the amount of loss up to a maximum reduction of 100% of such deductible amount. For example, if the loss is \$20,000 and the deductible is \$1,000 the net deductible is \$600 (.02 x \$20,000 = \$400; \$1,000 - \$400 = \$600).

H. Loss to a Portion of a Pair or Set of Articles – Coverages B / C

1. Loss to some portion of a pair or set of articles or to property consisting of two or more parts (when complete) is not considered a total loss unless: because of such loss, the remainder is of no use and repair or replacement is not feasible.
2. In case *we* agree to pay for total loss, *you* are required to give *us* the remainder of such property, at *our* request, prior to such payment.

I. Our Liability and Satisfaction of Your Loss

If the maximum liability payable by *us* on *covered loss*, as determined under this policy, does not fully satisfy *your* loss, then *you* must either seek insurance that may be provided by others for the difference or otherwise absorb the unsatisfied portion of the loss *yourself*.

J. Our Options in Settling Losses – Coverages A, B, C

1. *We* may pay for the loss in money.
2. *We* may repair or replace all or any part of the property as provided for in this policy, or take all or any part of such property at a mutually agreed, or appraised, value. *We* may give notice of *our* intent to do so at any time up to 30 days after *our* acceptance of *our* liability for the loss (i.e., proof of loss).
3. *We* may settle the claim with *you*, any loss payee named in this policy, or others legally entitled to receive payment. If the claim applies to property of others, *we* have the right to adjust the loss with the owners of the property: satisfaction of their claim is also satisfaction of *your* claim as to such property.

If legal action is taken in a claim against *you*, *we* have the right to conduct and control a defense at *our* expense (but without increasing *our* liability under this policy).

K. Recovery of Covered Property

In the event *we* make a payment for loss and a subsequent recovery is made of any of the property, *you* may choose to keep the property *you* have recovered or receive the property that *we* have recovered. If *you* choose this

option, *our* liability is reduced accordingly: payment is adjusted for the amount which *you* received for the loss to such property, and *you* must compensate *us* for the amount *we* previously paid.

If *you* do not choose this option, the recovered property becomes *our* property: if *you* have such property, *you* are required to give *us* those items *we* request.

L. When Loss Becomes Payable / Payment to Others

Loss becomes payable 30 days after completion and acceptance by *us* of a written agreement between the parties, or after an award is filed with *us* as provided in this policy. *Our* payment does not reduce the amount of insurance provided under this policy.

With respect to any mortgagee or secured party named in this policy; governmental entity; or others with contractual, legal, or statutory rights in loss payable under this policy: *we* may make payment jointly to all interested parties at *our* option. But *we* need not pay any loss assignee, unless they receive a full assignment of the loss from *you*.

If an insurance trustee is named in this policy, *we* may negotiate the loss and make payment solely to such trustee – to the extent that the trustee represents those with an interest under this policy.

3. OTHER SPECIAL PART I CONDITIONS

A. Abandonment of Property

Abandonment of any property to *us* is prohibited.

B. Increase in Hazard / Related Conditions

1. Increased Hazards – This insurance is suspended while the hazards *we* initially undertook to insure are increased by means within *your* control or control of those *you* designate to act for *you*: loss, otherwise covered, is not insured during such suspension of this insurance. Lawful building alteration, construction, maintenance or repair, unless changing the use of premises, is not an increase in hazard.

An increase in hazard at one described premises does not affect this insurance at another described premises when no increase in hazard exists at such other described premises.

Increase in hazard includes changes which affect one or more of the following: use of the premises; the rates for this insurance; the acceptability of the hazard / risk to *us*, including breach of conditions which were the basis of *our* acceptance of such; the underwriting conditions and changes in physical conditions required by *us* for such hazard / risk; ongoing continuous effectiveness and use of any protective safeguards, required by *us* for which *we* have given premium consideration; circumstances which would affect the scope of coverage, covered causes of loss, or amounts of insurance otherwise acceptable to *us* for such hazard / risk.

2. Vacancy – This insurance is suspended when a covered building becomes vacant beyond a period of 60 consecutive days. Vacant means not containing the contents customary to occupancy of the building. A building in the course of lawful alteration, construction, or repair is not considered vacant.

3. Unoccupancy – This insurance is suspended when a covered building becomes unoccupied beyond a period of 60 consecutive days.

This Condition does not apply to unoccupancy during that part of the year when it is *your* normal previous custom to close because of seasonal use.

C. Mortgagee Agreement

Mortgagees named in this policy are covered for loss to the extent of their interest and in order of precedence of the mortgages. This Condition applies to those mortgagees (this term includes trustees) named in this policy who comply with the following Conditions.

Provided that the mortgagee will:

1. Without delay, notify *us* of any change in ownership or occupancy, foreclosure proceeding, or increased hazard known to the mortgagee.
2. Pay, on *our* demand, any required premium because the *insured* fails to do so.
3. Furnish proof of loss within 60 days after *our* request if the *insured* fails to do so.
4. Give *us* the mortgagee's rights of recovery against anyone liable for the loss. This does not impair the mortgagee's right to recover the full amount of the claim.
5. Permit *us*, after a loss, to satisfy the mortgage requirements and receive a full assignment of the mortgage and all collateral securities to the debt.

We agree to provide this insurance to protect the mortgagee's interest in covered property even if *we* deny *your* claim.

See elsewhere in this policy for Conditions relating to Cancellation by *us*.

D. No Benefit to Bailee

This insurance does not apply to the benefit of any others having custody of covered property. Any assignment to such persons or organizations has no standing under this policy.

E. Special Factors, Limits, or Limitations

This Part includes references in certain provisions to factors, limits or special limits, and other limitations described or specified in this policy: these are shown in the Declarations and Supplemental Declarations (or other similar attachments) to this contract.

PART I H • GLOSSARY

The following words shown in **italics** are defined for the purposes of insurance under Part I to mean the following.

Actual Cash Value

Consideration may be given by *us* in *our* determination of *actual cash value* to: age; condition; cost to repair, replace, or restore the property, subject to deduction for depreciation; deterioration; economic value; market value; obsolescence (both structural and functional); original cost; use; utility; or other circumstances that may reasonably affect value.

Automatic Sprinkler System

Automatic sprinkler system means –

- A. Any automatic fire protection or extinguishing system, including any of the following connected parts:
 1. Ducts, fittings, pipes, or valves.
 2. Pumps and private fire protection mains.
 3. Sprinklers and other discharge nozzles.
 4. Tanks, including their component parts and supports.
- B. When supplied by an automatic fire protection or extinguishing system:
 1. Hydrants, outlets, or stand pipes.
 2. Non-automatic fire protection or extinguishing systems.

Collapse

Collapse means an abrupt falling down or caving in of a building or structural parts of a building.

Collapse does not include a building or part of a building that is:

1. In danger of falling down or caving in; or
2. Standing, even if it has separated from another part of the building.

Collapse does not include bulging, cracking, expanding, settling or shrinking.

Computer Hacking

Computer hacking means unauthorized intrusion into a computer network, hardware, software or website including entry of a computer worm or Trojan Horse, spyware or adware, that results in:

1. Alteration, contamination, corruption, degradation, destruction or modification of the integrity, quality or performance of computer media, data, prepackaged programs, hardware or software;
2. Copying, observation or scanning of data records, programs and applications and proprietary programs;
3. Corruption, damage, degradation, destruction, inadequacy or malfunction of any hardware or media used with hardware;
4. Deletion, destruction, generation or modification of software; or
5. Denial of access to or denial of service from *your* computer network, hardware or website.

Computer Virus

Computer virus means the introduction into hardware, software or a website of any malicious self-replicating electronic data

processing code or other code that is intended to result in, but is not limited to:

1. Alteration, contamination, corruption, degradation, destruction or modification of the integrity, quality or performance of computer media, data, prepackaged programs, hardware or software;
2. Corruption, damage, degradation, destruction, inadequacy or malfunction of any hardware or media used with hardware;
3. Deletion, destruction, generation or modification of software; or
4. Denial of access to or denial of service from *your* computer network, hardware or website.

Covered Loss

Covered loss: See Part I C • Cause of Loss Options.

Direct Covered Loss

Direct covered loss: See Part I C • Cause of Loss Options.

Finished Stock

Finished stock means – stock manufactured by *you*: but does not include such stock that is held for sale on the premises of a covered retail outlet.

Fungi

Fungi means any type or form of fungus, mold, mildew spores, algae, smut, protists, rusts or *rot and decay organisms*, and any similar or related organisms and any mycotoxin, substance, compounds, chemicals, mist or vapor produced by any *fungi* in any form, or any byproducts or waste produced by *fungi*, but does not include any *fungi* intended to be edible.

Insured

Insured means the person or entity designated as *insured* in the Declarations or otherwise named as an *insured* in this policy.

Money / Securities

Money means – bank notes, bearer bonds, bullion, coins, currency, lottery tickets, money orders, prepaid phone cards, registered checks, stored value cards, and travelers checks held for sale to the public.

Securities means – negotiable and non-negotiable contracts or instruments that represent obligations to pay *money* or pay other property and that are collectible at the time of loss: examples of such include – but are not limited to – accounts, bills, deeds, evidence of debt, notes, revenue and other stamps, tickets (not *money*), or tokens now in use.

Pollutants

Pollutants are any gaseous, liquid, solid, or thermal contaminant or irritant, including acids, alkalis, chemicals, fumes, smoke, soot, vapors, and waste (including materials to be reclaimed, reconditioned, or recycled).

Rot and Decay Organisms

Rot and decay organisms means any living organism that causes decomposition of physical property.

Stock

Stock means – merchandise held in storage or for sale; in-process or finished goods; raw materials; supplies used in packing or shipping of such goods, merchandise, or materials.

Valuable Papers and Records

Valuable papers and records includes – abstracts, books of account, card index systems, drawings, manuscripts, microfilm, microfiche; as well as cell, disk, drum, film, tape, or other data processing, recording, or storage media.

We / Us / Our

We, *us*, and *our* refer to the Insurance Company named in this policy.

You / Your / Yourself

You, *your* and *yourself* refer to the *named insureds* who are the *insureds* named in the Declarations. *First named insured* is the *insured* named first in the Declarations.

PART I • COMMON CONDITIONS

These Common Conditions Apply in Addition to Part I G.

1. ACTION OR SUIT AGAINST US

The conditions for bringing an action or suit against *us* are described elsewhere in this policy in the state mandatory endorsement.

2. ASSIGNMENT OF YOUR INTEREST

No assignment of an interest in this policy is binding on *us* without *our* written consent. However, if *you* are an individual and die this insurance applies:

- A. To *your* legal representative, while acting within the scope of the representative's duties.
- B. To those with custody of *your* property prior to appointment of a legal representative.

3. CANCELLATION / TERMINATION

A. General

You may cancel this policy by: surrendering the policy to *us* or *our* agent or by mailing *us* or *our* agent notice stating a subsequent cancellation date for the policy. Such request made by the *first named insured* applies for all *insureds* / interests named under this policy. All cancellations are pro rata, but a minimum earned premium may apply. Any return premium is payable to the *first named insured* – within 30 days after the cancellation date.

If *you* secure insurance with another insurer to replace *our* policy and do not pay the premium, or installment payment, for this policy when due: this policy terminates at the time such other insurance becomes effective. If *you* sell the described business or premises to others, coverage under this policy terminates at the time title is transferred to others with respect to such business or premises – unless *you* retain an insurable interest.

B. Our Right to Cancel or Terminate

Our rights to cancel or terminate this insurance are described elsewhere in this policy in the state mandatory endorsement.

4. CONCEALMENT / MISREPRESENTATION / FRAUD

This policy is void if, either before or after a loss, any *insured* misrepresents or knowingly conceals any material fact or circumstance, commits fraud, or swears falsely relating to any aspect of this insurance (including the information *we* relied upon in issuing this contract). However, if *we* specifically choose not to declare this policy void, *we* do not provide

insurance under this policy to, or for the benefit of, any such *insureds*.

5. CONFORMITY WITH STATUTE

It is agreed by *us* that the provisions in this policy are amended to conform to all applicable statutory requirements.

6. COVERAGE TERRITORY

We cover damage or loss only within the fifty states of the United States of America (including its possessions and territories), the District of Columbia, Puerto Rico and Canada.

7. EXAMINATION / CHANGES

We may, at *our* option, inspect *your* property and operations at any time, make surveys, and make recommendations. However, *our* reports or recommendations or those of any inspection bureau or rating bureau do not constitute a determination or representation that any premises or operations are in compliance with law or regulation, healthful, or safe.

We may inspect and audit *your* books and records at any time (including up to 3 years after termination of this insurance contract) to the extent such pertains to the subject of this insurance or payment of premium. The *first named insured* is required to keep all records necessary for such and send complete accurate copies to *us* at *our* request.

We may make premium adjustments based on the findings of *our* inspection and audit, or because of the application of MCP 550 (See Part I • Common Condition 11).

8. INSURANCE UNDER MORE THAN ONE COVERAGE

In the event that more than one coverage under this policy covers the same loss, *we* are liable only for the amount of *our* obligation, up to *our* limit of liability, not exceeding the amount of loss.

9. LIBERALIZATION

This policy is automatically extended to include provisions approved during the policy period or within 45 days prior to its inception, which would broaden coverage under this policy, if such are not subject to additional premium or concurrent with coverage restrictions.

10. OTHER INSURANCE

- A. This insurance is excess insurance over other insurance *you* may have applicable to the loss (whether *you* can collect on it or not) that is not subject to the same provisions contained in this policy.

- B.** When this insurance is excess over other insurance: *We* pay only *our* share of the remaining loss that exceeds the sum of both:
- 1.** The total amount payable by all such insurance, as described, in the absence of this insurance, plus
 - 2.** The total of any deductibles or self-insured amounts under all such insurance.

Furthermore, any remaining loss is then shared by *us* with any other insurance remaining on the loss in accordance with the provisions described in the following Paragraph C.

- C.** With regard to other insurance subject to the same provisions contained in this policy or where *we* otherwise are a primary insurer (among others) *we* pay in one of the following ways:
- 1.** If all such other insurers provide for contributions by equal shares: *we* and all other insurers contribute equal amounts until the amount of obligation is paid or the insurer's applicable limit of liability is used up, whichever comes first.
 - 2.** If any other insurer does not provide for equal shares: *we* pay no greater proportion of the total amount of loss than *our* obligation on the applicable limit of liability of this policy bears to the total amount of insurance of all insurers covering the loss.

However, if *you* have any other insurance applicable to property covered by this policy – but not covering a cause of loss covered under this policy, then: any loss payable under this policy in connection with such cause of loss is apportioned and payable by *us* in the same way as if such other insurance covered the loss.

11. PREMIUMS

The *first named insured* is responsible for the payment of all premiums, and will be the sole payee of any premiums *we* return.

MCP 550 – Provisional Rates and Premiums

If MCP 550 is listed in the Declarations, the rates for the subject items are interim provisional rates and the subject

premiums are tentative premiums. When the final specific rates (based on rating inspection / investigation of the subject premises) are promulgated such rates are applicable from inception of the current policy term.

The applicable tentative premiums are then recalculated using the final rates, and either a return premium or additional premium is applicable for the current policy term.

12. RECOVERY FROM OTHERS

If any *insured* (or others) to whom, or for whom, *we* make payment has any rights of recovery on the loss from another, those rights are transferred to *us* to the extent of *our* payment under this policy. *Insureds* (or such others) must do whatever *we* require to secure these rights. *You* may waive such rights in writing prior to a *covered loss*. *You* may also waive such rights after a loss, but only if the waiver is given to either:

- A.** Another *insured* under this policy; or
- B.** A business either controlled or owned by *you* or that controls or runs *your* business.

But *we* have no obligation to pay under this policy on the loss if these rights are otherwise waived.

13. TIME OF INCEPTION AND COVERAGE PERIOD

The time of inception and expiration is 12:01 A.M. Standard Time at the described premises. Unless otherwise specifically provided for under this policy, this insurance applies only to *covered loss* that takes place during the policy term.

14. WAIVER OR CHANGE OF PROVISIONS

Only the *first named insured* may request changes in this policy. The terms in this policy may not be waived or changed except in writing, signed by our agent and attached to this policy. The exercise of our rights under this policy is not an act of waiver. This policy contains all related agreements between *you* and us.

NOTE: Similar Common Conditions are included in Part II (if made part of this Contract).

PART I • COMMON EXCLUSIONS

We provide no insurance for any sort of damages, expenses, liability, or loss directly or indirectly, wholly or partially, aggravated by, consisting of, or resulting from the following – even if loss otherwise covered contributes to such concurrently or in any sequence.

These Common Exclusions Apply in Addition to Parts I D, E, and F.

1. EARTH MOVEMENT / EARTHQUAKE / VOLCANIC ACTIVITY

Earthquake; volcanic activity (including volcanic effusion, eruption or explosion) other than that specifically described as included in volcanic eruption under Part I C • Cause of Loss Options; or other catastrophic earth movement. But if loss resulting from fire or explosion, or theft (to the extent otherwise insured by this policy) ensues, *we* insure such resulting loss.

2. GOVERNMENTAL / LEGAL / WAR

- A.** Any act or condition of: war (declared or not), civil war, invasion, insurrection, rebellion, revolution, or seizure of power, including acts done to defend against any such act or condition, whether actual or expected.
- B.** Knowing violation of penal law or ordinance committed by, or with the consent of, an *insured*. Statutory fines or liability. Exemplary or punitive damages.

- C. Confiscation, loss, or seizure under customs, drug enforcement, or quarantine legislation or regulations. Loss to property that is contraband or in the course of illegal transportation or trade.
- D. Damage or destruction of property ordered by civil authority, other than immediate acts of destruction ordered by authorized civil authorities for the purpose of preventing the spread of fire – provided the fire originates from a cause of loss covered in this policy.

3. NUCLEAR / RADIOACTIVE LOSS

- A. Any nuclear event, occurrence, or operation, including nuclear explosion, nuclear reaction, nuclear radiation, or radioactive contamination. These are not fire, explosion, smoke or any other covered cause of loss. However, if these result in fire we insure such resulting direct fire loss, but not any other direct physical loss which may ensue.
- B. The explosive, radioactive, toxic, or other injurious properties of nuclear or radioactive materials – whether such materials are natural or manufactured.

NOTE: Similar Common Exclusions are included in Part II (if made part of this Contract).

EQUIPMENT BREAKDOWN COVERAGE SCHEDULE

Subject to any applicable limits on the Declarations, the Equipment Breakdown Limit is the most we will pay for loss or damage arising from any one Accident.

These coverages apply to all locations covered on the policy, unless otherwise specified.

Coverages

	Limits
Equipment Breakdown Limit	\$ Per Policy Property Limits
Loss of Use / Loss of Income (including Extra Expense if shown as covered)	\$ Per Policy Limits
Expediting Expense	\$ 25,000
<i>Hazardous Substances</i>	\$ 25,000
Spoilage	\$ 25,000
<i>Computer Equipment</i>	\$ 25,000
Data Restoration	\$ 25,000

Deductibles

Combined, All Coverages	\$ 2,000
Direct Coverages	\$ N/A
Indirect Coverages	\$ <u>N/A</u> or <u>N/A</u> hrs. or ADV
Spoilage	\$ <u>N/A</u> or <u>N/A</u> %

Other Conditions

CERTIFIED ACTS OF TERRORISM EXCLUSIONS • PARTS I AND II

This endorsement extends the policy to exclude certain loss arising out of terrorism.

The provisions of this endorsement apply only when the endorsement number is listed in the Declarations.

Except as provided below, all other provisions in this policy are unchanged.

1. COVERAGE MODIFICATION – PROPERTY

If Part I is included in this policy, the following exclusion is added to the PART I COMMON EXCLUSIONS:

CERTIFIED ACTS OF TERRORISM EXCLUSION

We do not provide insurance for any loss or damage directly or indirectly arising out of or resulting from a *certified act of terrorism*. Such loss or damage is excluded regardless of any other cause or event that contributes concurrently or in any sequence to the loss.

If loss resulting from fire (to the extent insured by this policy) ensues, we insure such resulting loss. However, this exception for fire applies only to direct physical loss by fire to covered property. Therefore, this exception does not apply to any sort of consequential loss, loss of use, or loss of utility, including losses under Business Income and / or Extra Expense coverages.

However, if the Secretary of the Treasury determines that the amount of *certified terrorism loss* has exceeded the maximum annual liability under the terms of the Federal Terrorism Risk Insurance Act of 2002 or any subsequent action of Congress pursuant to the Act, we will not pay for any amount of *certified terrorism loss* that exceeds such maximum annual liability.

2. COVERAGE MODIFICATION – LIABILITY

If Part II is included in this policy, the following exclusion is added to the PART II – COMMON EXCLUSIONS:

CERTIFIED ACTS OF TERRORISM EXCLUSION

We do not insure *bodily injury, property damage, personal injury or advertising injury* arising directly or indirectly out of a *certified act of terrorism*.

3. OTHER EXCLUSIONS

The terms and limitations of any terrorism exclusion, or the inapplicability or omission of a terrorism exclusion, do not serve to create coverage for any loss which would otherwise be excluded under this policy by the Governmental / Legal / War Exclusion, the Nuclear / Radioactive Loss Exclusion or any other exclusion.

4. ADDITIONAL DEFINITIONS

The following definitions apply:

Certified act of terrorism means an act that is certified by the Secretary of the Treasury, in consultation with the Secretary of Homeland Security and the Attorney General of the United States, to be an act of terrorism that is:

1. A violent act or an act that is dangerous to human life, property or infrastructure and that resulted in damage with an aggregate loss exceeding \$5,000,000:
 - a. Within the United States;
 - b. At the premises of a United States Mission; or
 - c. To an air carrier (as defined in section 40102 of title 49, United States Code) or to a United States flag vessel (or a vessel based principally in the United States, on which United States income tax is paid and whose insurance coverage is subject to regulation in the United States), regardless of where the loss occurs;
2. Committed by an individual or individuals as part of an effort to coerce the civilian population of the United States or to influence the policy or affect the conduct of the United States Government by coercion.

Certified terrorism loss means loss that results from a *certified act of terrorism*.



CERTIFIED ACTS OF TERRORISM EXCLUSION

This endorsement modifies the policy to exclude certain loss arising out of terrorism for Inland Marine Coverage.

The provisions of this endorsement apply only when the endorsement number is listed in the Declarations.

Except as provided below, all other provisions in this policy are unchanged.

1. COVERAGE MODIFICATION

The following exclusion is added to the Inland Marine Coverage EXCLUSIONS – LOSSES NOT INSURED:

CERTIFIED ACTS OF TERRORISM EXCLUSION

We do not provide insurance for any loss or damage directly or indirectly arising out of or resulting from a *certified act of terrorism*. Such loss or damage is excluded regardless of any other cause or event that contributes concurrently or in any sequence to the loss

2. OTHER EXCLUSIONS

The terms and limitations of any terrorism exclusion, or the inapplicability or omission of a terrorism exclusion, do not serve to create coverage for any loss which would otherwise be excluded under this policy by the Governmental / Legal / War Exclusion, the Nuclear / Radioactive Loss Exclusion or any other exclusion.

3. ADDITIONAL DEFINITIONS

The following definition applies:

Certified act of terrorism means an act that is certified by the Secretary of the Treasury, in consultation with the Secretary of Homeland Security and the Attorney General of the United States, to be an act of terrorism that is:

- A. A violent act or an act that is dangerous to human life, property or infrastructure and that resulted in damage with an aggregate loss exceeding \$5,000,000:
 - 1. Within the United States;
 - 2. At the premises of a United States Mission; or
 - 3. To an air carrier (as defined in section 40102 of title 49, United States Code) or to a United States flag vessel (or a vessel based principally in the United States, on which United States income tax is paid and whose insurance coverage is subject to regulation in the United States), regardless of where the loss occurs;
- B. Committed by an individual or individuals as part of an effort to coerce the civilian population of the United States or to influence the policy or affect the conduct of the United States Government by coercion.



WINDSTORM AND RELATED DAMAGE DEDUCTIBLE •PART I

This endorsement provides a special deductible for windstorm and related losses. The required information may be shown below or elsewhere in this policy.

**The provisions of this endorsement apply only when the endorsement number is listed in the Declarations.
Except as provided below, all other provisions in this policy are unchanged.**

Policy # 110001139

Location: 1 Building: 1

\$ 10000 < Windstorm Deductible Amount

COVERAGE MODIFICATION

The deductible provision of the Part I G • How Losses Are Settled Condition is amended as follows:

The deductible amount shown for Windstorm replaces the otherwise applicable Part I deductible for all loss in any one occurrence caused by windstorm. This includes any related loss to (1) the interior of a building or structure or (2) personal property within a building or structure: damaged by hail, ice, rain, sleet, snow or water as a result of an exterior roof or wall sustaining loss by windstorm allowing such elements to enter the building or structure.

SUPPLEMENTAL DECLARATIONS — MCP 011 01 05

The following special limits and rating factors apply to the designated coverages, in accordance with the provisions of Coverage Form MCP 010.

	(A) POLICY LIMIT/FACTOR	(B) REVISED POLICY LIMIT/FACTOR	(C) REVISED ITEM LIMIT/FACTOR (1)	NUMBER (5)
PART I B				
SUPPLEMENTAL COVERAGES				
Location 1	Building 1			
		Business Description: LIQUOR STORE		
1 MACARTHUR BOULEVARD				
SOMERS POINT, NJ				
1. Accounts Receivable	\$ 3,000	\$	\$	
2.A. Automatic Increase (Annual Inflation) Factor	—			
Coverage A	—			
Coverage B	—			
2.B. Peak Season Factor	—			
3. Building Extension				
A. Glass				
Limit	\$ 1,000	\$	\$	
Per Item Limit	\$ 100	\$	\$	
B. Outdoor Signs				
1. Not Attached to Buildings	\$ 1,000	\$	\$	
2. Attached to Building	\$ 1,000	\$	\$	
Deductible	\$	\$	\$	
4. Building Code / Law Coverage	0.10			
6. Consequential Loss (2)				
1. Loss of Utility Service	\$ 1,000	\$	\$	
2. Mechanical Breakdown	\$ 500	\$	\$	
7. Debris Removal				
B. Factor (Covered Loss Times):	0.25	—	—	
C. Additional Limit	\$ 5,000	\$	\$	
9. Fire Expense Coverages				
A. Fire Department Service Charge	\$ 1,000	—	—	
B. Fire Extinguisher Recharge Expense	\$ 1,000	—	—	
10. Newly Acquired Property				
1. Coverage A				
Coverage A Limit Times:	0.25	—	—	
Maximum Limit per Building	\$ 250,000	—	—	
2. Coverage B				
Coverage B Limit Times:	0.10	—	—	
Maximum Limit per Location	\$ 100,000	—	—	
3. Coverage D. 1				
Coverage D Limit Times:	0.10	—	—	
Maximum Limit per Location	\$ 100,000	—	—	

	(A) POLICY LIMIT / FACTOR	(B) REVISED POLICY LIMIT / FACTOR	(C) REVISED ITEM LIMIT / FACTOR	(1) NUMBER (5) Location 1 Building 1
PART I B SUPPLEMENTAL COVERAGES				

11. Off Premises Property				
A. At Other Locations	\$ 5,000	\$ 5,000	\$	
B. In Transit (3)	\$ 1,000	\$ 5,000	\$	
Option MCP 505	—	\$	\$	
Optional Theft Limit (4)	—	\$	\$	
12. Outdoor Property				
Limit	\$ 1,000	\$	\$	
Per Item Limit	\$ 250	\$	\$	
13. Personal Property				
B. Personal Effects	\$ 3,000	\$	\$	
C. Property of Others	\$ 3,000	\$	\$	
D. <i>Valuable Papers / Records</i>	\$ 3,000	\$	\$	
14. Pollution Clean Up	\$ 10,000	—	—	
15. Precious Metals	\$ 3,000	\$	\$	

PART I D
PROPERTY LIMITATIONS

4. Coverages B / C				
A. Furs	\$ 3,000	—	—	
B. Jewelry Type Property	\$ 3,000	—	—	
Limit	\$ 100	—	—	
Per Item Limit	\$ 100	—	—	

PART I G
SPECIAL PART I CONDITIONS

2. Replacement Threshold (C.1)	\$ 3,000	—	—	
2. Special Condition (E / F)	\$ 10,000	—	—	
Limit	0.05	—	—	
Factor				

NOTES:

- With the exception of Supplemental Coverages 6 (Item 2) and 14, the limits and factored amounts of insurance are aggregate limits per occurrence. With regard to 6 (Item 2) and 14 the limits are aggregate limits per policy year for all covered occurrences.
- Column (A) shows Basic Policy Limits / Factors: " — " means coverage not applicable.
- Columns (B) and (C) show the Revised Limits / Factors, which replace those shown in Column (A): " — " means no change permitted.
- The Revised Limits / Factors, shown in Column (C) apply only with regard to the Item or Building / Location, numbered per Declarations, specified: list Item / Number and applicable Revised Limit / Factor.

(1) Or see MCP 012, if listed as applicable to this policy.

(2) Coverage may be deleted by showing zero dollars (\$0) in Column (B).

(3) When Option MCP 505 applies, this coverage and limit is replaced by MCP 505.

(4) When shown, the theft sub-limit applies to such losses in lieu of the MCP 505 limit otherwise applicable.

(5) Item No. or Location / Building Nos. Shown in the Declarations.

MCP 011 01 05

BUILDING CODE / LAW COVERAGE — BLANKET INSURANCE CONDITION • PART I

This endorsement establishes coverage limits when the policy is written on a blanket basis.

The provisions of this endorsement apply only when the endorsement number is listed in the Declarations.

Except as provided below, all other provisions in this policy are unchanged.

COVERAGE MODIFICATION

Paragraph A of the Building Code / Law Supplemental Coverage is amended as follows:

If blanket insurance is provided by this policy (where more than one building or property is insured under a single limit of liability), the amount of coverage is determined by applying the applicable factor to the Coverage A replacement cost for the specific property subject to the *covered loss*.



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BUILDING CODE / LAW COVERAGE MODIFICATION

This endorsement revises how the limits of coverage are determined.

The provisions of this endorsement apply only when the endorsement number is listed in the Declarations.

Except as provided below, all other provisions in this policy are unchanged.

COVERAGE MODIFICATION**Section A of the Building Code / Law Supplemental Coverage is replaced by the following:**

- A. Coverage A is extended to cover the following losses or expenses that ensue as a direct consequence of *covered loss* at the described premises. The losses or expenses covered under Item A.1 are included within the Coverage A limit of liability for the subject property. This Supplemental Coverage does not provide an additional amount of insurance.

We cover the expenses under Items A.2 and 3 for an amount determined by applying the applicable factor shown in the Supplemental Declarations to the Coverage A limit for the subject property: the product is the specific limit for Items A.2 and 3 combined. If this policy is insured on a blanket basis (where more than one building or property is insured under a single limit of liability), the amount of coverage is determined by applying the applicable factor to an amount that is the greater of:

1. The Coverage A replacement cost value for the specific property subject to the *covered loss* as reported to *us* in the Statement of Values on record with *us*; or
2. The actual Coverage A replacement cost at the time of loss for such property.

The losses or expenses covered are:

1. The loss caused by enforcement of any building, land use, or zoning code / law in force the date of the *covered loss*, that:
 - a. Requires the demolition of parts of the same property not damaged by a covered cause of loss.
 - b. Regulates the construction or repair of buildings, or establishes building, land use or zoning requirements at the described premises.
2. The increased expense *you* incur to construct, rebuild, or repair the property caused by enforcement of building, land use, or zoning code / law in force on the date of the *covered loss*: the property must be intended for the same use / occupancy as the current property unless otherwise prohibited by such code / law.
3. The expense *you* incur to demolish undamaged parts of property and clear the site of such parts caused by enforcement of building, land use, or zoning code / law in force on the date of the *covered loss*.

If MCP 504 is listed in the Declarations, then Coverage D is extended, as to the Coverage Period, to the increased period of time required to comply with the conditions described in the preceding Item 1.



EQUIPMENT BREAKDOWN COVERAGE

This endorsement, together with the General Property Form (MCP 010) provides additional coverages as described below.

The provisions of this endorsement apply only when the endorsement number is listed in the Declarations.

Except as provided below, all other provisions in this policy are unchanged.

ADDITIONAL SUPPLEMENTAL COVERAGES

The following is added to Part I B – Supplemental Coverages.

A. EQUIPMENT BREAKDOWN

We will pay up to the limit shown in the Schedule, your direct physical damage to covered property caused by or resulting from an *accident* to *covered equipment*. As used in this Supplemental Coverage, an *accident* means fortuitous direct physical damage as follows:

1. Mechanical breakdown, including rupture or bursting caused by centrifugal force;
2. Loss by artificially generated electrical currents to electrical or electronic appliances, devices or wiring;
3. Explosion of steam boilers, steam engines, steam pipes or steam turbines you own or lease or which are operated under your control;
4. Loss or damage to steam boilers, steam engines, steam pipes or steam turbines caused by any condition or event within such boiler or equipment; or
5. Loss or damage to hot water boilers or other equipment for heating water caused by any condition or occurrence within such boiler or equipment.

B. COVERAGE EXTENSIONS

Unless otherwise shown in the Schedule, the following coverage extensions also apply to loss caused by or resulting from an *accident* to *covered equipment*. These coverage extensions do not provide additional limits of insurance.

1. Expediting Expenses

We will pay, up to the limit shown in the Schedule, the reasonable extra cost to:

- a. Make temporary repairs to your damaged covered property; and / or
- b. Expedite permanent repairs or permanent replacement to your damaged covered property.

2. Hazardous Substances

We will pay for the additional expenses to repair or replace covered property because of contamination by a *hazardous substance*. This includes the additional expenses required to clean up or dispose of such property.

This does not include contamination of *perishable goods* by refrigerant, including but not limited to ammonia, which is addressed in Spoilage below.

Additional expenses mean those beyond what would have been required had no *hazardous substances* been involved. The most we will pay for loss, damage or expense under this coverage, including actual loss of Business Income you sustain and necessary Extra Expense you incur, is the limit shown in the Schedule.

3. Spoilage

We will pay for the following:

- a. Physical damage to *perishable goods* due to spoilage;
- b. Physical damage to *perishable goods* due to contamination from the release of refrigerant, including but not limited to ammonia; or
- c. Any necessary expenses you incur to reduce the amount of loss under this coverage. We will also pay for such expenses to the extent that they do not exceed the amount of loss that otherwise would have been payable under this coverage.

If you are unable to replace the *perishable goods* before its anticipated sale, the amount of our payment will be determined on the basis of the sales price of the *perishable goods* at the time of the *accident*, less discounts and expenses you otherwise would have had. Otherwise our payment will be determined in accordance with the How Losses Are Settled condition.

The most we will pay for loss, damage or expense under this coverage is the limit shown in the Schedule.

4. Computer Equipment

We will pay for loss or damage caused by or resulting from an *accident* to *computer equipment*.

The most we will pay for loss, damage or expense under this coverage, including actual loss of Income you sustain, is the limit shown in the Schedule.

5. Data Restoration

We will pay for your cost to research, replace and restore *data*. The most we will pay for loss or expense under this coverage, including actual loss of Income you sustain, is the limit shown in the Schedule.

6. Service Interruption

Any insurance provided for Loss of Income, and Spoilage is extended to apply to loss caused by or resulting from an *accident* to equipment that is owned by a utility, landlord, or other supplier with whom you have a contract to provide you with any of the following services: electrical power, communications, waste disposal, air conditioning, refrigeration, heating, gas, air, water or steam.

Unless otherwise shown in the Schedule, Service Interruption coverage will not apply unless the failure or disruption of service exceeds 24 hours immediately following the *accident*.

The most we will pay for loss damage or expense under this coverage is the limit that applies to Loss of Income or Spoilage.



7. Loss of Use

Any insurance provided under this coverage part for Business Income or Extra Expense is extended to the coverage provided by this endorsement. The most *we*

will pay for loss of Business Income *you* sustain or necessary Extra Expense *you* incur is the limit shown in the Declarations for that coverage, unless otherwise shown in the Schedule.

ADDITIONAL CONDITIONS

1. Suspension

When any *covered equipment* is found to be in, or exposed to a dangerous condition, *our* representative may immediately suspend the insurance against loss from an *accident* to that *covered equipment*. We can do this by mailing or delivering a written notice of suspension to *your* address as shown in the Declarations, or at the address where the equipment is located. Once insurance is suspended, it can be reinstated only by written notice from *us*. If insurance is suspended, *you* will receive a pro rata refund of premium. The suspension will be effective even if *we* have not yet offered or made a refund of premium.

2. Jurisdictional Inspections

If any property that is *covered equipment* under this endorsement requires inspection to comply with state or municipal boiler and pressure vessel regulations, *we* agree to perform such inspection on *your* behalf.

3. Environmental, Safety and Efficiency Improvements

If *covered equipment* requires replacement due to an *accident*, *we* will pay *your* additional cost to replace with equipment that is better for the environment, safer or more efficient than the equipment being replaced.

However, *we* will not pay more than 125% of what the cost would have been to repair or replace with like kind and quality. This condition does not increase any of the applicable limits. This condition does not apply to any property to which *actual cash value* applies.

4. Deductible

As regards Equipment Breakdown Coverage only, the following provision is added to Part 1G.2.B. Deductible:

a. The Equipment Breakdown Deductible is shown on the Equipment Breakdown Schedule.

If the deductibles vary by type of *covered equipment* and more than one type of equipment is involved in any one *accident*, only the highest deductible for each coverage will apply.

b. Direct and Indirect Coverages

Unless otherwise shown in the Schedule, the direct coverages deductibles apply to all loss or damage covered by this endorsement with the exception of those coverages subject to the indirect coverages deductibles as noted in the following Paragraphs 1, 2 and 3. Unless more specifically indicated in the Schedule, the indirect coverage deductibles apply to Loss of Income.

1. Dollar Deductibles:

We will not pay for loss, damage or expense

resulting from any *one accident* until the amount of loss, damage or expense exceeds the applicable Deductible shown in the Schedule. *We* will then pay the amount of loss, damage or expense in excess of the applicable deductible, up to the applicable Limit of Insurance after any deduction for the coinsurance requirements.

2. Time Deductible:

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

3. Multiple of Average Daily Value (ADV):

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

The ADV (Average Daily Value) will be the Business Income (as defined in any Loss of Use coverage that is part of this policy) that would have been earned during the period of interruption of business had no *accident* occurred, divided by the number of working days in that period. No reduction shall be made for the Business Income not being earned, or in the number of working days, because of the *accident* or any other scheduled or unscheduled shutdowns during the period of interruption. The ADV applies to all locations included in the valuation of the loss.

The number indicated in the Schedule shall be multiplied by the ADV as determined in the preceding paragraphs. The result shall be used as the applicable deductible.

4. Percentage of Loss Deductibles: If a deductible is expressed as a percentage of loss, *we* will not be liable for the indicated percentage of the gross amount of loss or damage (prior to any applicable deductible or coinsurance) insured under the applicable coverage. If the dollar amount of such percentage is less than the indicated minimum deductible, the minimum deductible will be the applicable deductible.

5. The most *we* will pay for loss or damage under this endorsement arising from any *one accident* is the equipment breakdown limit shown in the Schedule. Coverage provided under this endorsement does not provide an additional amount of insurance.

ADDITIONAL DEFINITIONS

Boilers and Vessels

Boilers and vessels means:

1. Any boiler, including attached steam, condensate and feedwater piping;
2. Any fired or unfired pressure vessel subject to vacuum or internal pressure other than the static pressure of its contents.

This term does not appear elsewhere in this endorsement, but may appear in the Schedule.

Computer Equipment

Computer equipment means covered property that is electronic computer or other *data* processing equipment, including *media* and peripherals used in conjunction with such equipment.

Covered Equipment

Covered equipment, unless otherwise specified in the Schedule, means covered property:

1. That generates, transmits or utilizes energy, including electronic communications and *data* processing equipment; or
2. Which, during normal usage, operates under vacuum or pressure, other than the weight of its contents.

Data

Data means information or instructions stored in digital code capable of being processed by machinery.

Hazardous Substance

Hazardous substance means any substance that is hazardous to health or has been declared to be hazardous to health by a governmental agency.

Media

Media means material on which *data* is recorded, such as magnetic tapes, hard disks, optical disks or floppy disks.

One Accident

One accident means: If an initial *accident* causes other *accidents*, all will be considered *one accident*. All *accidents* that are the result of the same event will be considered *one accident*.

Perishable Goods

Perishable goods means personal property maintained under controlled conditions for its preservation, and susceptible to loss or damage if the controlled conditions change.

Production Machinery

Production machinery means any machine or apparatus that processes or produces a product intended for eventual sale. However, *production machinery* does not mean any fired or unfired pressure vessel other than a cylinder containing a movable plunger or piston.

This term does not appear elsewhere in this endorsement, but may appear in the Schedule.

Vehicle

Vehicle means, as respects this endorsement only, any machine or apparatus that is used for transportation or moves under its own power. *Vehicle* includes, but is not limited to car, truck, bus, trailer, train, aircraft, watercraft, forklift bulldozer, tractor or harvester. However, any property that is stationary, permanently installed at a covered location and that receives electrical power from an external power source will not be considered a *vehicle*.

ADDITIONAL EXCLUSIONS

COVERAGE MODIFICATIONS

All of the Property Exclusions / Limitations, Losses Not Insured and Common Exclusions in *your* policy apply except as modified in the following paragraphs and to the extent that coverage is specifically provided by this Supplemental Coverage Equipment Breakdown.

A. Part I E. Losses Not Insured is modified as follows:

1. The following is added to the end of the first paragraph of provision 6:

However, if electrical *covered equipment* requires drying out because of these causes, we will pay for the direct expenses of such drying out subject to the equipment breakdown limit and deductible.

2. Provision 12.A. is deleted and replaced with the following:

Wear and tear; birds, domestic animals, insects, raccoons, rodents or vermin; corrosion; decay or deterioration; deficiency, error or omission in design, materials, plans or workmanship; disease; dry or wet rot; *fungi*, mold, spores, mildew, bacterium, or other natural growth; inherent vice (a customary characteristic of the property); latent defect (an original condition or fault leading to loss); rust.

However, if loss by an *accident* results, we will pay for the loss or damage caused by that *accident*.

Contamination or pollution including, but not limited to:

(1) the discharge, dispersal, emission, escape, migration, release or seepage of *pollutants*; (2) the costs associated with enforcement of any governmental directive, law or ordinance which requires you or any others to cleanup, contain, detoxify, monitor, neutralize, remove, test for or in any way respond to *pollutants*, asbestos, *fungi*, mold or lead contamination or assess the effects of *pollutants*, asbestos, *fungi*, mold or lead contamination; but see Supplemental Coverage 12 for certain coverage.

3. The following paragraph is added to provisions 12.B., 12.E. and 12.F:

However, if loss by an *accident* results, we will pay for the loss or damage caused by that *accident*.

B. The following are added to Part I E. Losses Not Insured:

1. We will not pay for loss, damage or expense caused directly or indirectly by the following, whether or not caused by or resulting from an *accident*:

- a. Fire; lightning; windstorm / hail; explosion (except as specifically provided in the preceding

- Additional Supplemental Coverages A.3.); smoke; aircraft or vehicles; riot or civil commotion; vandalism; sprinkler leakage; falling objects; weight of ice, sleet or snow; freezing or collapse; flood or earth movement.
- b. Any mold, fungus, mildew or yeast, including any spores or toxins produced by or emanating from such mold, fungus, mildew or yeast. This includes, but is not limited to, costs arising from clean up, removal or abatement of such mold, fungus, mildew or yeast, spores or toxins. However, this exclusion does not apply to spoilage of personal property that is *perishable goods*, to the extent that spoilage is covered under Spoilage coverage.
2. *We* will not pay under this endorsement for loss or damage caused by or resulting from the following:
- a. *Your* failure to use all reasonable means to protect the *perishable goods* from damage following an *accident*;
 - b. Any defect, programming error, programming limitation, computer virus, malicious code, loss of *data*, loss of access, loss of use, loss of functionality or other condition within or involving *data* or *media* of any kind. But if an *accident* results, *we* will pay for the resulting loss, damage or expense; or
- c. Any of the following tests:
- A hydrostatic, pneumatic or gas pressure test of any boiler or pressure vessel; or
 - An insulation breakdown test of any type of electrical equipment.
- C. **Property Exclusions**
- The following are not considered *covered equipment*:
1. Structure, foundation, cabinet, compartment or air supported structure or building;
 2. Insulating or refractory material;
 3. Sewer piping, underground vessels or piping, or piping forming a part of a sprinkler system;
 4. Water piping other than boiler feedwater piping, boiler condensate return piping or water piping forming a part of a refrigerating or air conditioning system;
 5. *Vehicle*, or any equipment mounted on a *vehicle*;
 6. Satellite, spacecraft or any equipment mounted on a satellite or spacecraft;
 7. Dragline, excavation or construction equipment; or
 8. Equipment manufactured by *you* for sale.

WATER DAMAGE — SEWER / DRAIN BACKUP COVERAGE •PART I

This endorsement establishes coverage for loss by water damage resulting from sewer or drain backup. The required information may be shown below or elsewhere in this policy.

**The provisions of this endorsement apply only when the endorsement number is listed in the Declarations.
Except as provided below, all other provisions in this policy are unchanged.**

Policy # 110001139

SCHEDULE

Number*	Limit (\$5,000 if blank)
Location 1	\$ 25,000
Building 1	

* Item No. or Location / Building No. as Shown in the Declarations

COVERAGE MODIFICATION

With regard to the described premises shown in the Schedule, Exclusion B of the WATER DAMAGE EXCLUSION in Part I F is amended as follows:

1. We cover damage caused by water or sewage which backs up through sewers or drains or overflows from a sump up to the applicable limit of liability.
2. Our limit of liability per each loss occurrence for such damage is \$5,000 unless another limit is shown above.

CRIME COMMON PROVISIONS FORM • PART I

This common provisions form together with one or more Crime Coverage endorsements establishes the provisions for crime insurance.

Except as provided below, all other provisions in this policy are unchanged.

A. COMMON EXCLUSIONS

The Exclusions and Limitations in Parts I D, E, F and the General Exclusions are replaced by the following exclusions. The Part I B Supplemental Coverages do not apply.

We do not provide insurance for any sort of loss consisting of or resulting from the following:

1. Acts Committed by You / Your Partner

Criminal or dishonest acts committed by *you* or any of *your* partners. This applies whether any such persons act alone or in collusion with other persons.

2. Governmental

- Confiscation, loss, or seizure under customs, drug enforcement, or quarantine legislation or regulations.
- Damage or destruction of property ordered by civil authority.

3. Indirect Loss

Indirectly resulting from any act or *occurrence* covered by this insurance, such as loss resulting from or consisting of:

- Costs, fees or other expenses *you* incur in establishing: the existence of loss, or the amount of loss.
- Damage for which *you* are legally liable. But *we* will pay for compensatory damages arising directly from a *covered loss*.
- *Your* loss of income that *you* otherwise would have earned had the loss of or damage to covered property not occurred.

4. Legal Expenses

Expenses related to any legal action.

5. Nuclear / Radioactive Loss

- Any nuclear event, occurrence, or operation, including nuclear explosion, nuclear reaction, nuclear radiation, or radioactive contamination.
- The explosive, radioactive, toxic, or other injurious properties of nuclear or radioactive materials — whether such materials are natural or manufactured.

6. War

Any act or condition of: war (declared or not), civil war, invasion, insurrection, rebellion, revolution, or seizure of power, including acts done to defend against such.

B. ADDITIONAL CONDITIONS**1. Consolidation / Merger**

If any additional persons become *employees* or *you* acquire the use and control of any additional *premises*

through the consolidation or merger with, or the purchase of the assets of, some other entity, then any insurance provided by this policy for *employees* or *premises* also applies to such additional *employees* or *premises*.

But this applies only if *you* give *us* written notice within 30 days of such acquisition and pay *us* additional premium for such.

2. Discovery Period

We provide insurance under this policy for covered loss discovered no later than one year from the end of the policy term.

3. Duties When Loss Occurs

Paragraph E of the Duties Condition is extended to provide that the signed, sworn proof of loss is to be submitted within 120 days of *our* request.

4. Interests Covered

This insurance covers property that *you* own, hold or are legally liable for. However, this insurance is for *your* benefit only. This insurance does not apply to the benefit of any other person or organization.

5. Limit of Liability / Deductible

The How Losses Are Settled Condition is amended as follows:

a. Limit of Liability

Our maximum liability for loss in any one *occurrence* is the applicable limit of liability shown in the Crime Declarations.

b. Deductible

We are liable for loss in any one *occurrence* only when the loss is in excess of the deductible amount shown in the Crime Declarations and then only on the amount of loss less the deductible amount. If more than one deductible could apply to the loss, *we* will apply only the greatest deductible amount of these.

6. Loss Sustained Under Prior Insurance

- a. If *you* (or any predecessor in interest) sustained loss during the policy term of any prior insurance that *you* (or the predecessor in interest) could have recovered under such insurance had the time period for discovering loss not expired, *we* will provide insurance under this policy for such loss provided:

- This insurance became effective at the time of cancellation, expiration or termination of the prior insurance; and



- Such loss would have been a *covered loss* under this insurance had this insurance been in effect when the acts or events causing the loss occurred or were committed.
- b. The most *we* will pay is the lesser amount recoverable under this insurance or the prior insurance had it remained in effect.

7. Loss Also Covered Under Prior Insurance Issued by Us.

If any loss is covered partly by this insurance, and partly by any prior cancelled or terminated insurance that *we* or any affiliate had issued to *you* (or any predecessor in interest); the most *we* will pay is the larger amount recoverable under this insurance or the prior insurance.

8. Multiple Insureds

- a. If more than one *insured* is named in the Declarations, the *first named insured* will act for itself and for every other *insured* for all purposes of this insurance. If the *first named insured* ceases to be covered, then the next *named insured* will become the *first named insured*.
- b. If any *insured*, partner or officer of the *insured*, or member of a limited liability company insured under this policy has knowledge of any information relevant to this insurance, that knowledge is considered knowledge of every *insured*.
- c. An *employee* of any *insured* is considered to be an *employee* of every *insured*.
- d. If this insurance or any of its coverages is cancelled or terminated as to any *insured*, loss sustained by that *insured* is covered only if discovered no later than one year from the date of that cancellation or termination.
- e. Regardless of the number of *insureds*, the most *we* will pay for all loss sustained by more than one *insured* is the amount *we* will pay if all the loss had been sustained by one *insured*.

9. Non-Cumulation of Limits

Regardless of the number of years this insurance remains in force or the number of premiums paid, the Limits of Insurance do not cumulate from year to year or period to period.

10. Policy Term / Coverage Period

Condition 13 of the General Conditions is amended as follows:

Except as covered under the Loss Sustained Under Prior Insurance Condition above, *we* cover loss that *you* sustain because of acts committed or events occurring during the policy term.

11. Recoveries

Paragraph K of the How Losses Are Settled Condition is replaced by the following:

- a. In the event *we* make a payment for loss and a subsequent recovery is made, such recovery (less the cost of making the recovery) will be distributed:
 - To *you*, until *you* are reimbursed for any loss that *you* sustain that exceeds the Limit of Insurance and the Deductible Amount, if any;
 - Then to *us*, until *we* are reimbursed for the settlement made;
 - Then to *you*, until *you* are reimbursed for that part of the loss equal to the Deductible Amount, if any.
- b. Recoveries do not include any recovery:
 - From indemnity, insurance, reinsurance, security or suretyship taken for *our* benefit.
 - Of original *securities* after duplicates of them have been issued.

C. ADDITIONAL DEFINITIONS

- 1. *Employee* means any person:

- a. Who performs services for *you* (and for 30 days after termination of such) whom *you* compensate directly by salary, wages or commissions and whom *you* have the right to direct and control while performing the services.
- b. Employed by an employment contractor while that person is performing services for *you* and is subject to *your* direction and control. But, this does not include any such person while having care and custody of property outside the premises.

Employee does not include any:

- Agent, broker, commission merchant, consignee, factor, independent contractor or representative of the same general character; or
- Director or trustee except while acting within the scope of the usual duties of an *employee*.

- 2. *Property other than money and securities* means any tangible property other than *money* and *securities* that has intrinsic value but not including any property listed in any Crime Coverage Endorsement as Property Not Covered.

CRIME SUPPLEMENTAL DECLARATIONS - MCP 070 06 94

MCP 070 is used with MCP 170 and one or more of the Crime Coverage Forms when providing crime insurance.

Location:1

Building: 1

<u>Coverage</u>	<u>Limit</u>	<u>Deductible</u>	<u>Premium</u>
X MCP 171	\$ 25,000	\$ 100	\$ 107
.. MCP 172			
.. MCP 173			
.. Inside the Premises			
.. Outside the Premises			
.. MCP 175			
.. Robbery Inside the Premises			
.. Robbery Outside the Premises			
.. Safe Burglary Inside the Premises			
.. MCP 177			
.. MCP 179			
.. Theft Inside the Premises			
.. Robbery Outside the Premises			
.. MCP 181			
.. Per Guest Limit			
.. Aggregate / Total Limit			
.. MCP 183			
.. Robbery Inside the Premises			
.. Robbery Outside the Premises			
.. Safe Burglary Inside the Premises			
.. MCP 185			
.. Storekeepers Burglary and Robbery			
.. Storekeepers Broad Form			
.. Additional Conditions applicable to the following forms:			

BUSINESS INCOME — ORDINARY PAYROLL LIMITATION • PART I

This endorsement establishes recovery limits on ordinary payroll expense in connection with Coverage D. 1. MCP 341 applies when all such expense is deleted. The required information may be shown below or elsewhere in this policy.

**The provisions of this endorsement apply only when the endorsement number is listed in the Declarations.
Except as provided below, all other provisions in this policy are unchanged.**

Policy # 110001139

SCHEDULE

Number*	Other Exemptions	Employee(s)
Location 1	Job Classification	ALL SEASONAL EMPLOYEES AND THE FOLLOWING LIST OF PART TIME EMPLOYEES - ALEXA GRIST, LENA KERSHAW, MUHAMMAD KHAN, RYAN LEEDS, MIKE ZODA, CAITLYN WYAND AND JONATHAN STEINDL
Building 1		

* Item No. or Location/Building Nos. as Shown in the Declarations

COVERAGE MODIFICATION

Business Income does not cover *ordinary payroll expense* in connection with the described premises shown in the Schedule.

ADDITIONAL CONDITION**Coinurance Condition I G. 2. F. is amended by the following:**

For purposes of coinsurance, we determine operating expenses for the year deleting *ordinary payroll expense*.

ADDITIONAL DEFINITIONS**The following special definitions apply:**

Ordinary payroll expense includes the following when paid by you to your employees (other than to described exempted employees):

- Employee benefits directly related to payroll
- FICA payments
- Payroll
- Union dues
- Workers compensation premiums

Exempted Employees means department managers, employees under contract, executives and officers and other employees exempted as listed by job classification or employee(s) in the Schedule.

COMPUTER HACKING AND VIRUS EXCLUSION

This endorsement excludes losses caused by computer hacking and computer viruses.

The provisions of this endorsement apply only when the endorsement number is listed in the Declarations.

Except as provided below, all other provisions in this policy are unchanged.

ADDITIONAL EXCLUSION — LOSSES NOT INSURED

The following is added to the Exclusions / Losses Not Insured Section:

COMPUTER HACKING AND VIRUS EXCLUSION

We do not cover losses due to computer hacking or computer viruses.

ADDITIONAL DEFINITIONS

The Glossary is amended to include the following:

Computer hacking means unauthorized intrusion into a computer network, hardware, software or website including entry of a computer worm or Trojan Horse, spyware or adware that results in:

1. Alteration, contamination, corruption, degradation, destruction or modification of the integrity, quality or performance of computer media, data, prepackaged programs, hardware or software;
2. Copying, observation or scanning of data records, programs and applications and proprietary programs;
3. Corruption, damage, degradation, destruction, inadequacy or malfunction of any hardware or media used with hardware;
4. Deletion, destruction, generation or modification of software; or
5. Denial of access to or denial of service from *your* computer network, hardware or website.

Computer virus means the introduction into hardware, software or a website of any malicious self-replicating electronic data processing code or other code that is intended to result in, but is not limited to:

1. Alteration, contamination, corruption, degradation, destruction or modification of the integrity, quality or performance of computer media, data, prepackaged programs, hardware or software;
2. Corruption, damage, degradation, destruction, inadequacy or malfunction of any hardware or media used with hardware;
3. Deletion, destruction, generation or modification of software; or
4. Denial of access to or denial of service from *your* computer network, hardware or website.



INLAND MARINE COMMON PROVISIONS FORM

This coverage form, together with one or more Inland Marine Coverage endorsements, establishes the provisions for Inland Marine insurance.

COVERAGE**A. DEFINITIONS AND WORD MEANINGS**

Words shown in *italics* are defined in the Glossary. The meanings of other words / phrases not specifically defined are to be found in their relevant conventional definition, based on consideration of the context in which they are used in this coverage form.

B. INSURING AGREEMENT – COVERED LOSS

1. We will pay for fortuitous direct physical loss or damage to Covered Property caused by or resulting from any cause of loss not otherwise excluded or limited in this coverage form.

2. Insuring Agreement Qualification

The Coverages in this coverage form are subject to certain Exclusions and Limitations, including General Exclusions, Property Not Covered, and Exclusions – Losses Not Insured.

C. COVERED PROPERTY

We cover loss to property for which a specific limit of liability and related premium charge is shown on the Declarations or other specific endorsement. The term “Declarations” also includes a Supplemental Declarations or any other similar forms.

SUPPLEMENTAL COVERAGES**A. NEWLY ACQUIRED PROPERTY**

1. We cover newly acquired property similar to that already covered in this coverage form, up to a limit of 25% of the existing amount of insurance on similar property, not to exceed a maximum of \$10,000, unless another limit for such property is shown in the Declarations.

2. Additional Premium

Additional premium is due on a pro rata basis for the term from the date of acquisition to the expiration of the policy.

Failure to report newly acquired property within 30 days or to pay the additional premium when due will void this coverage.

3. Coverage Period

This Supplemental Coverage applies for up to a period of 30 consecutive days from the date of acquisition.

B. PROPERTY OF OTHERS

Coverage is extended, up to the applicable limit shown in the Declarations, to property belonging to others, but in the care, custody, or control of an *insured*.

If MIM 501 is listed in the Declarations, this extension is deleted.

CAUSE OF LOSS OPTION

Coverage is provided for fortuitous direct physical loss to or theft of covered property not otherwise excluded or limited in this coverage form.

EXCLUSIONS – LOSSES NOT INSURED

We do not provide insurance for any sort of loss directly or indirectly, wholly or partially, aggravated by, consisting of, or resulting from the following – even if loss otherwise covered contributes to such concurrently or in any sequence.

1. DISAPPEARANCE OF PROPERTY EXCLUSION

Loss, otherwise covered under this coverage form, in connection with covered property that is missing where there exists no physical evidence to show what happened to the property. Loss discovered or inferred upon taking inventory.

2. DISHONESTY EXCLUSION

Criminal or dishonest acts by *you*, by any of *your* employees, officers, partners, representatives, trustees, volunteer workers, or by any other person to whom *you* entrust property.

This applies whether any such persons act alone or in collusion with others or such acts take place within or outside of working hours.



This Exclusion does not pertain to acts of physical damage by *your* employees.

3. FRAGILE ITEMS EXCLUSION

Breakage, chipping, marring, or scratching, of any sort, of fragile items (including, but not limited to: chinaware, glassware, marbles, porcelains, or statuary.) This does not apply to: loss caused by a *specified cause of loss*; containers of property held for sale by *you*; lenses of photographic or scientific instruments.

4. GOVERNMENTAL / LEGAL / WAR EXCLUSION

- A. Any act or condition of: war (declared or not), civil war, invasion, insurrection, rebellion, revolution, or seizure of power, including acts done to defend against any such.
- B. Knowing violation of penal law or ordinance committed by, or with the consent of, an *insured*. Statutory fines or liability. Exemplary or punitive damages.
- C. Confiscation, loss, or seizure under customs, drug enforcement, or quarantine legislation or regulations. Loss to property that is contraband or in the course of illegal transportation or trade.
- D. Damage or destruction of property ordered by civil authority, other than immediate acts of destruction ordered by authorized civil authorities for the purpose of preventing the spread of fire – provided the fire originates from a cause of loss covered by this policy.

5. INTENTIONAL LOSS EXCLUSION

Acts committed by, or at the direction of, any *insured*, with the intent to cause a loss.

6. NUCLEAR / RADIOACTIVE LOSS EXCLUSION

- A. Any nuclear event, occurrence, or operation, including nuclear explosion, nuclear reaction, nuclear radiation, or radioactive contamination.

These are not fire, explosion, smoke, or any other covered cause of loss. However, if these result in fire, we insure such resulting direct fire loss, but not any other direct physical loss which may ensue.

- B. The explosive, radioactive, toxic, or other injurious properties of nuclear or radioactive materials –whether such materials are natural or manufactured.

7. UNAUTHORIZED / VOLUNTARY TRANSFER OF PROPERTY EXCLUSION

- A. Unauthorized Transfer – Loss in connection with property that is given or transferred to any persons or transferred to any place on the basis of false / unauthorized instructions – however such are given or transmitted.
- B. Voluntary Transfer – Loss in connection with property that *you* (or others to whom *you* have entrusted the property) voluntarily give to or transfer to anyone on the basis of being induced to do so by false pretense or fraudulent device, scheme, or trick.

8. WEAR, TEAR, AND OTHER SPECIFIED LOSS / CAUSE OF LOSS EXCLUSIONS

- A. Wear and tear; birds, domestic animals, insects, raccoons, rodents, or vermin; contamination or pollution including, but not limited to: (1) the discharge, dispersal, emission, escape, migration, release, or seepage of *pollutants*; (2) the costs associated with enforcement of any governmental directive, law or ordinance which requires *you* or any others to clean up, contain, detoxify, monitor, neutralize, remove, test for, or in any way respond to *pollutants*, asbestos, *fungi*, mold or lead contamination or assess the effects of *pollutants*, asbestos, *fungi*, mold or lead contamination; corrosion; decay or deterioration; deficiency, error, or omission in design, materials, plans, or workmanship; disease; dry or wet rot; *fungi*, mold, spores, mildew, bacterium, or other natural growth; inherent vice (a customary characteristic of the property); latent defect (an original condition or fault leading to loss); marring or scratching; mechanical breakdown; rust.
- B. Contamination by any virus or other pathological agent that causes disease or illness in humans, animals, birds, or other creatures, or the costs associated with enforcement of any governmental directive, law or ordinance which requires *you* or any others to cleanup, contain, detoxify, monitor, neutralize, remove, test for, or in any way respond to any virus or other pathological agent.

LOSS CONDITIONS

1. ABANDONMENT OF PROPERTY

Abandonment of any property to *us* is prohibited.

2. DUTIES WHEN LOSS / DANGER OF LOSS OCCURS

You, other *insureds*, and other coverage beneficiaries must do all of the following things:

A. Report the Loss

Give immediate written notice to *us* of any loss. Also, immediately notify the police in case of theft, vandalism, or other violation of law. As soon as possible, give *us* a description of how, when, and where the loss occurred.

B. Protect Property

Protect property if in imminent danger from a covered cause of loss or, if loss has occurred, from further loss. For example, by taking exposed property indoors, by covering openings or windows, or by making temporary repairs. We cover the reasonable necessary expenses that *you* incur for such immediate temporary repairs or safeguards.

However, it is *your* ongoing obligation, at your expense, to – as soon as feasible after *you*, *your* employees, or those *you* authorize to act on *your* behalf

become aware of any condition under *your* control which could lead to loss while this policy is in force – undertake all reasonable construction, maintenance, or repair necessary to protect property from such *covered loss*. Listing of all such conditions is not feasible, but examples include: if a roof is leaking, to repair such; if a flooring support is collapsing / deteriorating, to repair such; if new supports or retaining walls become required, to construct such.

C. Cooperation on the Loss

As often as we may reasonably request / require:

1. Immediately exhibit all that remains of the damaged and undamaged property, and allow *us* to take samples of such property for examination and inspection.
2. Produce for examination and copying: the inventory described in the following Paragraph D; all relevant accounting procedures, affidavits, books of account, bills, contracts, deeds, documents, evidence, financial records, invoices, liens, leases, receipts, records, tax returns, vouchers, or other sources of information, or facsimiles acceptable to *us*.
3. Submit to examination and provide statements under oath and sign and swear to such. If more than one person is examined, we reserve the right to make such examination of each person out of the presence of the others. We also reserve the right to video record any examinations.
4. Otherwise cooperate with *us* in the investigation / settlement of the claim.

D. Inventory

At *our* request, prepare and sign an inventory of all damaged and undamaged property, showing in detail: age; description; quantity; *actual cash value* and, if so covered, replacement cost; source; amount of loss claimed. To the extent possible, set the damaged property aside and put such in best possible order for *our* examination.

E. Statement of Loss / Proof of Loss

Submit to *us* a statement about the loss that includes all information reasonably required by *us* (including, but not limited to, that described in preceding Paragraphs C.2 and D) to determine: coverage; *our* liability for the loss and the amount and scope of loss; specifications of any damaged buildings. The statement is also to include detailed repair estimates.

And if required: submit to *us* within 60 days after *our* request a signed, sworn proof of loss. This is to include the information described above and any other information reasonably required by *us*, including all knowledge available to *you*, and others about:

1. The time and cause of loss.
2. *Your* interest and that of all others in the property involved (including a description of all encumbrances on such property).

3. All other insurance policies which may apply to the loss.
4. Any changes in occupancy, title, or use of the property during the policy term.

Failure to comply with these (or other Conditions) can alter or void *our* obligations in this policy.

3. HOW LOSSES ARE SETTLED

A. Limit of Liability per Loss Occurrence

Our maximum liability is that amount which is the least one of all the following:

1. The *actual cash value* or the replacement value (if MIM 520 is listed in the Declarations) of the damaged portions of subject property at the time of loss. But, in no event exceeding the lesser of a or b:
 - a. The lesser cost reasonably required, with diligence and ongoing effort, to:
 1. Repair or restore the damaged property, bringing such to the same general condition as existed immediately prior to the loss; or
 2. Replace the damaged property with like property of comparable quality;
 - b. The necessary reasonable expense paid to repair, replace, or restore the damaged property.
2. Any factors, limits, special limits, or other recovery limitations described or specified in this policy as applicable to the subject loss and property, whether shown in the Declarations, any endorsements, or elsewhere in this policy. The inclusion of any sort of recovery limitations or special limits or the inclusion of more than one item within any provision in this policy do not increase or otherwise modify any of the general limits shown in this policy – unless specifically stated to be additional insurance.
3. The insurable interest of the *insured* (or other named interests) at the time of loss.

B. Appraisal

1. If *you* and *we* do not agree on the amount of the loss or values, either one can require that the items in dispute be set by appraisal. Within 30 days of receipt of a written demand for appraisal, each is to select a competent and disinterested appraiser. Each party is to then notify the other of the appraiser selected.
2. The two appraisers are to select a competent and disinterested umpire. If the appraisers are unable to agree upon an umpire within 15 days, *you* or *we* may petition a judge of a Court of Record to select an umpire.
3. The appraisers are to reach a mutual agreement on the items in dispute. If the appraisers fail to agree within a reasonable time, they are to submit their differences to the umpire. Written agreement

signed by any two of these three persons constitutes settlement on the items in dispute.

4. Each appraiser is paid by the party selecting the appraiser. All other expenses of the appraisal are paid equally by *you* and *us*.
5. If *we* agree to appraisal, *we* specifically retain *our* right to deny the claim.

C. Deductible

We are liable for *covered loss* in any occurrence only when the loss is in excess of the deductible amount shown in the Declarations, and then only on the amount of loss less the deductible amount.

D. Loss to a Portion of a Pair or Set of Articles

1. Loss to some portion of a pair or set of articles or to property consisting of two or more parts (when complete) is not considered a total loss unless: because of such loss, the remainder is of no use and repair or replacement is not feasible.
2. In case *we* agree to pay for total loss, *you* are required to give *us* the remainder of such property, at *our* request, prior to such payment.

E. Our Liability and Satisfaction of Your Loss

If the maximum liability payable by *us* on *covered loss*, as determined under this policy, does not fully satisfy *your* loss, then *you* must either seek insurance that may be provided by others for the difference or otherwise absorb the unsatisfied portion of the loss *yourself*.

F. Our Options in Settling Losses

1. *We* may pay for the loss in money.
2. *We* may repair or replace all or any part of the property as provided for in this policy, or take all or any part of such property at a mutually agreed, or appraised, value. *We* may give notice of *our* intent to do so at any time up to 30 days after *our* acceptance of *our* liability for the loss (i.e., proof of loss).
3. *We* may settle the claim with *you*, any loss payee named in this policy, or others legally entitled to receive payment. If the claim applies to property of others, *we* have the right to adjust the loss with the owners of the property: satisfaction of their claim is also satisfaction of *your* claim as to such property. If legal action is taken in a claim against *you*, *we* have the right to conduct and control a defense at *our* expense (but without increasing *our* liability under this policy).

G. Recovery of Covered Property

In the event *we* make a payment for loss and a subsequent recovery is made of any of the property, *you* may choose to keep the property *you* have recovered or receive the property that *we* have recovered. If *you* choose this option, *our* liability is reduced accordingly: payment is adjusted for the amount which *you* received for the loss to such property, and *you* must compensate *us* for the amount *we* previously paid.

If *you* do not choose this option, the recovered property becomes *our* property: if *you* have such property, *you* are required to give *us* those items *we* request.

H. When Loss Becomes Payable / Payment to Others

Loss becomes payable 30 days after completion and acceptance by *us* of a written agreement between the parties, or after an award is filed with *us* as provided in this coverage form. Payment under this coverage form shall not reduce the limit of insurance, unless payment is made for a total loss to a scheduled item. If payment is made for a total loss to a scheduled item, the amount of unearned premium applicable to such items shall be refunded to the *insured*, or applied to the additional premium for replacement items scheduled under this coverage form.

With respect to any mortgagee or secured party named in this policy; governmental entity; or others with contractual, legal, or statutory rights in loss payable by this policy: *we* may make payment jointly to all interested parties at *our* option. But *we* need not pay any loss assignee, unless they receive a full assignment of the loss from *you*.

If an insurance trustee is named in this policy, *we* may negotiate the loss and make payment solely to such trustee – to the extent that the trustee represents those with an interest in this policy.

4. NO BENEFIT TO BAILEE

This insurance does not apply to the benefit of any others having custody of covered property. Any assignment to such persons or organizations has no standing in this policy.

COMMON CONDITIONS

1. ACTION OR SUIT AGAINST US

The conditions for bringing an action or suit against *us* are described elsewhere in this policy in the state mandatory endorsement.

2. ASSIGNMENT OF YOUR INTEREST

No assignment of an interest in this policy is binding on *us* without *our* written consent. However, if *you* are an individual and die, this insurance applies to:

- A. *Your* legal representative, while acting within the scope of the representative's duties.

- B.** Those with custody of *your* property prior to appointment of a legal representative.

3. CANCELLATION / TERMINATION

A. General

You may cancel this policy by: surrendering the policy to *us* or *our* agent or by mailing *us* or *our* agent notice stating a subsequent cancellation date for the policy. Such request made by the *first named insured* applies for all *insureds* / interests named in this policy. All cancellations are pro rata, but a minimum earned premium may apply. Any return premium is payable to the *first named insured* – within 30 days after the cancellation date.

If *you* secure insurance with another insurer to replace *our* policy and do not pay the premium, or installment payment, for this policy when due: this policy terminates at the time such other insurance becomes effective. If *you* sell the described business or premises to others, coverage under this policy terminates at the time title is transferred to others with respect to such business or premises – unless *you* retain an insurable interest.

B. Our Right to Cancel or Terminate

Our rights to cancel or terminate this insurance are described elsewhere in the state mandatory endorsement.

4. CONCEALMENT / MISREPRESENTATION / FRAUD

This policy is void if, either before or after a loss, any *insured* misrepresents or knowingly conceals any material fact or circumstance, commits fraud, or swears falsely relating to any aspect of this insurance (including the information *we* relied upon in issuing this contract).

However, if *we* specifically choose not to declare this policy void, *we* do not provide insurance in this policy to, or for the benefit of, any such *insureds*.

5. CONFORMITY WITH STATUTE

It is agreed by *us* that the provisions in this policy are amended to conform to all applicable statutory requirements.

6. COVERAGE TERRITORY

We cover damage or loss only within the fifty states of the United States of America (including its possessions and territories), the District of Columbia, Puerto Rico and Canada.

7. EXAMINATION / CHANGES

We may, at *our* option, inspect *your* property and operations at any time, make surveys, and make recommendations. However, *our* reports or recommendations or those of any inspection bureau or rating bureau do not constitute a determination or representation that any premises or operations are in compliance with law or regulation, healthful, or safe.

We may inspect and audit *your* books and records at any time (including up to 3 years after termination of this insurance contract) to the extent such pertains to the subject of this insurance or payment of premium. The *first named*

insured is required to keep all records necessary for such and send complete accurate copies to *us* at *our* request.

We may make premium adjustments based on the findings of *our* inspection and audit.

8. INSURANCE UNDER MORE THAN ONE COVERAGE

In the event that more than one coverage in this policy covers the same loss, *we* are liable only for the amount of *our* obligation, up to *our* limit of liability, not exceeding the amount of loss.

9. LIBERALIZATION

This policy is automatically extended to include provisions approved during the policy period or within 45 days prior to its inception, which would broaden coverage under this policy, if such are not subject to additional premium or concurrent with coverage restrictions.

10. OTHER INSURANCE

A. If any of the property covered under this insurance is also covered under another coverage form of this policy, those provisions are hereby amended to exclude such property. Coverage under this coverage form is the sole coverage on such property under this policy.

B. This insurance is excess insurance over other insurance *you* may have applicable to the loss (whether *you* can collect on it or not) that is not subject to the same provisions contained in this policy.

C. When this insurance is excess over other insurance:

We pay only *our* share of the remaining loss that exceeds the sum of both:

1. The total amount payable by all such insurance, as described, in the absence of this insurance; plus
2. The total of any deductibles or self-insured amounts under all such insurance.

Furthermore, any remaining loss is then shared by *us* with any other insurance remaining on the loss in accordance with the provisions described in the following Paragraph D.

D. With regard to other insurance subject to the same provisions contained in this policy or where *we* otherwise are a primary insurer (among others) *we* pay in one of the following ways:

1. If all such other insurers provide for contributions by equal shares: *we* and all other insurers contribute equal amounts until the amount of obligation is paid or the insurer's applicable limit of liability is used up, whichever comes first.
2. If any other insurer does not provide for equal shares: *we* pay no greater proportion of the total amount of loss than *our* obligation on the applicable limit of liability in this policy bears to the total amount of insurance of all insurers covering the loss.

However, if *you* have any other insurance applicable to property covered by this policy – but not covering a

cause of loss covered by this policy, then: any loss payable under this policy in connection with such cause of loss is apportioned and payable by *us* in the same way as if such other insurance covered the loss.

11. PREMIUMS

The *first named insured* is responsible for the payment of all premiums, and will be the sole payee of any premiums *we* return.

12. RECOVERY FROM OTHERS

If any *insured* (or others) to whom, or for whom, *we* make payment has any rights of recovery on the loss from another, those rights are transferred to *us* to the extent of *our* payment under this policy. *Insureds* (or such others) must do whatever *we* require to secure these rights. *You* may waive such rights in writing prior to a *covered loss*. *You* may also waive such rights after a loss, but only if the waiver is given to either:

- A. Another *insured* in this policy; or

- B. A business either controlled or owned by *you* or that controls or runs *your* business.

But *we* have no obligation to pay under this policy on the loss if these rights are otherwise waived.

13. TIME OF INCEPTION AND COVERAGE PERIOD

The time of inception and expiration is 12:01 A.M. Standard Time at the mailing address shown in the Declarations. Unless otherwise specifically provided for by this policy, this insurance applies only to *covered loss* that takes place during the policy term.

14. WAIVER OR CHANGE OF PROVISIONS

Only the *first named insured* may request changes in this policy. The terms of this policy may not be waived or changed except in writing, signed by *our* agent and attached to this policy. The exercise of *our* rights under this policy is not an act of waiver. This policy contains all related agreements between *you* and *us*.

GLOSSARY

The following words shown in *italics* are defined for the purposes of insurance under this coverage form to mean the following:

Actual Cash Value – Consideration may be given by *us* in *our* determination of *actual cash value* to: age; condition; cost to repair, replace, or restore the property, subject to deduction for depreciation; deterioration; economic value; market value; obsolescence (both structural and functional); original cost; use; utility; or other circumstances that may reasonably affect value.

Covered Loss – *Covered loss* means fortuitous direct physical damage to, destruction or theft of covered property by a covered cause of loss.

Fungi – *Fungi* means any type or form of fungus, mold, mildew spores, algae, smut, protists, rusts or *rot and decay organisms*, and any similar or related organisms and any mycotoxin, substance, compounds, chemicals, mist or vapor produced by any *fungi* in any form, or any by-products or waste produced by *fungi*, but does not include any *fungi* intended to be edible.

Insured – *Insured* means the person or entity designated as *insured* in the Declarations, or otherwise named as an *insured* in this policy. *First named insured* is the *insured* named first in the Declarations.

Pollutants – *Pollutants* are any gaseous, liquid, solid, or thermal contaminant or irritant, including acids, alkalis, chemicals, fumes, smoke, soot, vapors, and waste (including materials to be reclaimed, reconditioned, or recycled).

Rot and Decay Organisms – *Rot and decay organisms* means any living organism that causes decomposition of physical property.

Specified Causes of Loss – Where the term *specified causes of loss* is used in this coverage form, the term means the following: fire; accident to a transporting conveyance; aircraft; collapse; earthquake; explosion; falling objects; flood; lightning; riot or civil commotion; sinkhole collapse; smoke; sprinkler leakage; theft; vandalism or malicious mischief; vehicles; volcanic eruption; water damage; weight of ice, sleet, or snow; windstorm / hail.

We / Us / Our – *We*, *us*, and *our* refer to the Insurance Company named in this policy.

You / Your / Yourself – *You*, *your* and *yourself* refer to the *named insureds* who are the *insureds* named in the Declarations. *First named insured* is the *insured* named first in the Declarations.

EMPLOYEE DISHONESTY COVERAGE (FORM A) • PART I

This endorsement together with the Crime Common Provisions Form provides crime insurance for employee dishonesty.

The provisions of this endorsement apply only when the endorsement number is listed in the Declarations.

Except as provided below, all other provisions in this policy are unchanged.

COVERAGE MODIFICATION

Coverage

We cover loss to *money, securities and property other than money and securities* resulting directly from dishonest or fraudulent acts involving *employees* (whether acting alone or in collusion with others).

ADDITIONAL EXCLUSIONS

In addition to the Crime Common Exclusions, we do not provide insurance for any sort of loss consisting of or resulting from the following:

A. Employee Cancelled Under Prior Insurance

Loss caused by anyone for whom similar prior insurance has been cancelled and not reinstated since the last such cancellation.

B. Inventory Shortages

Loss where proof of the existence of, or amount of, such loss is dependent upon an inventory computation or a profit and loss computation. But, such can be used to support a claim which you otherwise prove.

ADDITIONAL CONDITIONS

A. Cancellation

Condition 3 of the General Conditions is amended as follows:

1. This insurance is automatically cancelled on any *employee* immediately upon discovery by *you* or *your* directors, officers, partners or trustees of such dishonesty or fraud by the *employee*, whether before or after becoming employed by *you* and whether or not *you* make claim or report such to *us*.
2. We may cancel this insurance on any *employee* by mailing or delivering to the *first named insured* written notice of such cancellation not less than 30 days prior to the effective date of the cancellation. We will mail or deliver such notice to the *first named insured*'s last mailing address known to *us*. If notice is mailed, proof of mailing is sufficient proof of notice.

B. Duties When Loss Occurs

The Duties Condition is further amended as follows:

If a loss is less than the deductible amount, *you* must still give immediate written notice to *us* of such loss, and, at *our* request, submit to *us* a statement describing the loss.

ADDITIONAL DEFINITIONS

Occurrence means all loss caused by, or involving, one or more *employees*, whether the result of a single act or a series of acts.



NON-CERTIFIED ACTS OF TERRORISM EXCLUSIONS • PARTS I AND II

This endorsement extends the policy to exclude certain loss arising out of terrorism.

The provisions of this endorsement apply only when the endorsement number is listed in the Declarations.

Except as provided below, all other provisions in this policy are unchanged.

1. COVERAGE MODIFICATION – PROPERTY

- A. If Part I is included in this policy, the following exclusion is added to the PART I COMMON EXCLUSIONS:

NON-CERTIFIED ACTS OF TERRORISM EXCLUSION

1. We do not provide insurance for any loss or damage directly or indirectly arising out of or resulting from a *non-certified act of terrorism*, including any action taken in hindering or defending against an actual or expected *non-certified act of terrorism*. Such loss or damage is excluded regardless of any other cause or event that contributes concurrently or in any sequence to the loss.

If loss resulting from fire (to the extent insured by this policy) ensues, we insure such resulting loss. However, this exception for fire applies only to direct physical loss by fire to covered property. Therefore, this exception does not apply to any sort of consequential loss, loss of use, or loss of utility, including losses under Business Income and / or Extra Expense coverages.

2. Regardless of the amount of damage and losses, this *Non-certified Acts of Terrorism* Exclusion applies to any *non-certified act of terrorism*:
 - a. That involves the use, release or escape of nuclear materials, or that directly or indirectly results in nuclear reaction or radiation or radioactive contamination; or
 - b. That is carried out by means of the dispersal or application of pathogenic or poisonous biological or chemical materials; or
 - c. In which pathogenic or poisonous biological or chemical materials are released, and it appears that one purpose of the *non-certified act of terrorism* was to release such materials.

In incidents of *non-certified acts of terrorism* other than those described in the preceding Paragraphs 1.A. 2.a, b, and c, the *Non-certified Acts of Terrorism* Exclusion will not apply unless the *insured damage* to all types of property (in the United States, its territories and possessions, the District of Columbia, Puerto Rico and Canada), sustained by all persons and entities affected by the *non-certified act of terrorism* (and including loss of Business Income and Extra Expense sustained by owners or occupants of such damaged property), exceeds a total of \$25,000,000. Multiple *non-certified acts of terrorism* which occur within a

seventy-two hour period and appear to be carried out in concert or to have a related purpose or common leadership will be deemed to be one *non-certified act of terrorism*.

The preceding paragraph describes the threshold used to measure the magnitude of a *non-certified act of terrorism* and the circumstances in which the threshold will apply, for the purpose of determining whether the *Non-certified Acts of Terrorism* Exclusion will apply to that incident. When the *Non-certified Acts of Terrorism* Exclusion applies to a *non-certified act of terrorism*, there is no coverage under this insurance.

In the event of any *non-certified act of terrorism* that is not subject to the *Non-certified Acts of Terrorism* Exclusion, coverage does not apply to any element of loss or damage that is otherwise excluded under this insurance.

3. However, with respect to any activity that also comes within the terms of the Governmental / Legal / War Exclusion, that exclusion supersedes this *Non-certified Acts of Terrorism* Exclusion.

In the event of a *non-certified act of terrorism* that involves nuclear reaction or radiation, or radioactive contamination, this *Non-certified Acts of Terrorism* Exclusion supersedes the Nuclear / Radioactive Loss Exclusion.

- B. If Part I is included in this policy, the PART I – GOVERNMENTAL / LEGAL / WAR COMMON EXCLUSION is replaced by the following:

GOVERNMENTAL / LEGAL / WAR

1. Any act or condition of: war (declared or not), civil war, invasion, insurrection, rebellion, revolution, or seizure of power, including acts done to defend against any such act or condition, whether actual or expected. With respect to any action that comes within the terms of this exclusion and involves nuclear reaction or radiation, or radioactive contamination, this exclusion supersedes the Nuclear / Radioactive Loss Exclusion.
2. Knowing violation of penal law or ordinance committed by, or with the consent of, an *insured*. Statutory fines or liability. Exemplary or punitive damages.
3. Confiscation, loss, or seizure under customs, drug enforcement, or quarantine legislation or regulations. Loss to property that is contraband or in the course of illegal transportation or trade.



4. Damage or destruction of property ordered by civil authority, other than immediate acts of destruction ordered by authorized civil authorities for the purpose of preventing the spread of fire – provided the fire originates from a cause of loss covered by this policy.

2. COVERAGE MODIFICATION – LIABILITY

If Part II is included in this policy, the following exclusion is added to the PART II – COMMON EXCLUSIONS:

NON-CERTIFIED ACTS OF TERRORISM EXCLUSION

We do not insure *bodily injury, property damage, personal injury or advertising injury* arising directly or indirectly out of a *non-certified act of terrorism*, including any action taken in hindering or defending against an actual or expected *non-certified act of terrorism*.

However this exclusion only applies if one or more of the following are attributable to a *non-certified act of terrorism*:

- A. The total of *insured damage* to all types of property sustained by all persons and entities affected by the *non-certified act of terrorism* (and including loss of Business Income and Extra Expense sustained by owners or occupants of such damaged property), exceeds \$25,000,000; or
- B. Fifty or more persons sustain death or serious physical injury. For the purposes of this provision, serious physical injury means:
 1. Physical injury that involves a substantial risk of death; or
 2. Protracted and obvious physical disfigurement; or
 3. Protracted loss of or impairment of the function of a bodily member or organ; or
- C. The *non-certified act of terrorism* involves the use, release or escape of nuclear materials, or directly or indirectly results in nuclear reaction or radiation or radioactive contamination; or
- D. The *non-certified act of terrorism* is carried out by means of the dispersal or application of pathogenic or poisonous biological or chemical materials; or
- E. Pathogenic or poisonous biological or chemical materials are released, and it appears that one purpose of the *non-certified act of terrorism* was to release such materials.

The preceding Paragraphs 2.A and B describe the thresholds used to measure the magnitude of a *non-certified act of terrorism* and the circumstances in which the threshold will apply for the purpose of determining whether the *Non-certified Acts of Terrorism* Exclusion will apply to that incident. When the *Non-certified Acts of Terrorism* Exclusion applies to a *non-certified act of terrorism*, there is no coverage under this insurance.

In the event of any *non-certified act of terrorism* that is not subject to the *Non-certified Acts of Terrorism* Exclusion,

coverage does not apply to any loss or damage that is otherwise excluded under this insurance.

Multiple *non-certified acts of terrorism* which occur within a seventy-two hour period and appear to be carried out in concert or to have a related purpose or common leadership will be deemed to be one *non-certified act of terrorism*.

3. OTHER EXCLUSIONS

The terms and limitations of any terrorism exclusion, or the inapplicability or omission of a terrorism exclusion, do not serve to create coverage for any loss which would otherwise be excluded under this policy by the Governmental / Legal / War Exclusion, the Nuclear / Radioactive Loss Exclusion or any other exclusion.

4. ADDITIONAL DEFINITIONS

The following definitions apply:

Certified act of terrorism means an act that is certified by the Secretary of the Treasury, in consultation with the Secretary of Homeland Security and the Attorney General of the United States, to be an act of terrorism that is:

- A. A violent act or an act that is dangerous to human life, property or infrastructure and that resulted in damage with an aggregate loss exceeding \$5,000,000:
 1. Within the United States;
 2. At the premises of a United States Mission; or
 3. To an air carrier (as defined in section 40102 of title 49, United States Code) or to a United States flag vessel (or a vessel based principally in the United States, on which United States income tax is paid and whose insurance coverage is subject to regulation in the United States), regardless of where the loss occurs;
- B. Committed by an individual or individuals as part of an effort to coerce the civilian population of the United States or to influence the policy or affect the conduct of the United States Government by coercion.

Insured damage means damage that is covered by any insurance plus damage that would be covered by any insurance but for the application of any terrorism exclusions.

Non-certified act of terrorism means a violent act or an act that is dangerous to human life, property or infrastructure and that is:

- A. Committed by an individual or individuals and appears to be a part of an effort to coerce a civilian population or to influence the policy or affect the conduct of any government by coercion; and
- B. Not deemed to be a *certified act of terrorism* under the terms of the Federal Terrorism Risk Insurance Act of 2002 or any subsequent action of Congress pursuant to the Act.

MANDATORY ENDORSEMENT – NEW JERSEY

This endorsement establishes Cancellation / Termination conditions in conformance with New Jersey Laws with regard to our rights as to such as provided under N.J.A.C. 11:1-20 et al., adds a failure to disclose any lead-based paint and any lead-based paint hazard exclusion, and also modifies other policy provisions of this policy.

Except as provided below, all other provisions in this policy are unchanged.

ADDITIONAL CONDITIONS**The COMMON CONDITION – CANCELLATION / TERMINATION is supplemented as follows:****B. Our Right to Cancel / Terminate****1. Cancellation/Termination for Nonpayment of Premium**

- If the *first named insured* fails to pay, when due, any premium or installment for this policy, it may be cancelled by *us* by mailing or delivering notice of cancellation to the *first named insured* not less than 10 days prior to the effective date of cancellation.
- This policy terminates automatically on the expiration date of the expiring policy term if the *first named insured* does not pay when due any renewal premium, or installment payment, for this policy. Notice of the amount of renewal premium must be mailed or delivered by *us* to the *first named insured* not less than 30 days but not more than 120 days prior to the premium due date.

2. Cancellation / Termination for Causes Other Than Nonpayment of Premium

- We may cancel or nonrenew for reasons other than nonpayment of premium by mailing notice to the *first named insured* not less than 30 days (except for reasons of moral hazard which require only 10 days' notice) but not more than 120 days prior to the effective date of cancellation or termination.
- This policy cannot be cancelled or terminated for any underwriting reason or guideline that is arbitrary, capricious or unfairly discriminatory or without adequate prior notice to the *first named insured*. The underwriting reasons or guidelines that we can use to cancel or terminate this policy are maintained on file by *us*. We will furnish such to *you / your* lawful representative upon written request.
- This provision does not apply to any policy that has been in effect for less than 60 days at the time notice of cancellation is mailed or delivered, unless the policy is a renewal policy.
- We mail or deliver *our* notice of cancellation or termination to the *first named insured's* last mailing address known to *us*. We also agree to mail or deliver the notice of cancellation to the mortgagee named in this policy and to any other person entitled to such notice under this policy.

COVERAGE MODIFICATIONS – LIABILITY AND PROPERTY

Throughout this policy, the term “spouse” also includes a person with whom an *insured* has entered into a civil union as recognized under the New Jersey Civil Union Act.

COVERAGE MODIFICATIONS – PROPERTY

If Part I is included in this policy, the following provisions apply:

The COMMON CONDITION – ACTION OR SUIT AGAINST US is supplemented as follows:

No action may be brought against *us* until all conditions in this policy are complied with, and unless brought within 12 months after *our* denial of the entire claim or that part of the claim in dispute (where *we* pay part of the claim but deny payment on the remaining part).

No right exists under this policy for *you* or others to make *us* party to an action against any *insured*.

COVERAGE MODIFICATIONS – LIABILITY

If Part II is included in this policy and this policy covers a residential dwelling under Part II, the following provisions apply:

PART II C – LIABILITY NOT INSURED

- We will not insure *bodily injury* or *property damage* arising out of any consequences of the failure of any *insured* to disclose the presence of any *lead-based paint* or *lead-based paint hazard* at the time of the sale or lease of a *residential dwelling*.

- We will not defend any action which arises out of such failure.

As used in this endorsement, the following definitions apply:

Lead-based Paint

Lead-based paint means paint or other surface coatings that contain lead equal to or in excess of 1.0 milligram per square centimeter or 0.5 percent by weight.

Lead-based Paint Hazard

Lead-based paint hazard means any condition that causes exposure to lead from lead-contaminated dust, lead-contaminated soil, or lead-contaminated paint that is deteriorated or present in accessible surfaces, friction surfaces, or impact surfaces that would result in adverse human health effects as established by the appropriate Federal agency.

Residential Dwelling

Residential dwelling means:

- A single-family dwelling, including attached structures such as porches and stoops; or
- A single-family dwelling unit in a structure that contains more than one separate residential dwelling unit, and in which each unit is used or occupied, or intended to be used or occupied, in whole or in part, as the residence of one or more persons.



COMMON EXCLUSIONS

- A. The following exclusion is added to PART I:

Fracking

We do not provide insurance for any loss or damage arising out of or resulting from *fracking*. This includes, but is not limited to: any earthquake, earth movement or sinkhole collapse.

However, if loss resulting from fire or explosion, or theft (to the extent otherwise insured by this policy) ensues, we insure such resulting loss.

- B. The following exclusion is added to PART II:

Fracking

We do not insure *bodily injury, property damage, advertising injury, personal injury* or medical payments caused by, or resulting from *fracking*. This includes any damages, expenses, liability, or loss, aggravated by, consisting of, or resulting from any of the following:

1. Earthquake, earth movement, or sinkhole collapse;
2. The actual, alleged, or threatened discharge, dispersal, emission, escape, flowing, leakage, migration, release, or seepage of *fracking* fluids, *pollutants* or other similar forms of environmental damage into land, any body of water, above ground or underground water, or wells;
3. Contamination resulting in any virus or other pathological agent that causes disease or illness in humans, animals, birds, or other creatures;
4. The leasing or renting of *your* premises for the purpose of *fracking*;
5. The removal, storage or transportation of waste water or other chemicals from the *fracking* drilling site;
6. The extraction of *fracking* fluids or other *pollutants* caused by *fracking* from land or water;
7. The removal, replacement, or restoration of land or water that is polluted with *fracking* fluids or other *pollutants* caused by *fracking*.

- C. We do not insure under this policy any cost, expense, liability, or loss arising out of any of the following:

1. Any demand, directive, order, or request that any *insured* or others clean up, contain, detoxify, monitor, neutralize, remove, test for, or treat, or in any way assess the harmful effects associated with the process of *fracking*; or
2. Any claim or suit by, or on behalf of, any governmental authority for damages or reimbursement because of cleaning up, containing, detoxifying, monitoring, neutralizing, removing, testing for, treating, or in any way assess the harmful effects associated with the process of *fracking*.

COMMON GLOSSARY

The following definition is added:

Fracking

Fracking means any process of drilling and injecting chemicals, gas, propane gel, sand, water, or other fluids or substances at high pressure into the ground to break up shale rocks from below the earth's surface in order to release natural gas and oil from below the earth's surface.

NON-CERTIFIED ACTS OF TERRORISM EXCLUSION

This endorsement modifies the policy to exclude certain loss arising out of terrorism for Inland Marine Coverage.

The provisions of this endorsement apply only when the endorsement number is listed in the Declarations.

Except as provided below, all other provisions in this policy are unchanged.

1. COVERAGE MODIFICATION

- A.** The following exclusion is added to the Inland Marine Coverage EXCLUSIONS – LOSSES NOT INSURED:

NON-CERTIFIED ACTS OF TERRORISM EXCLUSION

1. We do not provide insurance for any loss or damage directly or indirectly arising out of or resulting from a *non-certified act of terrorism*, including any action taken in hindering or defending against an actual or expected *non-certified act of terrorism*. Such loss or damage is excluded regardless of any other cause or event that contributes concurrently or in any sequence to the loss.
2. Regardless of the amount of damage and losses, this *Non-certified Acts of Terrorism* Exclusion applies to any *non-certified act of terrorism*:
 - a. That involves the use, release or escape of nuclear materials, or that directly or indirectly results in nuclear reaction or radiation or radioactive contamination; or
 - b. That is carried out by means of the dispersal or application of pathogenic or poisonous biological or chemical materials; or
 - c. In which pathogenic or poisonous biological or chemical materials are released, and it appears that one purpose of the *non-certified act of terrorism* was to release such materials.

In incidents of *non-certified acts of terrorism* other than those described in the preceding Paragraphs 1.A. 2.a, b, and c, the *Non-certified Acts of Terrorism* Exclusion will not apply unless the *insured damage* to all types of property (in the United States, its territories and possessions, the District of Columbia, Puerto Rico and Canada), sustained by all persons and entities affected by the *non-certified act of terrorism* (and including loss of Business Income and Extra Expense sustained by owners or occupants of such damaged property), exceeds a total of \$25,000,000. Multiple *non-certified acts of terrorism* which occur within a seventy-two hour period and appear to be carried out in concert or to have a related purpose or common leadership will be deemed to be one *non-certified act of terrorism*.

The preceding paragraph describes the threshold used to measure the magnitude of a *non-certified act of terrorism* and the circumstances in which the threshold will apply, for the purpose of determining whether the *Non-certified Acts of*

Terrorism Exclusion will apply to that incident. When the *Non-certified Acts of Terrorism* Exclusion applies to a *non-certified act of terrorism*, there is no coverage under this insurance.

In the event of any *non-certified act of terrorism* that is not subject to the *Non-certified Acts of Terrorism* Exclusion, coverage does not apply to any element of loss or damage that is otherwise excluded under this insurance.

- 3.** However, with respect to any activity that also comes within the terms of the Governmental / Legal / War Exclusion, that exclusion supersedes this *Non-certified Acts of Terrorism* Exclusion.

In the event of a *non-certified act of terrorism* that involves nuclear reaction or radiation, or radioactive contamination, this *Non-certified Acts of Terrorism* Exclusion supersedes the Nuclear / Radioactive Loss Exclusion.

B. The GOVERNMENTAL / LEGAL / WAR EXCLUSION is replaced by the following:**GOVERNMENTAL / LEGAL / WAR**

1. Any act or condition of: war (declared or not), civil war, invasion, insurrection, rebellion, revolution, or seizure of power, including acts done to defend against any such act or condition, whether actual or expected. With respect to any action that comes within the terms of this exclusion and involves nuclear reaction or radiation, or radioactive contamination, this exclusion supersedes the Nuclear / Radioactive Loss Exclusion.

2. Knowing violation of penal law or ordinance committed by, or with the consent of, an *insured*. Statutory fines or liability. Exemplary or punitive damages.

3. Confiscation, loss, or seizure under customs, drug enforcement, or quarantine legislation or regulations. Loss to property that is contraband or in the course of illegal transportation or trade.

4. Damage or destruction of property ordered by civil authority, other than immediate acts of destruction ordered by authorized civil authorities for the purpose of preventing the spread of fire – provided the fire originates from a cause of loss covered by this policy.

2. OTHER EXCLUSIONS

The terms and limitations of any terrorism exclusion, or the inapplicability or omission of a terrorism exclusion, do not serve to create coverage for any loss which would otherwise



be excluded under this policy by the Governmental / Legal / War Exclusion, the Nuclear / Radioactive Loss Exclusion or any other exclusion.

3. ADDITIONAL DEFINITIONS

The following definitions apply:

Certified act of terrorism means an act that is certified by the Secretary of the Treasury, in consultation with the Secretary of Homeland Security and the Attorney General of the United States, to be an act of terrorism that is:

A. A violent act or an act that is dangerous to human life, property or infrastructure and that resulted in damage with an aggregate loss exceeding \$5,000,000:

- 1.** Within the United States;
- 2.** At the premises of a United States Mission; or
- 3.** To an air carrier (as defined in section 40102 of title 49, United States Code) or to a United States flag vessel (or a vessel based principally in the United States, on which United States income tax is paid and whose insurance coverage is subject to regulation in the United States), regardless of where the loss occurs;

B. Committed by an individual or individuals as part of an effort to coerce the civilian population of the United States or to influence the policy or affect the conduct of the United States Government by coercion.

Insured damage means damage that is covered by any insurance plus damage that would be covered by any insurance but for the application of any terrorism exclusions.

Non-certified act of terrorism means a violent act or an act that is dangerous to human life, property or infrastructure and that is:

- A.** Committed by an individual or individuals and appears to be a part of an effort to coerce a civilian population or to influence the policy or affect the conduct of any government by coercion; and
- B.** Not deemed to be a *certified act of terrorism* under the terms of the Federal Terrorism Risk Insurance Act of 2002 or any subsequent action of Congress pursuant to the Act.

NOTICE TO POLICYHOLDER
BOILER INSPECTIONS

Please call your boiler department at (800) 425-4119 or email boilinsp@travelers.com in order that an inspection may be conducted promptly at your premises in compliance with state regulations.

Please be prepared to provide the following pieces of information:

- Your AXIS policy number
- Effective date of your policy
- Street address, including city and state
- Contact name at premises
- Phone number of contact
- Date and time of day that is convenient for the contact to allow the inspector on the premises.

If you have locations in New York City (the five boroughs), the Department of Buildings requires that all boilers be inspected once during the calendar year. The city will NOT accept late inspections. Heavy fines, which are per boiler, will be levied on the BUILDING OWNER if the boilers aren't inspected and reported to the City in time. To help ensure your boiler will be properly inspected in time to avoid these fines, please call/email your Equipment Breakdown department at the contact information listed above before October 1st to allow adequate time for inspector scheduling. This is especially critical if this is your first year insured with AXIS Insurance Co and your effective policy date is in the second half of the calendar year.

Thank you for your cooperation in this important matter.

SOFTWARE LOSS EXCLUSION – PART I

This endorsement establishes an exclusion for software loss.

Except as provided below, all other provisions in this policy are unchanged.

COVERAGE MODIFICATION

We do not provide insurance for any loss, damage, cost or expense, whether preventative, remedial, replacement, statutorily mandated or otherwise, directly or indirectly arising out of, resulting from, or involving a *software loss*.

This exclusion does not apply to direct physical loss or damage to tangible property that *you* do not manufacture, that results from a *software loss*. For purposes of this endorsement, programs, computer software or operating systems, programming instructions and data are not tangible property.

GLOSSARY

For the purposes of this endorsement, the following definitions apply:

- A.** *Software loss* means loss of or damage to any program(s), computer software or operating system(s), programming instruction(s), or data arising out of or resulting from any failure, malfunction, deficiency, fault, *virus*, deletion or corruption.

Software loss includes but is not limited to loss or damage resulting from any authorized or unauthorized access in or to any:

1. Computer, computer system, computer software or operating systems, computer hardware, communication system,
2. Computer memory, computer chip, microchip,
3. Data processing equipment, file server, networking equipment, integrated circuit or similar device in computer equipment,
4. Program, programming instructions, or data.

- B.** *Virus* means software, data or code that affects the operation or functionality of any:

1. Computer, computer system, computer software or operating systems, computer hardware, communication system,
2. Computer memory, computer chip, microchip,
3. Data processing equipment, file server, networking equipment, integrated circuit or similar device in computer equipment,
4. Program, programming instructions, or data, including but not limited to, any destructive program, computer code, *virus*, worm, logic bomb, denial of service attack, smurf attack, vandalism, trojan horse, or any other data introduced into any electronic system causing deletion, destruction, degradation, corruption, malfunction or compromise to *your* data, software or electronic business systems.

