

SECTION IV. A. EXTRA EXPENSE

I. INSURING AGREEMENT

Underwriters agree to pay to the Insured such loss (as further defined in Paragraph VIII., but not including loss of earning or profit) as the Insured shall sustain by reason of such extra expense as the Insured necessarily incurs in the event of the interruption, postponement or cancellation of the insured production(s) as a direct and sole result of loss of, damage to, or destruction of property or facilities contracted by the Insured for use in connection with such production caused by the perils insured against, and occurring during the term of coverage (defined in Paragraph III.)

II. LIMIT OF LIABILITY AND DEDUCTIBLE

- a. Underwriters limit of liability with respect to any one occurrence shall not exceed the amount stated in the schedule in connection with the insured production(s).
- b. Underwriters liability for loss shall only be to pay the amount in excess of the deductible stated in the schedule for each separate loss.

III. TERM OF COVERAGE

Coverage under this Section commences and expires as stated in the declarations.

IV. PERILS INSURED

This coverage insures against all risks of direct physical loss of or damage to the property described in Paragraph I. from any external cause, except as hereinafter excluded.

V. EXCLUSIONS

It is agreed, this policy will not respond and there is no coverage pursuant to this insurance to pay for any loss either in whole or in part, directly or indirectly for a loss based upon, relating to, arising out of, contributing to or resulting from any of the following:

- a. insects, vermin, inherent vice, latent defect, mechanical or structural defect or breakdown, wear, tear, gradual deterioration, dampness or dryness of atmosphere, extremes or changes of temperature, shrinkage, evaporation, loss of weight, rust contamination, or leakage of contents.
- b. damage sustained while the property is being actually worked upon and directly resulting therefrom, nor loss or damage to any property undergoing construction, alteration, repair or testing, unless accidental fire or explosion ensues and then only for the loss or damage caused by such ensuing fire or explosion;
- c. shortage of inventory or any unexplained loss or mysterious disappearance;
- d. rain, sleet, snow, hail, or wind damage to property stored in the open (other than whilst in use on location however this is subject to the insured taking all necessary precautions taking into account local terrain/weather conditions in order to protect such property);
- e. damage to or destruction of property caused by or resulting from intentional acts of the Insured, or at the direction of the Insured;
- f. short circuit or other electrical injury, disturbance, or failure, unless fire ensues and then only for loss or damage caused by such fire;
- g. loss of, or damage to, film, videotape or soundtracks; or

- h. loss of use or replacement of animals due to any cause.
- i. loss of, or damage to software and/or hardware as a result or in consequence of a virus or similar mechanism or resulting from hacking.

VI. SPECIAL EXCLUSION

It is specifically agreed that Underwriters shall not be liable for any direct or indirect property loss or for expenditures incurred in the purchase, construction, repair or replacement of any property.

VII. COVERAGE EXTENSION

As respects portable generators, camera equipment, sound equipment or lighting equipment, provided such generators, camera equipment, sound equipment or lighting equipment were fully tested and proven to be in good working condition prior to being used, the exclusions of mechanical breakdown, short circuit or other electrical injury, disturbance or failure whether due to external or internal causes shall not apply.

VIII. DEFINITION OF LOSS

- a. "Loss" as used in this coverage shall mean any extra expenditure (the word expenditure refers to the same costs as defined in Paragraph XIII. of the General Policy Conditions) incurred by the Insured in completing Principal Photography of the insured production(s) over and above the expenditure which but for the happening of any one or more of the occurrences specified in Paragraph I. would have been incurred in completing the Principal Photography, however, excluding any loss, damage, expense or liability arising out of, resulting from, caused by or as a consequence of any obligation or requirement of the Insured to meet any schedule deadlines, delivery dates, release dates, air dates or any other completion date, whether or not such loss, damage, expense or liability occurs in conjunction with a loss otherwise covered under this policy.
- b. In the event that the happening of one or more of the occurrences specified in Paragraph I. reasonably, practically and necessarily prevents the completion of Principal Photography irrespective of any completion and/or delivery date requirements, the Insured shall have the option to abandon Principal Photography subject to Underwriters prior agreement and claim under this Section for such actual expenditures incurred prior to and during Principal Photography as have been rendered entirely valueless solely by reason of the happening of one or more of the occurrences specified in Paragraph I.
- c. Underwriters shall not be required to accept an abandonment unless they can obtain all rights, titles and interests in all underlying works, as well as films or tapes and all copies and related material thereof for the production.

IX. GENERAL POLICY CONDITIONS

The General Policy Conditions apply to the coverage provided under this Section III.D.