



Lloyd's Certificate

This Insurance is effected with certain Underwriters at Lloyd's,
London.

This Certificate is issued in accordance with the limited authorization granted to the Correspondent by certain Underwriters at Lloyd's, London whose syndicate numbers and the proportions underwritten by them can be ascertained from the office of the said Correspondent (such Underwriters being hereinafter called "Underwriters") and in consideration of the premium specified herein, Underwriters hereby bind themselves severally and not jointly, each for his own part and not one for another, their Executors and Administrators.

The Assured is requested to read this Certificate, and if it is not correct, return it immediately to the Correspondent for appropriate alteration.

All inquiries regarding this Certificate should be addressed to the following
Correspondent:

As shown on Declarations Page

Introduction

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

Throughout this policy, the words 'you' and 'your' refer to the named insured shown in the declarations. The words 'we', 'us' and 'our' refer to the company providing this insurance.

Other words and phrases that appear in inverted commas have special meaning. Refer to section H. Definitions.

This insurance meets the definition of Private Flood Insurance contained in 42 U.S.C. 4012A(B)(7) and the corresponding regulation.

Please note that flood insurance is also available through the National Flood Insurance Program.

Agreement

We will provide the insurance described in this policy in return for the premium and compliance with all applicable provisions of this policy.

If the National Flood Insurance Program for flood insurance to commercial property provides broader coverage than that provided under this insurance, that broader cover will automatically apply to this policy without additional premium charge.

A. Coverage

We will pay for direct physical loss of or damage to covered property at the premises described in the declarations caused by or resulting from 'flood'.

All flooding in a continuous or protracted event will constitute a single 'flood'.

1. Covered property

Covered property, as used in this coverage part, means the type of property described in this section, A.1., and limited in A.2. Property not covered, if a limit of insurance is shown in the declarations for that type of property.

- a. Building, meaning the building or structure described in the declarations, including:
 - (1) completed additions;
 - (2) fixtures, including outdoor fixtures;
 - (3) permanently installed:
 - (a) machinery; and
 - (b) equipment;
 - (4) personal property owned by you that is used to maintain or service the building or structure or its premises, including:
 - (a) fire-extinguishing equipment;
 - (b) floor coverings; and
 - (c) appliances used for refrigerating, ventilating, cooking, dishwashing or laundering;
 - (5) if not covered by other insurance:
 - (a) additions under construction, alterations and repairs to the building or structure;
 - (b) materials, equipment, supplies and temporary structures, on the described premises, used for making additions, alterations or repairs to the building or structure.
- b. Your business personal property consists of the following property located in or on the building or structure described in the declarations (or in a vehicle) within the boundaries of the premises described in the declarations:
 - (1) furniture and fixtures;
 - (2) machinery and equipment;
 - (3) 'stock';
 - (4) all other personal property owned by you and used in your business;

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- (5) labor, materials or services furnished or arranged by you on personal property of others;
- (6) your use interest as tenant in improvements and betterments – improvements and betterments are fixtures, alterations, installations or additions:
 - (a) made a part of the building or structure you occupy but do not own; and
 - (b) you acquired or made at your expense but cannot legally remove;
- (7) leased personal property for which you have a contractual responsibility to insure, unless otherwise provided for under personal property of others.
- c. Personal property of others that is:
 - (1) in your care, custody or control; and
 - (2) located in or on the building or structure described in the declarations or in a vehicle within the boundaries of the premises described in the declarations.

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

2. Property not covered

Covered property does not include:

- a. accounts, bills, currency, food stamps or other evidences of debt, money, notes or securities – lottery tickets held for sale are not securities;
- b. animals;
- c. automobiles held for sale;
- d. bridges, roadways, walks, patios or other paved surfaces;
- e. contraband, or property in the course of illegal transportation or trade;
- f. the cost of excavations, grading, backfilling or filling;
- g. land (including land on which the property is located), water, growing crops or lawns (other than lawns which are part of a vegetated roof);
- h. bulkheads, pilings, piers, wharves or docks;
- i. property that is covered under another coverage form of this or any other policy in which it is more specifically described, except for the excess of the amount due (whether you can collect on it or not) from that other insurance;
- j. retaining walls that are not part of a building;
- l. underground structures and equipment, including culverts, pipes, flues, wells, septic tanks, septic systems or drains;
- k. swimming pools and their equipment including but not limited to heaters, filters, pumps and pipes, hot tubs and spas that are not bathroom fixtures;
- l. vehicles or self-propelled machines (including aircraft or watercraft) that:
 - (1) are licensed for use on public roads; or
 - (2) are operated principally away from the described premises.

This paragraph does not apply to:

- (1) vehicles or self-propelled machines or autos you manufacture, process or warehouse;
- (2) vehicles or self-propelled machines, other than autos, you hold for sale;
- (3) rowboats or canoes out of water at the described premises; or
- (4) trailers, but only to the extent provided for in the coverage extension for non-owned detached trailers;
- m. outdoor furniture;
- n. grain, hay, straw or other crops;
- o. business personal property, materials, equipment or supplies located outside of a building or structure;

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- p. fences, radio or television antennas (including satellite dishes) and their lead-in wiring, masts or towers, trees, shrubs or plants; or
- q. boat houses and open structures, and any property in or on the foregoing, if the structure is located on or over a body of water.

3. Additional coverages

a. Debris removal

- (1) Subject to paragraphs (2), (3) and (4), we will pay your expense to remove debris of covered property and other debris that is on the described premises, when such debris is caused by or results from a 'flood' that occurs during the policy period. The expenses will be paid only if they are reported to us in writing within 180 days of the date of direct physical loss or damage.
- (2) Debris removal does not apply to costs to:
 - (a) extract 'pollutants' from land or water; or
 - (b) remove, restore or replace polluted land or water.
- (3) Subject to the exceptions in paragraph (4), the following provisions apply:
The most we will pay for the total of direct physical loss or damage plus debris removal expense is the limit of insurance applicable to the covered property that has sustained loss or damage.
- (4) We will pay up to an additional USD25,000 for debris removal expense, for each location, in any one occurrence of physical loss or damage to covered property, if the total of the actual debris removal expense plus the amount we pay for direct physical loss or damage exceeds the limit of insurance on the covered property that has sustained loss or damage.

Therefore, our total payment for direct physical loss or damage and debris removal expense may reach but will never exceed the limit of insurance on the covered property that has sustained loss or damage, plus USD25,000.

b. Preservation of property

If it is necessary to move covered property from the described premises to preserve it from physical loss or damage caused by or resulting from 'flood', or the imminent danger of 'flood', we will pay, up to USD2,500, towards the reasonable expenses you incur to protect or move such covered property. We will also insure such covered property against direct physical loss or damage by flood" while temporarily stored at another location provided the physical loss or damage occurs within 45 days of the covered property first being moved.

c. Increased cost of construction

- (1) In the event of damage by 'flood' to a building that is covered property, we will pay the increased costs incurred to comply with the minimum standards of an ordinance or law in the course of repair, rebuilding or replacement of damaged parts of that property, subject to the limitations stated in c.(2) through c.(8) of this additional coverage.
- (2) The ordinance or law referred to in c.(1) of this additional coverage is an ordinance or law that regulates the construction or repair of buildings or establishes zoning or land use requirements at the described premises and is in force at the time of loss.
- (3) Under this additional coverage, we will not pay any costs due to an ordinance or law that:
 - (a) you were required to comply with before the loss, even when the building was undamaged; and
 - (b) you failed to comply with.
- (4) Under this additional coverage, we will not pay for:
 - (a) the enforcement of or compliance with any ordinance or law which requires demolition, repair, replacement, reconstruction, remodeling or remediation of property due to contamination by 'pollutants' or due to the presence, growth, proliferation, spread or any activity of 'fungus', wet or dry rot or bacteria that is substantially confined to the covered building; or

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- (b) any costs associated with the enforcement of or compliance with an ordinance or law which requires any insured or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of 'pollutants', 'fungus', wet or dry rot or bacteria.
- (5) The most we will pay under this additional coverage, for each described building insured under this coverage form, is USD30,000. If a damaged building is covered under a blanket limit of insurance which applies to more than one building or item of property, then the most we will pay under this additional coverage, for that damaged building, is USD30,000.

The amount payable under this additional coverage is additional insurance.

- (6) With respect to this additional coverage:
 - (a) we will not pay for the increased cost of construction:
 - (i) until the property is actually repaired or replaced at the same or another premises; and
 - (ii) unless the repair or replacement is made as soon as reasonably possible after the loss or damage, not to exceed two years. We may extend this period in writing during the two years.
 - (b) if the building is repaired or replaced at the same premises, or if you elect to rebuild at another premises, the most we will pay for the Increased cost of construction, subject to the provisions of c.(5) of this additional coverage, is the Increased cost of construction at the same premises.
 - (c) if the ordinance or law requires relocation to another premises, the most we will pay for the Increased cost of construction, subject to the provisions of c.(5) of this additional coverage, is the Increased cost of construction at the new premises.
- (7) This additional coverage is not subject to the terms of the ordinance or law exclusion to the extent that such exclusion would conflict with the provisions of this additional coverage.
- (8) The costs addressed in the loss payment and valuation conditions, in this coverage form, do not include the increased cost attributable to enforcement of or compliance with an ordinance or law. The amount payable under this additional coverage, as stated in c. (5) of this additional coverage, is not subject to such limitation.

4. Coverage extensions

Except as otherwise provided, the following extensions apply to property located in or on the building described in the declarations or in a vehicle within the boundaries of the described premises.

If a coinsurance percentage of 80% or more, or a value reporting period symbol, is shown in the declarations, you may extend the insurance provided by this coverage part as follows:

a. Newly constructed property:

(1) buildings;

If this policy covers building, you may extend that insurance to apply to your new buildings while being built on the described premises.

The most we will pay for loss or damage under this extension is USD75,000 or 3% of the limit of liability for coverage 1.A. buildings, whichever the lesser.

(2) your business personal property;

(a) If this policy covers your business personal property, you may extend that insurance to apply to business personal property, including such property that you newly acquire, located at your newly constructed buildings at the location described in the declarations:

The most we will pay for loss or damage under this extension is USD25,000.

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- (b) This extension does not apply to:
 - (i) personal property of others that is temporarily in your possession in the course of installing or performing work on such property; or
 - (ii) personal property of others that is temporarily in your possession in the course of your manufacturing or wholesaling activities.
 - (3) period of coverage

With respect to insurance provided under this coverage extension for newly constructed property, coverage will end when any of the following first occurs:

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

We will charge you an additional premium for values reported from the date you acquire the property or begin construction of that part of the building that would qualify as covered property.
- b. Personal effects and property of others;

You may extend the insurance that applies to your business personal property to apply to:

 - (1) personal effects owned by you, your officers, your partners or members, your managers or your employees;
 - (2) personal property of others in your care, custody or control.

The most we will pay for loss or damage under this extension is USD2,500 at each described premises. Our payment for loss of or damage to personal property of others will only be for the account of the owner of the property.
- c. Valuable papers and records (other than electronic data);
 - (1) You may extend the insurance that applies to your business personal property to apply to the cost to replace or restore the lost information on valuable papers and records for which duplicates do not exist. But this extension does not apply to valuable papers and records which exist as electronic data. Electronic data means information, facts or computer programs stored as or on, created or used on, or transmitted to or from computer software (including systems and applications software), on hard or floppy disks, CD-ROMs, tapes, drives, cells, data processing devices or any other repositories of computer software that are used with electronically controlled equipment. The term computer programs, referred to in the foregoing description of electronic data, means a set of related electronic instructions which direct the operations and functions of a computer or device connected to it, which enable the computer or device to receive, process, store, retrieve or send data.
 - (2) Under this extension, the most we will pay to replace or restore the lost information is USD2,500 at each described premises, unless a higher limit is shown in the declarations. Such amount is additional insurance. We will also pay for the cost of blank material for reproducing the records (whether or not duplicates exist) and (when there is a duplicate) for the cost of labor to transcribe or copy the records. The costs of blank material and labor are subject to the applicable limit of insurance on your business personal property and, therefore, coverage of such costs is not additional insurance.
- d. Non-owned detached trailers;
 - (1) You may extend the insurance that applies to your business personal property to apply to loss or damage to trailers that you do not own, provided that:
 - (a) the trailer is used in your business;
 - (b) the trailer is in your care, custody or control at the premises described in the declarations; and
 - (c) you have a contractual responsibility to pay for loss or damage to the trailer.

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- (2) The most we will pay for loss or damage under this extension is USD5,000, unless a higher limit is shown in the declarations.
- (3) This insurance is excess over the amount due (whether you can collect on it or not) from any other insurance covering such property.
- e. Business personal property temporarily in portable storage units;
 - (1) You may extend the insurance that applies to your business personal property to apply to such property while temporarily stored in a portable storage unit (including a detached trailer) located within the boundaries of the premises described in the declarations.
 - (2) Coverage under this extension:
 - (a) will end 90 days after the business personal property has been placed in the storage unit;
 - (b) does not apply if the storage unit itself has been in use at the described premises for more than 90 consecutive days, even if the business personal property has been stored there for 90 or fewer days as of the time of loss or damage.
 - (3) Under this extension, the most we will pay for the total of all loss or damage to business personal property is USD25,000 (unless a higher limit is indicated in the declarations for such extension) regardless of the number of storage units. Such limit is part of, not in addition to, the applicable limit of insurance on your business personal property. Therefore, payment under this extension will not increase the applicable limit of insurance on your business personal property.
 - (4) This extension does not apply to loss or damage otherwise covered under this coverage form or any endorsement to this coverage form or policy, and does not apply to loss or damage to the storage unit itself.

Each of these extensions is additional insurance unless otherwise indicated. The additional condition, coinsurance, does not apply to these extensions.

B. Exclusions and limitations

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

- 1. 'Flood' that is already in progress at the inception of this insurance.
- 2. Except as specifically provided under additional coverages – increased cost of construction, the enforcement of or compliance with any ordinance or law:
 - a. regulating the construction, use or repair of any property; or
 - b. requiring the tearing down of any property, including the cost of removing its debris.

This exclusion applies whether the loss results from:

- i. an ordinance or law that is enforced even if the property has not been damaged; or
- ii. the increased costs incurred to comply with an ordinance or law in the course of construction, repair, renovation, remodeling or demolition of property, or removal of its debris, following physical loss to that property.
- iii. loss of income, loss of use, loss of market, interruption of business, increased cost of working or any other indirect or remote loss or damage.
- 3. Seizure or destruction of property by order of governmental authority.
- 4. The failure of power, communication, water or other utility service supplied to the described premises, however caused, if the failure originates away from the described premises.

Failure of any utility service includes lack of sufficient capacity and reduction in supply. Loss or damage caused by a surge of power is also excluded, if the surge would not have occurred but for the 'flood' causing a failure of power.

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

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5. Earth movement including:
 - a. earthquake, tremors and aftershocks and any earth sinking, rising or shifting related to such events;
 - b. subsidence, landslide, mudslide, slope failure or sinkhole;
 - c. volcanic eruption, explosion or effusion;
 - d. gradual erosion.
6. Indirect or remote loss or damage.
7. Interruption of business, delay, loss of use or loss of market.
8. Water or water-borne material that backs up or overflows or is otherwise discharged from a sewer, drain, sump, sump pump or related equipment unless such back up, overflow or discharge is caused solely and directly by 'flood'.
9. Water or water-borne material under the ground surface pressing on, or flowing or seeping through:
 - a. foundations, walls, floors or paved surfaces;
 - b. basements, whether paved or not; or
 - c. doors, windows or other openings.

Unless caused solely and directly by 'flood'.
10. Mold, mildew, fungus, spores or other microorganism of any type, nature or description, including but not limited to any substance whose presence poses an actual or potential threat to human health, that is substantially confined to the insured building.
11. Mold, mildew, fungus, spores or other microorganism of any type, nature or description, including but not limited to any substance whose presence poses an actual or potential threat to human health, that results from your failure to take reasonable measures to prevent mold growing in your building(s) after a 'flood' has receded.
Reasonable measures include but are not limited to inspecting the insured building(s), removing as much floodwater and damaged property from your building as you can; using dehumidifiers, fans or heaters to dry out your building; contacting a mold remediation company or water damage specialist who perform clean ups of flooded property.
12. 'Pollutants'. However, if the discharge, seepage, migration, release or escape of the 'pollutants' is solely and directly caused by 'flood' and such 'pollutants' cause physical damage to covered property such damage shall be insured under this policy. The most we will pay for each incident of loss is USD10,000.

C. Limits of insurance

The most we will pay for loss or damage is the applicable limit of insurance shown in the declarations.

The most we will pay for loss or damage to outdoor signs, whether or not the sign is attached to a building, is USD2,500 per sign in any one occurrence.

The amount of insurance stated for increased cost of construction applies in accordance with the terms of such coverage and is separate from the limit(s) of insurance shown in the declarations for any other coverage.

Payments under the preservation of property additional coverage will not increase the applicable limit of insurance.

D. Deductible

In any one occurrence of loss or damage (hereinafter referred to as loss), we will first reduce the amount of loss if required by the coinsurance condition or the agreed value optional coverage. If the adjusted amount of loss is less than or equal to the deductible, we will not pay for that loss. If the adjusted amount of loss exceeds the deductible, we will then subtract the deductible from the adjusted amount of loss and will pay the resulting amount or the limit of insurance, whichever is less.

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When the occurrence involves loss to more than one item of covered property and separate limits of insurance apply, the losses will not be combined in determining application of the deductible. But the deductible will be applied only once per occurrence.

Example one

(This example assumes there is no coinsurance penalty).

Deductible:	USD250
limit of insurance – building one:	USD60,000
limit of insurance – building two:	USD80,000
Loss to building one:	USD60,100
Loss to building two:	USD90,000

The amount of loss to building one (USD60,100) is less than the sum (USD60,250) of the limit of insurance applicable to building one plus the deductible.

The deductible will be subtracted from the amount of loss in calculating the loss payable for building one:

	USD60,100
	-USD250
Loss payable – building one	=USD59,850

The deductible applies once per occurrence and therefore is not subtracted in determining the amount of loss payable for building two. Loss payable for building two is the limit of insurance of USD80,000.

Total amount of loss payable:

$$\text{USD59,850} + \text{USD80,000} = \text{USD139,850}$$

Example two

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

The deductible and limits of insurance are the same as those in example one.

Loss to building one (exceeds limit of insurance plus deductible):	USD70,000
Loss to building two (exceeds limit of insurance plus deductible):	USD90,000
Loss payable – building one (limit of insurance):	USD60,000
Loss payable – building two (limit of insurance):	USD80,000
Total amount of loss payable:	USD140,000

E. Loss conditions

1. Abandonment

There can be no abandonment of any property to us.

2. Appraisal

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

- pay its chosen appraiser;
- bear the other expenses of the appraisal and umpire equally; and
- If there is an appraisal, we will still retain our right to deny the claim.

3. Duties in the event of loss or damage

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- a. You must see that the following are done in the event of loss or damage to covered property:
 - (1) notify the police if a law may have been broken;
 - (2) give us prompt notice of the loss or damage. Include a description of the property involved;
 - (3) as soon as possible, give us a description of how, when and where the loss or damage occurred;
 - (4) take all reasonable steps to protect the covered property that is damaged by 'flood' from further damage. We will pay up to USD2,500 towards the reasonable cost incurred by you to protect the covered property in imminent danger of 'flood'. You must keep a record of your expenses necessary to protect the covered property, for consideration in the settlement of the claim. This will not increase the limit of insurance. If feasible, set the damaged property aside and in the best possible order for examination;
 - (5) at our request, give us complete inventories of the damaged and undamaged property. Include quantities, costs, values and amount of loss claimed;
 - (6) as often as may be reasonably required, permit us to inspect the property proving the loss or damage and examine your books and records;
 - (7) also, permit us to take samples of damaged and undamaged property for inspection, testing and analysis, and permit us to make copies from your books and records;
 - (8) send us a signed, sworn proof of loss containing the information we request to investigate the claim. You must do this within 60 days after our request. We will supply you with the necessary forms;
 - (9) co-operate with us in the investigation or settlement of the claim.
- b. We may examine any insured under oath, while not in the presence of any other insured and at such times as may be reasonably required, about any matter relating to this insurance or the claim, including an insured's books and records. In the event of an examination, an insured's answers must be signed.

4. Loss payment

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

We will determine the value of lost or damaged property, or the cost of its repair or replacement, in accordance with the applicable terms of the valuation condition in this coverage form or any applicable provision which amends or supersedes the valuation condition.
- b. The cost to repair, rebuild or replace does not include the increased cost attributable to enforcement of or compliance with any ordinance or law regulating the construction, use or repair of any property.
- c. We will give notice of our intentions within 30 days after we receive the sworn proof of loss.
- d. We will not pay you more than your financial interest in the covered property.
- e. We may adjust losses with the owners of lost or damaged property if other than you. If we pay the owners, such payments will satisfy your claims against us for the owners' property. We will not pay the owners more than their financial interest in the covered property.
- f. We may elect to defend you against suits arising from claims of owners of property. We will do this at our expense.

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- g. We will pay for covered loss or damage within 30 days after we receive the sworn proof of loss, if you have complied with all of the terms of this coverage part, and:
 - (1) we have reached agreement with you on the amount of loss; or
 - (2) an appraisal award has been made.
- h. A party wall is a wall that separates and is common to adjoining buildings that are owned by different parties. In settling covered losses involving a party wall, we will pay a proportion of the loss to the party wall based on your interest in the wall in proportion to the interest of the owner of the adjoining building. However, if you elect to repair or replace your building and the owner of the adjoining building elects not to repair or replace that building, we will pay you the full value of the loss to the party wall, subject to all applicable policy provisions including limits of insurance, the valuation and coinsurance conditions and all other provisions of this loss payment condition. Our payment under the provisions of this paragraph does not alter any right of subrogation we may have against any entity, including the owner or insurer of the adjoining building, and does not alter the terms of the transfer of rights of recovery against others to us condition in this policy.

5. Recovered property

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

6. Valuation

We will determine the value of covered property in the event of loss or damage as follows:

- a. except as provided below we will pay, at the time of loss, the lesser of the cost to repair, reinstate or replace the lost or damaged property with other property of comparable material and quality and used for the same purpose.
 If a building is rebuilt at a new premises, the cost described above is limited to the cost which would have been incurred if the building had been rebuilt at the original premises.
 The cost of repair or replacement does not include the increased cost attributable to enforcement of or compliance with any ordinance or law regulating the construction, use or repair of any property;
- b. this replacement cost coverage does not apply to:
 - 1. contents of a residence;
 - 2. works of art, antiques or rare articles, including etchings, pictures, statuary, marbles, bronzes, porcelains and bric-a-brac; or
 - 3. 'stock', unless the including 'stock' option is shown in the declarations.
 - 4. under the terms of this replacement cost coverage, tenants' improvements and betterments are not considered to be personal property of others.
- c. if an item(s) of personal property of others is subject to a written contract which governs your liability for loss or damage to that item(s), then valuation of that item(s) will be based on the amount for which you are liable under such contract, but not to exceed the lesser of the replacement cost of the property or the applicable limit of insurance;
- d. in respect of 'stock' you have sold but not delivered we will pay the selling price of such 'stock' less discounts and expenses you otherwise would have had;
- e. you may make a claim for loss or damage covered by this insurance on an actual cash value basis instead of on a replacement cost basis. In the event you elect to have loss or damage settled on an actual cash value basis, you may still make a claim on a replacement cost basis provided you notify us of your intent to do so within 180 days after the loss or damage;
- f. we will not pay on a replacement cost basis for any loss or damage:
 - (1) until the lost or damaged property is actually repaired or replaced; and
 - (2) unless the repair or replacement is made as soon as reasonably possible after the loss or damage.

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

- (3) if the conditions in (1) and (2) above are not met, the value of tenants' improvements and betterments will be determined as a proportion of your original cost. This will be determined as follows:
 - (a) multiply the original cost by the number of days from the date of loss or damage to the expiration of the lease; and
 - (b) divide the amount determined in a. above by the number of days from the installation of improvements and betterments to the expiration of the lease.

If your lease contains a renewal option, the expiration of the renewal option period will replace the expiration of the lease in this procedure.
- (4) we will not pay for loss or damage to tenants' improvements and betterments if others pay for repairs or replacement. (5) We will not pay more for loss or damage on a replacement cost basis than the least of (a), (b) or (c) below:
 - (a) the limit of insurance applicable to the lost or damaged property;
 - (b) the cost to replace the lost or damaged property with other property:
 - (i) of comparable material and quality; and
 - (ii) used for the same purpose; or
 - (c) the amount actually spent that is necessary to repair or replace the lost or damaged property.

F. Additional conditions

1. Other insurance

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

2. Concealment or fraud

No coverage is provided under this policy if, whether before or after a loss, an insured has:

- a. intentionally concealed or misrepresented any material fact or circumstance;
- b. engaged in fraudulent conduct; or
- c. made false statements; relating to this insurance.

3. Policy period

We cover loss or damage commencing during the policy period shown in the declarations.

4. Transfer of rights of recovery against others to us

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

- a. prior to a loss to your covered property or covered Income, if insured by this policy;
- b. after a loss to your covered property or covered Income only if, at the time of loss, that party is one of the following:
 - (1) someone insured by this insurance;
 - (2) a business firm:
 - (a) owned or controlled by you; or

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(b) that owns or controls you; or

(3) your tenant.

5. Cancellation

- a. The first named insured shown in the declarations may cancel this policy by mailing or delivering to us advance written notice of cancellation.
- b. We may cancel this policy by mailing or delivering to the first named insured written notice of cancellation at least:
 - (1) 10 days before the effective date of cancellation if we cancel for non-payment of premium; or
 - (2) 45 days before the effective date of cancellation if we cancel for any other reason.
- c. We will mail or deliver our notice to the first named Insured's last mailing address known to us.
- d. Notice of cancellation will state the effective date of cancellation. The policy period will end on that date.
- e. If this policy is cancelled, we will send the first named insured any premium refund due. If we cancel, the refund will be pro-rata. If the first named insured cancels, the refund may be less than pro-rata. The cancellation will be effective even if we have not made or offered a refund.
- f. If notice is mailed, proof of mailing will be sufficient proof of notice.

6. Changes

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

7. Examination of your books and records

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

8. Inspections and surveys

We have the right but are not obligated to:

- a. make inspections and surveys at any time;
- b. give you reports on the conditions we find; and
- c. recommend changes.

Any inspections, surveys, reports or recommendations relate only to insurability and the premiums to be charged. We do not make safety inspections. We do not undertake to perform the duty of any person or organization to provide for the health or safety of workers or the public. And we do not warrant that conditions:

- a. are safe or healthful; or
- b. comply with laws, regulations, codes or standards.

This condition applies not only to us, but also to any rating, advisory, rate service or similar organization which makes insurance inspections, surveys, reports or recommendations.

9. Premiums

The first named insured shown in the declarations:

- a. is responsible for the payment of all premiums; and
- b. will be the payee for any return premiums we pay.

10. Transfer of your rights and duties

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

If you die, your rights and duties will be transferred to your legal representative but only while acting within the scope of duties as your legal representative. Until your legal

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representative is appointed, anyone having proper temporary custody of your property will have your rights and duties but only with respect to that property.

11. Coinsurance

The following condition does not apply if you have elected to make a claim for loss or damage covered by this insurance on an actual cash value basis instead of replacement cost basis.

If a coinsurance percentage is shown in the declarations, the following condition applies:

- a. we will not pay the full amount of any loss if the value of covered property at the time of loss times the coinsurance percentage shown for it in the declarations is greater than the limit of insurance for the property.

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

- (1) multiply the value of covered property at the time of loss by the coinsurance percentage;
- (2) divide the limit of insurance of the property by the figure determined in step one;
- (3) multiply the total amount of loss, before the application of any deductible, by the figure determined in step two; and
- (4) subtract the deductible from the figure determined in step three.

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

Example one (underinsurance)

When the value of the property is:	USD250,000
the coinsurance percentage for it is:	80%
the limit of insurance for it is:	USD100,000
the deductible is:	USD250
and the amount of loss is:	USD40,000

Step one

USD250,000 x 80% = USD200,000
(the minimum amount of insurance to meet your coinsurance requirements)

Step two

USD100,000 ÷ USD200,000 = .50

Step three

USD40,000 x .50 = USD20,000

Step four

USD20,000 – USD250 = USD19,750

We will pay no more than USD19,750. The remaining USD20,250 is not covered.

Example two (adequate insurance)

When the value of the property is:	USD250,000
the coinsurance percentage for it is:	80%
the limit of insurance for it is:	USD200,000
the deductible is:	USD250
and the amount of loss is:	USD40,000

The minimum amount of insurance to meet your coinsurance requirement is USD200,000 (USD250,000 x 80%). Therefore, the limit of insurance in this example is adequate, and no penalty applies. We will pay no more than USD39,750 (USD40,000 amount of loss minus the deductible of USD250).

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

Example three

When the value of the property is:

Building at location one:	USD75,000
Building at location two:	USD100,000
Personal property	USD75,000
	USD250,000

When the coinsurance percentage for it is: 90%

the limit of insurance for buildings and personal property at locations one and two is: USD180,000

the deductible is: USD1,000

and the amount of loss is:

Building at location two:	USD30,000
Personal property at location two:	USD20,000
	USD50,000

Step one

$USD250,000 \times 90\% = USD225,000$

The minimum amount of insurance to meet your coinsurance requirements and to avoid the penalty shown below.

Step two

$USD180,000 \div USD225,000 = .80$

Step three

$USD50,000 \times .80 = USD40,000$

Step four

$USD40,000 - USD1,000 = USD39,000$

We will pay no more than USD39,000. The remaining USD11,000 is not covered.

12. Suit against us

No action can be brought against us unless there has been full compliance with all of the terms under this policy and the action is started within 12 months from the date of our written denial of all or part of your claim.

13. Mortgage-holders

- The term mortgage-holder includes trustee.
- We will pay for covered loss of or damage to buildings or structures to each mortgage-holder shown in the declarations in their order of precedence, as interests may appear.
- The mortgage-holder has the right to receive loss payment even if the mortgage-holder has started foreclosure or similar action on the building or structure.
- If we deny your claim because of your acts or because you have failed to comply with the terms of this coverage part, the mortgage-holder will still have the right to receive loss payment if the mortgage-holder:
 - pays any premium due under this coverage part at our request if you have failed to do so;
 - submits a signed, sworn proof of loss within 60 days after receiving notice from us of your failure to do so; and

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- (3) has notified us of any change in ownership, occupancy or substantial change in risk known to the mortgage-holder.

All of the terms of this coverage part will then apply directly to the mortgage-holder.

- e. If we pay the mortgage-holder for any loss or damage and deny payment to you because of your acts or because you have failed to comply with the terms of this coverage part:
- (1) the mortgage-holder's rights under the mortgage will be transferred to us to the extent of the amount we pay; and
 - (2) the mortgage-holder's right to recover the full amount of the mortgage-holder's claim will not be impaired.
- At our option, we may pay to the mortgage-holder the whole principal on the mortgage plus any accrued interest. In this event, your mortgage and note will be transferred to us and you will pay your remaining mortgage debt to us.
- f. If we cancel this policy, we will give written notice to the mortgage-holder at least:
- (1) ten days before the effective date of cancellation if we cancel for your non-payment of premium; or
 - (2) 45 days before the effective date of cancellation if we cancel for any other reason.
- g. If we elect not to renew this policy, we will give written notice to the mortgage-holder at least ten days before the expiration date of this policy.

14. Service of suit

In the event of our failure to pay any amount claimed to be due under this insurance, we, at your request, will submit to the jurisdiction of a court of competent jurisdiction within the United States. Nothing in this clause constitutes or should be understood to constitute a selection of controlling law or a waiver of our rights to commence an action in any court of competent jurisdiction in the United States, to remove an action to a United States district court, or to seek a transfer of a case to another court as permitted by the laws of the United States or of any state in the United States. It is further agreed that service of process in such suit may be made upon the attorney named in this insurance and that in any suit instituted against any one of us, we will abide by the final decision of such court or of any appellate court in the event of an appeal.

The attorney named in this insurance is authorized and directed to accept service of process on our behalf in any such suit and/or upon your request to give a written undertaking to you that they will enter a general appearance upon our behalf in the event such a suit shall be instituted.

Further, pursuant to any statute of any state, territory or district of the United States which makes provision therefore, we hereby designate the superintendent, commissioner or director of insurance or other officer specified for that purpose in the statute, or his successor or successors in office, as our true and lawful attorney upon whom may be served any lawful process in any action, suit or proceeding instituted by or on behalf of you or any beneficiary hereunder arising out of this contract of insurance, and hereby designate the attorney named in this insurance as the person to whom the said officer is authorized to mail such process or a true copy thereof.

15. Insurers' several shares

Each insurer underwriting a share of the limits in this policy has a several liability for that share that is not joint and is limited solely to that insurer's individual subscription. Each insurer is not responsible for the subscription of any other Insurer who for any reason does not satisfy all or part of its obligations.

16. Sanctions

We shall not provide any benefit under this policy to the extent of providing cover, payment of any claim or the provision of any benefit where doing so would breach any sanction, prohibition or restriction imposed by law or regulation.

17. Governing law

This policy is governed by the state law of the court having jurisdiction as determined by the provisions of the above service of suit clause.

G. Optional coverages

If shown as applicable in the declarations, the following agreed value optional coverage applies:

1. the additional condition, coinsurance, does not apply to covered property to which this optional coverage applies. We will pay no more for loss of or damage to that property than the proportion that the limit of insurance under this coverage part for the property bears to the agreed value shown for it in the declarations;
2. if the expiration date for this optional coverage shown in the declarations is not extended, the additional condition, coinsurance, is reinstated and this optional coverage expires;
3. the terms of this optional coverage apply only to loss or damage that occurs:
 - a. on or after the effective date of this optional coverage; and
 - b. before the agreed value expiration date shown in the declarations or the policy expiration date, whichever occurs first.

H. Definitions

1. 'Flood' means a general and temporary condition of partial or complete inundation of normally dry land areas due to the unusual or rapid accumulation or runoff of surface waters from any source including, waves, tidal wave, tsunami, tides, tidal water, overflow of any body of water, or spray from any of these, all whether or not driven by wind (including storm surge).

Flood includes mudflow. All flooding in a continuous or protracted event will constitute a single flood.

Mudflow means a rapid movement of liquid and flowing mud caused by earth being saturated and carried by a current of water. We do not include within this definition other earth movements such as landslide, mudslide or slope failure.

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

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Policy wording

Introduction

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

Throughout this policy, the words 'you' and 'your' refer to the named insured shown in the declarations. The words 'we', 'us' and 'our' refer to the company providing this insurance.

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

Agreement

We will provide the insurance described in this policy in return for the premium and compliance with all applicable provisions of this policy.

A. Coverage

We will pay for direct physical loss of or damage to covered property at the premises described in the declarations caused by or resulting from 'flood'.

All flooding in a continuous or protracted event will constitute a single 'flood'.

1. Business income

Business income means the:

- a. net income (net profit or loss before income taxes) that would have been earned or incurred; and
- b. continuing normal operating expenses incurred, including payroll.

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

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

- (1) business income Including 'rental value'.
- (2) business income other than 'rental value'.
- (3) 'rental value'.

If option (1) above is selected, the term business income will include 'rental value'. If option (3) above is selected, the term business income will mean 'rental value' only.

If limits of insurance are shown under more than one of the above options, the provisions of this coverage part apply separately to each.

We will pay for the actual loss of business income you sustain due to the necessary 'suspension' of your 'operations' during the 'period of restoration'. The 'suspension' must be caused by direct physical loss of or damage as insured by the attached building and personal property flood form, to insured property located at premises which are described in the declarations and for which a business income limit of insurance is shown in the declarations.

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

- (a) the portion of the building which you rent, lease or occupy;
- (b) any area within the building or at the described premises, if that area services, or is used to gain access to, the portion of the building which you rent, lease or occupy.

2. Extra expense

- a. Extra expense coverage is provided at the premises described in the declarations only if the declarations show that business income coverage applies at that premises.
- b. Extra expense means necessary expenses you incur during the 'period of restoration' that you would not have incurred if there had been no direct physical loss or damage as insured by the attached building and personal property flood form.

We will pay extra expense (other than the expense to repair or replace property) to:

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- (1) avoid or minimise the 'suspension' of business and to continue operations at the described premises or at replacement premises or temporary locations, including relocation expenses and costs to equip and operate the replacement location or temporary location.
- (2) minimise the 'suspension' of business if you cannot continue 'operations'.

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

3. Additional limitation – interruption of computer operations

- a. Coverage for business income does not apply when a 'suspension' of 'operations' is caused by destruction or corruption of electronic data, or any loss or damage to electronic data.
- b. Coverage for extra expense does not apply when action is taken to avoid or minimise a 'suspension' of 'operations' caused by destruction or corruption of electronic data, or any loss or damage to electronic data.
- c. Electronic data means information, facts or computer programmes stored as or on, created or used on, or transmitted to or from computer software (including systems and applications software), on hard or floppy disks, CD-ROMs, tapes, drives, cells, data processing devices or any other repositories of computer software which are used with electronically controlled equipment. The term computer programmes, referred to in the foregoing description of electronic data, means a set of related electronic instructions which direct the operations and functions of a computer or device connected to it, which enable the computer or device to receive, process, store, retrieve or send data.
- d. This additional limitation does not apply when loss or damage to electronic data involves only electronic data which is integrated in and operates or controls a building's elevator, lighting, heating, ventilation, air conditioning or security system.

4. Additional coverages

a. Civil authority

In this additional coverage, civil authority, the described premises are premises to which this coverage form applies, as shown in the declarations.

When a 'flood', as defined in the attached building and personal property flood form causes damage to property other than property at the described premises, we will pay for the actual loss of business income you sustain and necessary extra expense caused by action of civil authority that prohibits access to the described premises, provided that both of the following apply:

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

Civil authority coverage for business income will begin 72 hours after the time of the first action of civil authority that prohibits access to the described premises and will apply for a period of up to four consecutive weeks from the date on which such coverage began.

Civil authority coverage for extra expense will begin immediately after the time of the first action of civil authority that prohibits access to the described premises and will end:

- (1) four consecutive weeks after the date of that action; or
 - (2) when your civil authority coverage for business income ends;
- whichever is later.

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b. Alterations and new buildings

We will pay for the actual loss of business income you sustain and necessary extra expense you incur due to direct physical loss or damage at the described premises caused by or resulting from a 'flood', as insured by the attached building and personal property flood form to:

- (1) new buildings or structures at the described premises, whether complete or under construction;
- (2) alterations or additions to existing buildings or structures at the described premises; and
- (3) machinery, equipment, supplies or building materials located on or within the described premises and:
 - (a) used in the construction, alterations or additions; or
 - (b) incidental to the occupancy of new buildings.

If such direct physical loss or damage delays the start of 'operations', the 'period of restoration' for business income coverage will begin on the date 'operations' would have begun if the direct physical loss or damage by 'flood' had not occurred.

c. Extended business income

(1) Business income other than 'rental value'

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

- (a) begins on the date property (except 'finished stock') is actually repaired, rebuilt or replaced and 'operations' are resumed; and
- (b) ends on the earlier of:
 - (i) the date you could restore your 'operations', with reasonable speed, to the level which would generate the business income amount that would have existed if no direct physical loss or damage had occurred; or
 - (ii) 60 consecutive days after the date determined in (1)(a) above.

However, extended business income does not apply to loss of business income incurred as a result of unfavorable business conditions caused by the impact of a 'flood', as defined in the attached building and personal property flood form in the area where the described premises are located.

Loss of business income must be caused by direct physical loss or damage at the described premises caused by or resulting from a 'flood', as defined in the attached building and personal property flood form.

(2) 'Rental value'

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

- (a) begins on the date property is actually repaired, rebuilt or replaced and tenantability is restored; and
- (b) ends on the earlier of:
 - (i) the date you could restore tenant occupancy, with reasonable speed, to the level which would generate the 'rental value' that would have existed if no direct physical loss or damage by 'flood', as defined in the attached building and personal property flood form, had occurred; or
 - (ii) 60 consecutive days after the date determined in (2)(a) above.

However, extended business income does not apply to loss of 'rental value' incurred as a result of unfavorable business conditions caused by the impact of a 'flood', as defined in the attached building and personal property flood form in the area where the described premises are located.

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Loss of 'rental value' must be caused by direct physical loss or damage at the described premises as insured by the attached building and personal property flood form.

B. Limits of insurance

The most we will pay for loss of business income in each period of 30 consecutive days after the beginning of the 'period of restoration' is 1/12th of the limit of insurance shown in the Declarations. For example when the limit of insurance is USD30,000 the most we will pay for each period of 30 consecutive days is USD2,500.

Payments under the following coverages will not increase the applicable limit of Insurance:

1. alterations;
2. civil authority;
3. extra expense; or
4. extended business income.

C. Loss conditions

The following conditions apply in addition to the conditions shown in the attached building and personal property flood form:

1. Appraisal

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

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

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

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

2. Duties in the event of loss appraisal

- a. You must see that the following are done in the event of loss:

- (1) notify the police if a law may have been broken.
- (2) give us prompt notice of the direct physical loss or damage. Include a description of the property involved.
- (3) as soon as possible, give us a description of how, when and where the direct physical loss or damage occurred.
- (4) take all reasonable steps to protect the covered property from further damage, and keep a record of your expenses necessary to protect the covered property, for consideration in the settlement of the claim. This will not increase the limit of insurance. However, we will not pay for any subsequent loss or damage resulting from a 'flood', as insured in the attached building and personal property flood form. If feasible you must also set the damaged property aside and in the best possible order for examination.
- (5) as often as may be reasonably required, permit us to inspect the property proving the loss or damage and examine your books and records.

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

- (6) send us a signed, sworn proof of loss containing the information we request to investigate the claim. You must do this within 60 days after our request. We will supply you with the necessary forms.

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- (7) co-operate with us in the investigation or settlement of the claim.
- (8) if you intend to continue your business, you must resume all or part of your 'operations' as quickly as possible.

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

3. Loss determination

- a. The amount of business income loss will be determined based on:
 - (1) the net income of the business before the direct physical loss or damage occurred;
 - (2) the likely net income of the business if no physical loss or damage had occurred, but not including any net income that would likely have been earned as a result of an increase in the volume of business due to favorable business conditions caused by the impact of a 'flood', as insured by the attached building and personal property flood form on customers or on other businesses;
 - (3) the operating expenses, including payroll expenses, necessary to resume 'operations' with the same quality of service that existed just before the direct physical loss or damage; and
 - (4) other relevant sources of information, including:
 - (a) your financial records and accounting procedures;
 - (b) bills, invoices and other vouchers; and
 - (c) deeds, liens or contracts.
- b. The amount of extra expense will be determined based on:
 - (1) all expenses that exceed the normal operating expenses that would have been incurred by 'operations' during the 'period of restoration' if no direct physical loss or damage had occurred. We will deduct from the total of such expenses:
 - (a) the salvage value that remains of any property bought for temporary use during the 'period of restoration', once 'operations' are resumed; and
 - (b) any extra expense that is paid for by other insurance, except for insurance that is written subject to the same plan, terms, conditions and provisions as this insurance; and
 - (2) necessary expenses that reduce the business income loss that otherwise would have been incurred.
- c. Resumption of operations
We will reduce the amount of your:
 - (1) business income loss, other than extra expense, to the extent you can resume your 'operations', in whole or in part, by using damaged or undamaged property (including merchandise or stock) at the described premises or elsewhere.
 - (2) extra expense loss to the extent you can return 'operations' to normal and discontinue such extra expense.
- d. If you do not resume 'operations', or do not resume 'operations' as quickly as possible, we will pay based on the length of time it would have taken to resume 'operations' as quickly as possible.

4. Loss payment

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

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

D. Exclusions

We will not pay for:

1. any loss caused by or resulting from:
 - a. damage or destruction of 'finished stock'; or
 - b. the time required to reproduce 'finished stock'.

This exclusion does not apply to extra expense.
2. any increase of loss caused by or resulting from:
 - a. delay in rebuilding, repairing or replacing the property or resuming 'operations', due to interference at the location of the rebuilding, repair or replacement by strikers or other persons; or
 - b. suspension, lapse or cancellation of any license, lease or contract. But if the suspension, lapse or cancellation is directly caused by the 'suspension' of 'operations', we will cover such loss that affects your business income during the 'period of restoration' and any extension of the 'period of restoration' in accordance with the terms of the extended business income additional coverage and the extended period of indemnity optional coverage or any variation of these.
3. any extra expense caused by or resulting from suspension, lapse or cancellation of any license, lease or contract beyond the 'period of restoration'.
4. any other consequential loss.

G. Definitions

1. 'Finished stock' means stock you have manufactured.
 'Finished stock' also includes whiskey and alcoholic products being aged, unless there is a coinsurance percentage shown for business income in the declarations.
 'Finished stock' does not include stock you have manufactured that is held for sale on the premises of any retail outlet insured under this coverage part.
2. 'Operations' means:
 - a. your business activities occurring at the described premises; and
 - b. the tenantability of the described premises, if coverage for business income including 'rental value' or 'rental value' applies.
3. 'Period of restoration' means the period of time that:
 - a. begins:
 - (1) 72 hours after the time of direct physical loss or damage for business income coverage; or
 - (2) immediately after the time of direct physical loss or damage for extra expense coverage;

caused by or resulting from a 'flood', as insured by the attached building and personal property flood form, at the described premises; and
 - b. ends on the earlier of:
 - (1) the date when the property at the described premises should be repaired, rebuilt or replaced with reasonable speed and similar quality; or
 - (2) the date when business is resumed at a new permanent location.

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

 - (1) regulates the construction, use or repair, or requires the tearing down, of any property; or
 - (2) requires any insured or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralise, or in any way respond to, or assess the effects of 'pollutants'.

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

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4. 'Pollutants' means any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste. Waste includes materials to be recycled, reconditioned or reclaimed.
5. 'Rental value' means business income that consists of:
 - a. net income (net profit or loss before income taxes) that would have been earned or incurred as rental income from tenant occupancy of the premises described in the Declarations as furnished and equipped by you, including fair rental value of any portion of the described premises which is occupied by you; and
 - b. continuing normal operating expenses incurred in connection with that premises, including:
 - (1) payroll; and
 - (2) the amount of charges which are the legal obligation of the tenant(s) but would otherwise be your obligations.
6. 'Suspension' means:
 - a. the slowdown or cessation of your business activities; or
 - b. that a part or all of the described premises is rendered untenable, if coverage for business income including 'rental value' or 'rental value' applies.

FloodPlus Commercial
Minimum Earned Premium Endorsement

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY

MINIMUM EARNED PREMIUM

If **you** decide to cancel this insurance before three months of cover have elapsed, **we** shall retain a minimum of 25% of the policy premium.

Private flood insurance

Advisory notice (Biggert-Waters Act)

Please note flood insurance is also available through the National Flood Insurance Program.

This policy meets the definition of private flood insurance contained in 42 U.S.C. 4012a(b)(7) and the corresponding regulation.

This insurance policy:

- is issued by an insurer that is approved to engage in the business of insurance in the State in which the insured building is located by the insurance regulator of that State;
- provides flood insurance coverage which is at least as broad as the coverage provided under a standard flood insurance policy under the national flood insurance program;
- includes a requirement for the insurer to give 45 days' written notice of cancellation or non-renewal of flood insurance coverage to the insured and the regulated lending institution of Federal agency lender;
- includes:
 1. information about the availability of flood insurance coverage under the national flood insurance program;
 2. a mortgage interest clause similar to the clause contained in a standard flood insurance policy under the national flood insurance program; and
 3. a provision requiring an insured to file suit not later than one year after date of a written denial of all or part of a claim under this policy;
- contains cancellation provisions that are as restrictive as the provisions contained in a standard flood insurance policy under the national flood insurance program.

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

This Service of Suit Clause will not be read to conflict with or override the obligations of the parties to arbitrate their disputes as provided for in any Arbitration provision within this Policy. This Clause is intended as an aid to compelling arbitration or enforcing such arbitration or arbitral award, not as an alternative to such Arbitration provision for resolving disputes arising out of this contract of insurance (or reinsurance).

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

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

Lloyd's America, Inc.
Attention: Legal department
280 Park Avenue, East Tower, 25th Floor
New York, NY 10017

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

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

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

LMA5020
14/09/2005