

BUSINESSOWNERS STANDARD POLICY

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A state specific amendatory endorsement applies to this policy. Other endorsements may also apply. All applicable endorsements are identified on the "declarations". Refer to the Common Policy Definitions and Additional Definitions for words that have special meanings. These words are shown in quotation marks.

AGREEMENT

Subject to all the "terms" that apply, and in return for "your" payment of the required premium, "we" provide the coverages described in this policy.

COMMON POLICY DEFINITIONS

The Common Policy Definitions contain definitions that apply to all coverages provided by this policy.

1. The words "you" and "your" mean the person, persons, entity, or organization named as the insured on the "declarations".
2. The words "we", "us", and "our" mean the company providing this coverage.
3. "Basic territory" means the United States of America, its territories and possessions, Canada, and Puerto Rico.
4. "Computers" means:
 - a. "hardware" owned by "you" or in "your" care, custody, or control; or
 - b. "software".
5. "Data records" means files, documents, and information in an electronic format that are stored on "media".
6. "Declarations" means all pages labeled "declarations", supplemental declarations, or schedules, which pertain to this policy.
7. "Fungus or related perils" means:
 - a. a fungus, including but not limited to mildew and mold;
 - b. a protist, including but not limited to algae and slime mold;
 - c. wet rot;
 - d. dry rot; or
 - e. a chemical, matter, or compound produced or released by a fungus, a protist, wet rot, or dry rot, including but not limited to toxins, spores, fragments, and metabolites such as microbial volatile organic compounds.
8. "Hardware" means a network of electronic machine components (microprocessors) capable of accepting instructions and information, processing the information according to the instructions, and producing desired results.

"Hardware" is limited to:

 - a. mainframe and mid-range "computers" and servers;
 - b. personal "computers" and workstations;
 - c. laptops, hand-held "computers", notebook PCs, and other portable computer devices and accessories, such as multimedia projectors; and
 - d. peripheral data processing equipment, such as printers, keyboards, monitors, and modems.
9. "Limit" means the amount of coverage that applies.
10. "Media" means instruments that are used with "hardware" and on which "data records", "programs and applications", and "proprietary programs" can be recorded or stored.

"Media" includes, but is not limited to, films, tapes, cards, discs, drums, cartridges, cells, DVDs, or CD-ROMs.
11. "Pollutants" means:
 - a. any solid, liquid, gaseous, thermal, or radioactive irritant or contaminant, including acids, alkalis, chemicals, fumes, smoke, soot, vapor, and waste. Waste includes materials to be disposed of as well as recycled, reclaimed, or reconditioned; or
 - b. electrical, magnetic, or electromagnetic particles or fields, whether visible or invisible, and sound.

12. "Programs and applications" means operating programs, applications, and data management tools that can be readily purchased on a retail or wholesale basis and that are:

- a. stored on "media"; or
- b. pre-installed and stored in "hardware".

Applications include, but are not limited to, programs for word processing, spreadsheet calculations, data management tools, and graphic design.

13. "Proprietary programs" means proprietary operating programs and applications developed specifically for "your" use or the use of another entity that are:

- a. stored on "media"; or
- b. installed and stored in "hardware".

14. "Software" includes:

- a. "media";
- b. "data records";
- c. "programs and applications"; and
- d. "proprietary programs".

15. "Terms" means provisions, limitations, exclusions, conditions, and definitions that apply.

COMMON POLICY CONDITIONS

The Common Policy Conditions contain "terms" that apply to all coverages provided by this policy.

1. **Assignment** -- This policy may not be assigned without "our" written consent.
2. **Cancellation** -- See state specific amendatory endorsement.

3. **Change, Modification, Or Waiver Of Policy Terms** -- A change or waiver of "terms" of this policy must be issued by "us" in writing to be valid.

4. **Conformity With Statute** -- If the "terms" of this policy conflict with an applicable law, the "terms" are amended to conform to that law.

5. **Cooperation** -- In case of loss, "you" must cooperate in performing all acts required by this policy.

6. **Examination Of Books And Records** -- "We" may examine and audit "your" books and records that relate to this policy during the policy period and within three years after the policy has expired.

7. **Inspections** -- "We" have the right, but are not obligated, to inspect "your" property and operations at any time. This inspection may be made by "us" or may be made on "our" behalf. An inspection or its resulting advice or report does not warrant that "your" property or operations are safe, healthful, or in compliance with codes, laws, rules, standards, or regulations. Inspections or reports are for "our" benefit only.

8. **Liberalization** -- If "we" adopt a revision of forms during the policy period which broadens the coverage under this policy without additional premium, the broadened coverage will automatically apply to this policy. This also applies if "we" adopt the revision within 60 days before this policy is effective.

9. **Misrepresentation, Concealment, Or Fraud** -- This coverage is void as to "you" and any other "insured" if, before or after a loss:

- a. "you" have or any other "insured" has willfully concealed or misrepresented:
 - 1) a material fact or circumstance that relates to this insurance or the subject thereof; or

- 2) "your" interest or any other "insured's" interest herein; or
- b. there has been fraud or false swearing by "you" or any other "insured" with regard to a matter that relates to this insurance or the subject thereof.

PROPERTY COVERAGES

Property Coverages contain additional definitions, coverage descriptions, perils, exclusions, limitations, and conditions that apply to the Businessowners Property Coverages.

ADDITIONAL DEFINITIONS

In addition to the Common Policy Definitions, the following definitions apply to the Property Coverages.

1. "Computer hacking" means an unauthorized intrusion by an individual or group of individuals, whether or not employed by "you", into a "computer", a Web site, or a "computer" network that results in, but is not limited to:
 - a. deletion, destruction, generation, or modification of "software";
 - b. alteration, contamination, corruption, degradation, or destruction of the integrity, quality, or performance of "software";
 - c. observation, scanning, or copying of "data records", "programs and applications", and "proprietary programs";
 - d. damage, destruction, inadequacy, malfunction, degradation, or corruption of any "hardware" or "media"; or
 - e. denial of access to or denial of services from "computers", "computer" networks, or Web sites, including related "software".
2. "Computer virus" means any malicious, self-replicating electronic data processing code or other code that is introduced into a "computer", "computer" network, or Web site server, intended to result in, but is not limited to:
 - a. deletion, destruction, generation, or modification of "software";
 - b. alteration, contamination, corruption, degradation, or destruction of the integrity, quality, or performance of "software";
 - c. damage, destruction, inadequacy, malfunction, degradation, or corruption of any "hardware" or "media"; or
 - d. denial of access to or denial of services from "computers", "computer" networks, or Web site servers.
3. "Dependent locations" mean locations within the "basic territory" operated by others that "your" business relies upon as:
 - a. contributing locations. Contributing locations are "your" suppliers. However, contributing locations do not include water, communication, or power suppliers;
 - b. recipient locations. Recipient locations receive "your" products;
 - c. leader locations. Leader locations attract customers to "your" business; or
 - d. manufacturing locations. Manufacturing locations make products for delivery to "your" customers under contract of sale.
4. "Earth movement" means:
 - a. earthquake, including land shock waves or tremors before, during, or after a volcanic eruption;
 - b. landslide;
 - c. mine subsidence whether or not the non-natural mine is currently in use;

- d. any other movement of earth, including sinking (other than "sinkhole collapse"), shifting, or rising of earth including, but not limited to, erosion, expansion, shrinking, freezing, thawing, improper soil compaction, and movement of water under the surface of the ground that causes cracking, settling, or shifting of foundations, buildings, or structures; or
 - e. eruption, explosion, or effusion of a volcano.
5. "Employee" means:
- a. any natural person while in "your" service (and 30 days after termination of service) whom "you" compensate directly by salary, wages or commissions and whom "you" have the right to direct and control while performing services for "you";
 - b. any natural person who is employed by an employment contractor while that person is subject to "your" direction and control and is performing services for "you" on a:
 - 1) long-term basis; or
 - 2) short-term or temporary basis; or
 - c. any natural person who is a student or an intern in "your" service, whether or not "you" compensate such person directly by salary, wages, or commissions, and whom "you" have the right to direct and control while performing services for "you".

However, any short-term or temporary worker is not an "employee" while having care and custody of property away from the described premises.

Restrictions -- "Employee" does not mean:

- a. any agent, broker, contractor, commission merchant, consignee, independent contractor, or representative of the same general character; or

- b. any partner, director, trustee, joint venturer, manager, or member, except while performing acts falling within the scope of the usual duties of an "employee".
6. "Insured" means "you" and any other person, persons, entity, or organization that is insured under the Property Coverages.
7. "Interruption" means:
- a. the reduction or complete stoppage of "your" business activities; or
 - b. all or part of the described premises becomes unfit for rental occupancy.
8. "Money" means currency, coins, bank notes in current use; and register checks, traveler's checks and money orders held for sale.
9. "Restoration period" means the time it should reasonably take to resume "your" normal business activities at the described premises.

Time Limitations And Restrictions --

- a. The "restoration period" begins:
 - 1) with respect to Earnings, 72 hours after the time of direct physical loss or damage caused by a covered peril; and
 - 2) with respect to Extra Expenses, immediately after the time of direct physical loss or damage caused by a covered peril.
- b. The "restoration period" ends on the earlier of:
 - 1) the date that the property should be rebuilt, repaired, or replaced with reasonable speed and similar quality; or
 - 2) the date when the business is resumed at a new permanent location.

The length of the "restoration period" is not limited by the expiration date of the policy.

c. The "restoration period" does not include any increase in time due to the enforcement of any code, ordinance, law, or decree that regulates or requires:

- 1) the construction, use, repair, or demolition of any property; or
- 2) that "you" or anyone else test for, abate, monitor, clean up, remove, contain, treat, detoxify, neutralize, or in any way respond to or assess the effects of "pollutants" or "fungus or related perils".

10. "Securities" means negotiable and nonnegotiable instruments or contracts representing either "money" or other property. This includes, but is not limited to, stock certificates; tokens, tickets, revenue, or stamps (whether represented by actual stamps or unused value in a meter) in current use; and evidences of debt used in connection with charge, credit, or debit cards that are not issued by "you".

However, "securities" does not include "money".

11. "Sinkhole collapse" means the sudden settlement or collapse of earth supporting the covered property into subterranean voids created by the action of water on a limestone or similar rock formation.

However, "sinkhole collapse" does not include the value of the land, the cost of filling sinkholes, or collapse of land into man-made underground cavities.

12. "Valuable papers and records" means written, printed, or otherwise inscribed documents and records. This includes books, maps, films, drawings, abstracts, deeds, mortgages, and manuscripts.

However, "valuable papers and records" does not include "data records", "money", or "securities".

13. "Volcanic action" means airborne volcanic blast or airborne shock waves; ash, dust, or particulate matter; or lava flow.

However, "volcanic action" does not include the cost to remove ash, dust, or particulate matter that does not cause direct physical loss or damage to the covered property.

PROPERTY COVERED

"We" cover direct physical loss or damage to property covered under Coverage A -- Buildings and Coverage B -- Business Personal Property at the described premises shown on the "declarations" caused by or resulting from a covered peril.

COVERAGE A -- BUILDINGS

This means buildings and structures for which a "limit" is shown on the "declarations". This includes:

1. completed additions;
2. machinery and equipment which are a permanent part of the described building or structure;
3. fixtures, including outdoor fixtures;
4. personal property owned by "you" and used to maintain or service the described premises, including air-conditioning equipment; fire extinguishing apparatus; outdoor furniture; floor coverings; and appliances for refrigerating, ventilating, cooking, dish washing, and laundering;
5. if not covered by other insurance:
 - a. additions under construction, alterations, and repairs to the building or structure; and

- b. materials, equipment, supplies, and temporary structures, on or within 100 feet of the described premises, used for making additions, alterations, or repairs to the building or structure;
6. personal property owned by "you" as a landlord and located in common areas, rooms, or apartments; and
7. building glass.

COVERAGE B -- BUSINESS PERSONAL PROPERTY

This means "your" business personal property in the buildings and structures described on the "declarations" or in the open (or in vehicles) on or within 100 feet of the described premises and for which a "limit" is shown on the "declarations". This includes:

- 1. property owned by "you" and that is used in "your" business;
 - 2. "your" interest in personal property of others in "your" care, custody, or control, to the extent of "your" legal liability, plus the cost of "your" labor, material, and services;
 - 3. leased personal property, to the extent of "your" contractual obligation to insure such property; and
 - 4. if "you" are a tenant:
 - a. "your" use interest in improvements to the described building or structure.
- Improvements are fixtures, alterations, installations, or additions:
- 1) to a building or structure that "you" occupy, but do not own; and
 - 2) that are made or acquired at "your" expense and which "you" cannot legally remove; and

- b. exterior building glass that "you" own or that is in "your" care, custody, or control. However, exterior building glass is not covered under Coverage B -- Business Personal Property if a "limit" is shown on the "declarations" for Coverage A -- Buildings.

PROPERTY NOT COVERED

The property described below is not covered under Coverage A -- Buildings or Coverage B -- Business Personal Property. Limited coverage for some of the property described below is included under Additional Coverages or Extensions of Coverage.

- 1. **Accounts Receivable** -- "We" do not cover accounts receivable.
- 2. **Animals** -- "We" do not cover animals.

However, this does not apply to animals that are killed by or their destruction is made necessary by a covered peril, and the animals are:

 - a. boarded by "you", but not owned by "you"; or
 - b. held for sale by "you" and kept inside of a building.
- 3. **Antennas, Fences, Or Signs** -- "We" do not cover outdoor:
 - a. radio, television, satellite, dish-type, or other antennas or their masts, towers, or lead-in wiring;
 - b. fences; or
 - c. signs not attached to buildings.
- 4. **Contraband** -- "We" do not cover contraband or property in the course of illegal transportation or trade.

5. **Data Records And Programs** -- "We" do not cover "data records", "programs and applications", or "proprietary programs".

This does not include pre-packaged "software" that "you" hold for sale.

6. **Land, Water, Growing Crops, Or Lawns** -- "We" do not cover:
- land, including land on which the property is located;
 - underground or surface water; or
 - growing crops or lawns.
7. **Lottery Tickets** -- "We" do not cover lottery tickets not held for sale.
8. **Money Or Securities** -- "We" do not cover "money", "securities", accounts, bills, or food stamps.
9. **Trees, Shrubs, Or Plants** -- "We" do not cover trees, shrubs, or plants. "We" also do not cover grain, hay, straw, or other crops, when outdoors.
10. **Valuable Papers And Records** -- "We" do not cover "valuable papers and records".
11. **Vehicles Or Aircraft** -- "We" do not cover vehicles or aircraft or self-propelled machines required to be licensed for use on public roads, including "computers" which are permanently installed or designed to be installed in any vehicles or aircraft or self-propelled machines required to be licensed for use on public roads.
12. **Watercraft** -- "We" do not cover watercraft, including their motors, equipment, or accessories while afloat.

ADDITIONAL COVERAGES

"We" provide the following additional property coverages. Unless otherwise stated, each additional coverage provides an additional amount of insurance.

1. **Antennas, Fences, Or Signs** -- "We" pay for loss or damage to "your" outdoor:
- radio, television, satellite, dish-type, or other antennas including their masts, towers, and lead-in wiring;
 - fences; or
 - signs not attached to buildings;

caused by a covered peril.

Restriction -- However, loss or damage to fences is covered only for the perils of aircraft, civil commotion, explosion, fire, lightning, and riot.

Coverage Limits -- Unless a higher "limit" for this coverage is shown on the "declarations", the most "we" pay under this coverage is \$2,500, subject to the sub-limit for outdoor signs not attached to buildings. The most "we" pay for loss or damage to each outdoor sign not attached to a building is \$1,000.

2. **Counterfeit Money Or Money Orders** -- "We" pay for loss that results from "your" acceptance of:
- counterfeit paper currency; or
 - money orders issued by a post office, express company, or bank that are not paid upon presentation.

Restriction -- This coverage applies only when "you" accept paper currency or money orders in good faith and in return for "money", products, or services.

Coverage Limit -- Unless a higher "limit" for this coverage is shown on the "declarations", the most "we" pay for any one loss is \$1,000.

3. **Debris Removal** -- "We" pay the cost to remove the debris of covered property that is caused by a covered peril that occurs during the policy period.

Restrictions -- This coverage does not include costs to:

- a. extract "pollutants" from land or water; or
- b. remove, restore, or replace polluted land or water.

Coverage Limits -- "We" do not pay more under this coverage than 25% of the amount "we" pay for the direct physical loss or damage, plus 25% of the applicable deductible. "We" do not pay more for loss or damage to property and debris removal combined than the "limit" for the damaged property.

However, "we" will pay an additional amount of debris removal expense up to \$10,000 when the debris removal expense exceeds 25% of the amount "we" pay for direct physical loss or damage plus 25% of the deductible or when the loss or damage to property and debris removal combined exceeds the "limit" for the damaged property.

Time Limitation -- "We" do not pay any expenses unless they are reported to "us" in writing within 180 days from the date of direct physical loss or damage to covered property.

4. **Fire Department Service Charges** -- When the fire department is called to save or protect covered property from a covered peril, "we" pay fire department service charges for which "you" are liable under any local ordinance, or have assumed by contract or agreement prior to the loss.

Coverage Limit -- Unless a higher "limit" for this coverage is shown on the "declarations", the most "we" pay under this coverage in any one occurrence is \$2,500. No deductible applies.

5. **Forgery** -- "We" pay for direct loss due to the:
- a. forgery or alteration of, on, or in any written instrument required in conjunction with any checks, drafts, promissory notes, or similar written promises, orders, or directions to pay a sum of "money" that are:
 - 1) made or drawn by or drawn upon "you" or by an individual acting as "your" agent; or
 - 2) alleged to have been made or drawn by or drawn upon "you" or by an individual acting as "your" agent;
 - b. forgery or alteration of, on, or in any written instrument required in conjunction with any credit, debit, or charge card or any written instrument prepared in conjunction with any credit, debit, or charge card used for "your" business issued to:
 - 1) "you"; or
 - 2) "your" partner, officer, director, trustee, member, manager, or "employee".

With respect to the coverage described in item 5.a. above:

- a. a mechanically reproduced facsimile signature will be treated as a handwritten signature; and
- b. a substitute check as defined in the Check Clearing for the 21st Century Act will be considered a legal equivalent of the original check.

If "you" are sued for refusing to pay for any of the above forgeries or alterations, and "you" have "our" written consent to defend against such a suit, "we" will pay for any reasonable legal expenses incurred for "your" defense.

Restriction -- The coverage described under item 5.b. above applies only if "you" are legally liable to the issuer of the credit, debit, or charge card associated with the forged or altered written instrument. In addition, "you" must carry out all of the contract conditions, provisions, and terms of the credit, debit, or charge card that were agreed upon when the card was obtained.

Coverage Limit -- Unless a higher "limit" for this coverage is shown on the "declarations", the most "we" pay under this coverage for any one loss, including legal expenses, is \$2,500.

6. **Glass** -- This Additional Coverage does not increase the "limit" for the covered property.

In the event of loss or damage to building glass, "we" pay the following expenses:

- a. the cost of replacing or repairing the frames which hold the glass, if the frames have been damaged by the loss;
- b. the cost of boarding up openings or installing temporary glass if there is an unavoidable delay in replacement; and
- c. the cost of removing or replacing obstructions which prohibit replacement or repair.

Restriction -- This does not include removing or replacing window displays.

7. **Increased Costs - Ordinance Or Law** -- "We" cover the increased costs of a covered loss resulting from the enforcement of any code, ordinance, law, or decree that regulates the construction, use, or repair of any property.

Under Perils Excluded, Ordinance or Law does not apply to this Additional Coverage.

Restrictions -- This Additional Coverage is subject to the following.

- a. Coverage applies only to building property insured on a replacement cost basis.

- b. The code, ordinance, law, or decree regulating land use, zoning, or construction and repair of property must be in force at the time of loss.
- c. "We" do not pay for any increased costs that are the result of any code, ordinance, law, or decree requirement "you" failed to comply with prior to the covered loss.
- d. When relocation to another site is required by the code, ordinance, law, or decree, "we" pay only for the increased costs of construction at the new site.
- e. When "you" elect to rebuild at another site, "we" pay only for the increased costs of construction that "you" would have incurred to rebuild at the same site.
- f. "We" do not pay the increased costs of construction until the building or structure is actually repaired or replaced and unless the repairs or replacement are made as soon as reasonably possible after the loss, not to exceed two years.
- g. "We" do not pay for:
 - 1) any costs associated with the enforcement of any code, ordinance, law, or decree that requires "you" or anyone else to test for, abate, monitor, clean up, remove, contain, treat, detoxify, neutralize, or in any way respond to or assess the effects of "pollutants" or "fungus or related perils"; or
 - 2) loss or increased cost caused by the enforcement of any code, ordinance, law, or decree that regulates or requires the repair, replacement, remodeling, rehabilitation, or razing of property due to the existence of or any activity of "pollutants" or "fungus or related perils".

Coverage Limit -- "We" pay up to \$10,000 for each covered building or structure to cover these increased costs resulting from the enforcement of any such code, ordinance, law, or decree.

8. **Inventory And Appraisal Expenses** -- "We" pay reasonable expenses incurred by "you" for any inventory and appraisal conducted at "our" request to assist "us" in the determination of the amount of a covered loss.

Restrictions -- This Additional Coverage does not include:

- a. expenses incurred under the Appraisal "terms" of the Additional Conditions; or
- b. any public adjusters' fees.

Coverage Limit -- Unless a higher "limit" for this coverage is shown on the "declarations", the most "we" pay under this coverage in any one occurrence is \$2,500. No deductible applies.

9. **Limited Fungus And Related Perils** --

- a. Subject to the Limited Fungus and Related Perils Coverage Aggregate Limit, "we" pay for direct physical loss or damage to covered property caused by or consisting of "fungus or related perils" that is the direct result of a covered peril that occurs during the policy period.

The Limited Fungus and Related Perils Coverage Aggregate Limit also applies to any cost or expense to:

- 1) clean up, contain, treat, detoxify, or neutralize "fungus or related perils" on covered property or remove "fungus or related perils" from covered property;
- 2) remove and replace those parts of covered property if doing so is necessary to gain access to "fungus or related perils"; and

- 3) test for the existence or level of "fungus or related perils" following the repair, replacement, restoration, or removal of damaged property if it is reasonable to believe that "fungus or related perils" are present.

Restriction -- This coverage applies only if all reasonable steps were taken to protect the property at and after the time of the occurrence.

- b. **Limited Fungus And Related Perils Coverage Aggregate Limit** -- The Limited Fungus and Related Perils Coverage Aggregate Limit is \$15,000.

The Limited Fungus and Related Perils Coverage Aggregate Limit is the most that "we" pay for each consecutive annual period and for any remaining period of less than 12 months, beginning with the inception date of this policy as shown on the "declarations". If however, the policy period is extended for an additional period of less than 12 months, this additional period will be considered part of the preceding annual period for the purpose of determining the "limit".

The Limited Fungus and Related Perils Coverage Aggregate Limit is the most that "we" pay even if "fungus or related perils" that are the direct result of a specific occurrence recur or continue to exist during this or any future policy period.

The Limited Fungus and Related Perils Coverage Aggregate Limit applies regardless of the number of claims made and regardless of the number of premises or buildings insured under this policy.

This coverage does not increase the "limit" shown for any property, expense, or assessment covered.

- c. **Exceptions** -- The limitations set forth by this coverage do not apply to:
- 1) "fungus or related perils" that result from fire or lightning;
 - 2) the Additional Coverage provided for Removal; or
 - 3) coverage provided for accounts receivable, "computers", or outdoor signs.
- d. **Application Of Coverage** -- The "terms" of this coverage do not apply to loss or damage to covered property that is not caused, in total or in part, by "fungus or related perils" except to the extent that "fungus or related perils" increase the amount of loss.

When "fungus or related perils" increase the amount of loss, that increased amount is subject to the "terms" of this coverage.

10. **Pollutant Clean Up And Removal** -- "We" pay "your" expense to extract "pollutants" from land or water at the described premises if the discharge, dispersal, seepage, migration, release, escape, or emission of the "pollutants" is caused by a covered peril that occurs during the policy period.

Restrictions --

- a. The expenses are paid only if they are reported to "us" in writing within 180 days from the date the covered peril occurs.
- b. "We" pay the cost of testing, evaluating, observing, or recording the existence, level, or effects of "pollutants" only when the expense of extracting the "pollutants" is covered by this Additional Coverage.

Coverage Limit -- Unless a higher "limit" for this coverage is shown on the "declarations", the most "we" pay for each described premises is \$10,000 for the sum of all such expenses arising out of a covered peril occurring during each separate 12 month period of this policy.

11. **Recharge Of Fire Extinguishing Equipment** -- "We" pay expenses "you" incur to recharge "your" manual fire extinguishing equipment or installed fire extinguishing system, including any necessary hydrostatic testing, when the equipment or system is discharged on or within 100 feet of the described premises:
- a. to fight a fire;
 - b. as a result of a covered peril; or
 - c. as a result of an accidental discharge.

This coverage also applies to loss or damage to covered property that is caused by the accidental discharge of a chemical from fire extinguishing equipment or fire extinguishing system.

Restriction -- This coverage does not apply if the equipment or system is discharged during installation or testing.

Coverage Limit -- Unless a higher "limit" for this coverage is shown on the "declarations", the most "we" pay under this coverage in any one occurrence is \$5,000. No deductible applies. When the cost to replace "your" automatic fire extinguishing equipment or system is less than the cost of recharging, "we" pay "your" cost to replace such automatic fire extinguishing equipment or system, rather than the cost to recharge the equipment or system.

12. **Removal** -- "We" pay for direct physical loss or damage to covered property while it is moved or being moved from the described premises to prevent a loss caused by a covered peril. This does not increase the "limit" for the covered property.

Time Limitation -- This coverage applies for up to 30 days after the property is first moved, but does not extend past the date on which this policy expires.

EXTENSIONS OF COVERAGE

Unless otherwise stated, each extension of coverage is an additional amount of insurance which applies to losses at the described premises caused by a covered peril.

"We" provide the following extensions of Coverage A -- Buildings.

1. **Building Property - Off Premises** -- "We" pay for loss or damage to covered property while temporarily at locations that "you" do not own, control, rent, or lease. This coverage includes property while in transit.

Restrictions --

- a. "We" only cover loss at such locations within the "basic territory".
- b. "We" do not cover theft loss from unattended vehicles unless the loss results from forced entry of a securely locked compartment. There must be visible evidence that the entry was forced.

Coverage Limit -- Unless a higher "limit" for this coverage is shown on the "declarations", the most "we" pay under this coverage is \$5,000.

2. **Newly Acquired Buildings** -- "We" pay for loss or damage to each building or structure being built on the described premises, or that "you" acquire at premises other than the described premises, during the policy period.

Restriction -- "We" only cover loss at such locations within the "basic territory".

Time Limitation and Premium

Requirement -- This coverage applies for 30 days after construction is started, or for 30 days from the date "you" acquire the building or structure, or until "you" report the newly acquired property to "us", whichever occurs first.

This coverage does not extend past the date on which this policy expires. "You" must pay any additional premium due from the date construction is started or the date "you" acquire the property.

Coverage Limit -- The most "we" pay under this coverage is \$250,000 for each newly acquired building or structure.

3. **Trees, Shrubs, And Plants** -- "We" pay for loss or damage to "your" outdoor trees, shrubs, and plants.

Restriction -- "We" only cover loss caused by aircraft, civil commotion, explosion, fire, lightning, or riot.

Coverage Limits -- Unless a higher "limit" for this coverage is shown on the "declarations", the most "we" pay under this coverage is \$2,500, subject to a \$1,000 limit for any one tree, shrub, or plant, including the cost of debris removal.

"We" provide the following extensions of Coverage B -- Business Personal Property.

1. **Accounts Receivable** --

- a. "We" pay for loss to "your" accounts receivable records caused by a covered peril. "We" pay:

- 1) the sums that are due and that "you" cannot collect from "your" customers because of the loss;
- 2) the interest charged on a loan if that loan is used to offset those sums that cannot be collected pending "our" payment of those sums;
- 3) collection costs that result from the loss which are above "your" normal collection costs; and
- 4) the reasonable costs to reconstruct "your" accounts receivable records.

- b. **Exclusions** --

- 1) Under Perils Excluded, only the following exclusions apply to this coverage:

- a) Civil Authority;

- b) Nuclear Hazard; and
 - c) War and Military Action.
- 2) Under Additional Exclusions, only the following Additional Exclusions apply to this coverage:
- a) Criminal, Fraudulent, Dishonest or Illegal Acts;
 - b) Electrical Damage; and
 - c) Indirect Losses.
- 3) The following additional exclusions also apply to this coverage.
- a) "We" do not pay for loss caused by the destruction, alteration, falsification, or concealment of "your" accounts receivable records that is done to conceal the criminal, fraudulent, dishonest, or illegal giving, taking, or withholding of "money", "securities", or other property;
 - b) "We" do not pay for loss that results from a discrepancy that is discovered in "your" books or records if this is the only means to prove that a loss has occurred. If there is other evidence to prove that a loss has occurred, "you" may use the discrepancy to support "your" claim; and
 - c) "We" do not pay for loss caused by bookkeeping, accounting, or billing errors or omissions.
- c. **Coverage Limits** -- Unless higher "limits" for this coverage are shown on the "declarations", the most "we" pay is:
- 1) \$10,000 in any one occurrence for loss to accounts receivable records at the described premises; and
 - 2) \$5,000 in any one occurrence for loss to "your" accounts receivable records away from the described premises.

2. **Business Personal Property** -- "We" pay for loss or damage to Business Personal Property:

- a. at each location "you" acquire;
- b. "you" newly acquire located at the described premises; or
- c. located at each building being built or that "you" acquire on the described premises.

Restriction -- "We" only cover loss at such locations within the "basic territory".

Time Limitation and Premium

Requirement -- This coverage applies for 30 days from the date "you" acquire a location or business personal property, or until "you" report the acquired location or business personal property values to "us", whichever occurs first. This coverage does not extend past the date on which this policy expires. "You" must pay any additional premium due from the date "you" acquire the location or the business personal property.

Coverage Limit -- The most "we" pay under this coverage is \$100,000 at each building.

3. **Business Personal Property - Off Premises** -- "We" pay for loss or damage to covered Business Personal Property while temporarily at locations that "you" do not own, control, rent, or lease. This coverage includes property while in transit.

Restrictions --

- a. "We" only cover loss at such locations within the "basic territory".
- b. "We" do not cover loss to accounts receivable or "valuable papers and records".

Coverage Limit -- Unless a higher "limit" for this coverage is shown on the "declarations", the most "we" pay under this coverage is \$10,000.

4. **Data Records And Programs** -- "We" pay for loss or damage to "data records", "programs and applications", and "proprietary programs" caused by a covered peril, "computer virus", or "computer hacking".

Restrictions --

- a. "We" do not pay for loss or damage caused by or resulting from the manipulation of the computer system by any "employee", temporary "employee", leased "employee", volunteer, or person or entity retained by "you" to perform computer systems related services.
- b. "We" do not pay for loss or damage to accounts receivable.

Coverage Limit -- Unless a higher "limit" for this coverage is shown on the "declarations", the most "we" pay under this coverage is \$10,000 on an annual aggregate basis in any one policy period, regardless of the number of occurrences, premises, locations, or "computers".

5. **Personal Effects** -- "We" pay for loss or damage at each described premises, to personal effects owned by "you", "your" partners, officers, directors, trustees, joint venturers, members, managers, or "employees".

Restriction -- Personal effects do not include "your" business equipment and tools.

Coverage Limit -- Unless a higher "limit" for this coverage is shown on the "declarations", the most "we" pay under this coverage is \$2,500.

6. **Valuable Papers And Records** --

- a. "We" pay for loss or damage to "valuable papers and records" that "you" own or that are in "your" care, custody or control, caused by a covered peril.

- b. **Exclusions** --

- 1) "We" do not pay for loss or damage to:
- a) property held for delivery after it is sold;
 - b) property that is in storage at locations other than the described premises; or
 - c) property held as samples for sale.
- 2) Under Perils Excluded, only the following exclusions apply to this coverage:
- a) Civil Authority;
 - b) Nuclear Hazard; and
 - c) War and Military Action.
- 3) Under Additional Exclusions, only Criminal, Fraudulent, Dishonest, Or Illegal Acts applies to this coverage.

- c. **Coverage Limits** -- Unless higher "limits" for this coverage are shown on the "declarations", the most "we" pay is:

- 1) \$10,000 in any one occurrence for loss to "valuable papers and records" at the described premises; and
- 2) \$5,000 in any one occurrence for loss to "your" "valuable papers and records" away from the described premises.

COVERAGE C -- LOSS OF INCOME

"We" provide the Loss of Income coverages described below during the "restoration period" when "your" business sustains a necessary "interruption" resulting from direct physical loss or damage to real or personal property as a result of a covered peril.

Restrictions --

- a. The Loss of Income coverages apply only when the loss or damage to real or personal property occurs at the described premises or in the open (or in vehicles) within 100 feet of the described premises. When "you" occupy only a portion of a building or site, "your" premises is the portion of the building or site "you" rent, lease, or occupy and any area of the building or site that provides services or access to "your" premises.
- b. Except as provided under Additional Loss Of Income Coverages for Destruction Of Data Records And Programs, "we" will not pay for "your" loss of Earnings or Extra Expenses resulting from damage, loss, corruption, or destruction of "data records", "programs and applications", or "proprietary programs".
- c. "We" pay only the loss of earnings and extra expenses incurred within 12 consecutive months after the date of direct physical loss or damage to property.

Coverage Limit -- When a "limit" of insurance for Coverage C -- Loss Of Income is shown on the "declarations", "we" do not pay more for earnings and extra expenses combined than the Coverage C -- Loss Of Income "limit".

EARNINGS

"We" pay for "your" actual loss of net income (net profit or loss before income taxes), payroll expense, interest, and other continuing operating expenses normally incurred and earned by "your" business.

In determining a loss, "we" consider the experience of "your" business before the loss, and the probable experience had no loss occurred.

Additional Restrictions -- The following additional restrictions apply to this coverage.

- a. "We" pay only the expenses that are necessary during the "restoration period". Consideration is given to continuation of payroll and other expenses to the extent necessary to resume "your" normal business activities with the same quality of service that existed before the loss.
- b. "We" do not pay for any increase in loss due to "your" failure to use reasonable efforts to resume all or part of "your" normal business activities. This includes making use of other locations and property to reduce the loss.
- c. If "your" normal business activities are not resumed as soon as possible, or if they are not resumed at all, the value of loss payment is based on the period of time it would have otherwise taken to resume "your" normal business activities as soon as possible.
- d. "We" do not pay for any increase in net income that might have been earned by "your" business as the result of conditions created by the effect of the covered peril.

EXTRA EXPENSES

"We" pay the necessary extra expenses that "you" incur to resume or continue "your" normal business activities as nearly as practicable.

"We" pay extra expenses to repair, replace, or restore any property, but only to the extent that they reduce the loss otherwise payable under this coverage.

"We" pay extra expenses to research, replace, or restore information on damaged "valuable papers and records", but only to the extent that they reduce the loss otherwise payable under this coverage.

The salvage value of any property bought for temporary use will be deducted from the amount of loss determined for extra expenses.

Additional Restrictions -- The following additional restrictions apply to this coverage.

- a. "We" do not pay for any increase in loss due to "your" failure to use reasonable efforts to resume all or part of "your" normal business activities. This includes making use of other locations and property to reduce the loss.
- b. "We" pay only the extra expenses that are necessary during the "restoration period".
- c. If "your" normal business activities are not resumed as soon as possible, or if they are not resumed at all, the value of loss payment is based on the period of time it would have otherwise taken to resume "your" normal business activities as soon as possible.

EXCLUSIONS AND LIMITATIONS

The exclusions and limitations described below apply to Coverage C -- Loss Of Income.

1. **Fire Extinguishing** -- "We" do not pay expenses incurred to put out a fire.
2. **Leases, Licenses, Contracts, Or Orders** -- "We" do not cover any increase in loss due to the suspension, lapse, or cancellation of leases, licenses, contracts, or orders.

However, "we" do cover loss during the "restoration period", and any period of loss extension as provided for by the "terms" of item 4. under Loss Of Income Coverage Extensions, if the suspension, lapse, or cancellation results directly from the interruption of "your" normal business activities.

"We" do not pay for any extra expenses caused by the suspension, lapse, or cancellation of leases, licenses, contracts, or orders beyond the "restoration period".

3. **Strikes, Protests, And Other Interference** -- "We" do not cover any increase in loss due to interference by strikers or other persons at the described premises. This applies to interference with rebuilding, repairing, or replacing the property or with resuming "your" normal business activities.
4. **Unnecessary Expenses** -- "We" do not pay for any expenses that are not necessary during the "restoration period".

LOSS OF INCOME COVERAGE EXTENSIONS

"We" provide the following Loss of Income Coverage Extensions. These Loss of Income Coverage Extensions are part of and not in addition to the applicable Loss of Income coverage "limit".

1. **Alterations And New Buildings** -- "We" extend "your" coverage to include loss caused by damage to:
 - a. additions or alterations;
 - b. new buildings or structures, completed or under construction; and
 - c. machinery, equipment, supplies, or building materials located on or within 100 feet of the described premises used in the construction of additions or alterations, or incidental to the occupancy of new buildings or structures;

at the described premises caused by a covered peril.

If such loss or damage delays the start of "your" normal business activities, the "restoration period" starts from the time "your" normal business activities would have begun had no loss occurred.

2. **Fungus And Related Perils** -- "We" extend "your" coverage to apply to loss caused by the existence of or any activity of "fungus or related perils" when the existence of or any activity of the "fungus or related perils" is the direct result of a covered peril other than fire or lightning.

Time Limitation -- This extension of coverage is provided for a cumulative period of time not exceeding 30 days.

3. **Interruption By Civil Authority** -- "We" extend "your" coverage to include loss while access to the described premises is specifically denied by an order of civil authority.

This order must be a result of damage to property other than at the described premises that is caused by a covered peril, subject to the following:

- a. the described premises is:
 - 1) within one mile of the damaged property; and
 - 2) within the area where access is denied by civil authority; and
- b. the order is initiated:
 - 1) to allow civil authority to have access to the damaged property without interference; or
 - 2) due to dangerous conditions as a result of the damage or continuation of the covered peril that caused the damage.

Waiting Period And Time Limitation -- This coverage for Earnings will begin 72 hours after the time of the initial order of civil authority that denies access to the described premises and will apply for a period of up to four consecutive weeks from the date this coverage began.

This coverage for necessary Extra Expenses begins at the time of the initial order of civil authority that denies access to the described premises and will end:

- a. four consecutive weeks after the date of the initial order; or
- b. when this coverage for Earnings expires;

whichever is later.

4. **Period Of Loss Extension** -- "We" extend "your" coverage to cover loss from the date the property that incurred the loss or damage is rebuilt, repaired, or replaced until:

- a. the end of 30 consecutive days (unless otherwise shown on the "declarations"); or
- b. the date "you" could reasonably resume "your" normal business activities to the level that would have existed had no loss occurred;

whichever is earlier.

Restrictions --

- a. This coverage does not apply to loss resulting from unfavorable business conditions caused by the impact of the covered peril in the area where the described premises are located.
- b. Property that incurred the loss or damage does not include finished stock.

ADDITIONAL LOSS OF INCOME COVERAGES

"We" provide the following Additional Loss of Income Coverages. Earnings and Extra Expenses Coverages, as described under the Loss of Income section of this policy, also apply to these Additional Loss of Income Coverages. These Additional Loss of Income Coverages provide additional insurance.

1. **Destruction Of Data Records And Programs** -- "We" pay for "your" loss of Earnings and Extra Expenses resulting from damage, loss, corruption, or destruction of "data records", "programs and applications", and "proprietary programs" caused by a covered peril, "computer virus", or "computer hacking".

Restrictions --

- a. "We" will not pay for loss or damage caused by or resulting from the manipulation of the computer system by any "employee", temporary "employee", leased "employee", volunteer, or person or entity retained by "you" to perform computer systems related services.
- b. If an additional covered peril is added by endorsement to this policy, such additional covered peril does not apply to this additional loss of income coverage.

Time Limitation -- Destruction Of Data Records And Programs does not apply to a loss that occurs or to expenses incurred after the "restoration period" ends, even if the coverage limit for this additional loss of income coverage has not been exhausted.

Coverage Limit -- Unless a higher "limit" for this coverage is shown on the "declarations", the most "we" pay under this coverage for earnings and extra expenses is \$10,000 on an annual aggregate basis in any one policy period, regardless of the number of "interruptions", premises, locations, or "computers".

2. **Earnings From Dependent Locations --** "We" pay "your" loss of Earnings and Extra Expenses due to direct physical loss or damage to real or personal property at a "dependent location" caused by a covered peril.

Restrictions -- "We" do not pay for "your" loss of earnings and extra expenses when the only loss to property at the "dependent location" is loss or damage to "software". If the "dependent location" sustains loss or damage to "software" and other property, loss of earnings and extra expenses coverage will not continue once the other property is repaired, rebuilt, or replaced.

"We" will reduce the amount of "your" loss, other than extra expenses, to the extent "you" can resume "your" business by using other available sources or materials or outlets for "your" products.

If "you" do not resume "your" business, or do not resume "your" business as soon as possible, "we" will pay based on the length of time it would have taken to resume "your" business as soon as possible.

Coverage Period --

- a. This additional loss of income coverage:
 - 1) begins 72 hours after the time of direct physical loss or damage caused by a covered peril at the "dependent location"; and
 - 2) ends on the date that the property at the "dependent location" should be rebuilt, repaired, or replaced using reasonable speed and materials of similar quality.
- b. The coverage period does not include any increase in time due to the enforcement of any code, ordinance, law, or decree that regulates or requires:
 - 1) the construction, use, repair, or demolition of any property; or
 - 2) that "you" or anyone else to test for, abate, monitor, clean up, remove, contain, treat, detoxify, neutralize, or in any way respond to or assess the effects of "pollutants" or "fungus or related perils".

The coverage period is not limited by the expiration date of the policy.

Coverage Limit -- Unless a higher "limit" for this coverage is shown on the "declarations", the most "we" pay under this coverage for any one loss is \$5,000.

3. **Newly Acquired Locations --** "We" pay for "your" loss of Earnings and Extra Expenses resulting from damage that is caused by a covered peril to property at locations "you" acquire.

Restriction -- In addition to the restrictions in this policy that apply to Earnings and Extra Expenses, "we" only cover loss at such locations within the "basic territory".

Time Limitation -- This coverage applies for 30 days after "you" acquire the location or until "you" report the newly acquired location to "us", whichever occurs first. This coverage does not extend past the date on which this policy expires.

Coverage Limit -- The most "we" pay under this coverage for earnings and extra expenses is \$100,000.

PERILS COVERED

Unless otherwise stated, the Perils Covered apply to Coverage A -- Buildings, Coverage B -- Business Personal Property, and Coverage C -- Loss Of Income.

"We" cover risks of direct physical loss or damage caused by a peril that is shown below.

1. **Explosion** -- "We" cover loss or damage caused by explosion. This includes explosion of gas or fuel in a firebox, combustion chamber, or flue.

Restriction -- This peril does not include loss or damage caused by rupturing, bursting, or operating of pressure release devices; or rupturing or bursting due to the expansion of contents of a building or structure due to water.
2. **Fire Or Lightning** -- "We" cover loss or damage caused by fire or lightning.
3. **Riot Or Civil Commotion** -- "We" cover loss or damage caused by riot or civil commotion. This includes looting and pillaging at the time and place of the riot or civil commotion. "We" also cover loss or damage caused by striking employees of the owner or tenants while occupying the described premises.
4. **Sinkhole Collapse** -- "We" cover loss or damage caused by "sinkhole collapse".

5. **Smoke** -- "We" cover loss or damage caused by smoke. This means sudden and accidental loss caused by smoke.

6. **Sonic Boom** -- "We" cover loss or damage caused by sonic boom.

7. **Sprinkler Leakage** -- "We" cover loss or damage caused by sprinkler leakage. This means loss or damage caused by leakage or discharge of water or other substances from within a sprinkler system.

"We" cover loss or damage caused by collapse or fall of a tank which is part of a sprinkler system.

"We" cover the cost of repairs or replacement of a covered sprinkler system when damage is caused by freezing or by breakage that results in sprinkler leakage.

"We" also cover the reasonable cost of removing and replacing part of the covered building or structure necessary to make repairs.

A sprinkler system is an automatic fire protection system and any nonautomatic fire protection equipment supplied from the sprinkler system.

8. **Transportation** -- "We" cover loss or damage to covered property, while in due course of transportation, caused by:

- a. collision, derailment, or overturn of a vehicle;
- b. stranding or sinking of vessels; and
- c. collapse of bridges, culverts, piers, wharves, or docks.

9. **Vandalism** -- "We" cover loss or damage caused by vandalism. This means willful and malicious damage to, or destruction of, the covered property.

Restrictions -- "We" do not pay for loss or damage caused by theft, except for building damage caused by burglars breaking in or exiting a building.

10. **Vehicles And Aircraft** -- "We" cover loss or damage caused by vehicles and aircraft. This means loss or damage caused by actual physical contact of aircraft, objects falling from aircraft, vehicles, or objects thrown by vehicles with covered property. Aircraft includes spacecraft and self-propelled missiles.

Restriction -- "We" do not cover loss or damage caused by vehicles "you" own or lease, or that are operated in the course of "your" business.

11. **Volcanic Action** -- "We" cover loss or damage caused by "volcanic action".

All loss that occurs within a 168-hour period will be considered a single loss.

12. **Windstorm Or Hail** -- "We" cover loss or damage caused by windstorm or hail.

Restrictions --

- a. "We" do not pay for loss or damage caused directly or indirectly by frost or cold weather or by ice (other than hail), sleet, or snow, all whether driven by wind or not.
- b. "We" do not pay for loss or damage to the interior of a building or structure, or to property inside, caused by dust, rain, sand, sleet, or snow, all whether driven by wind or not, unless wind or hail first damages the building or structure, allowing dust, rain, sand, sleet, or snow to enter through openings made by the direct force of wind or hail.
- c. "We" do not pay for loss or damage to exterior awnings or canopies of fabric or slat construction or their supports.

PERILS EXCLUDED

"We" do not pay for loss or damage if one or more of the following exclusions apply to the loss or damage, regardless of other causes or events that contribute to or aggravate the loss, whether such causes or events act to produce the loss before, at the same time as, or after the excluded causes or events.

1. **Civil Authority** -- "We" do not pay for loss or damage caused by order of any civil authority, including seizure, confiscation, destruction, or quarantine of property.

However, "we" do pay for loss or damage resulting from acts of destruction by the civil authority to prevent the spread of fire, unless the fire is caused by a peril excluded under this policy.

2. **Earth Movement** -- "We" do not pay for loss or damage caused by any "earth movement".

However, if eruption, explosion, or effusion of a volcano results in "volcanic action", "we" will pay for the loss or damage caused by that "volcanic action".

If "earth movement" results in fire, "we" will pay for the loss or damage caused by that fire. If "earth movement" (other than eruption, explosion, or effusion of a volcano) results in explosion, "we" will pay for the loss or damage caused by that explosion.

All volcanic eruptions that occur within a 168 hour period will be considered a single loss.

3. **Fungus Or Related Perils** -- Except as provided under Limited Fungus and Related Perils Coverage, "we" do not pay for loss, cost, or expense caused by or relating to the existence of or any activity of "fungus or related perils".

However, "we" do pay for loss or damage that is caused by a covered peril that results from "fungus or related perils".

Exception -- This exclusion does not apply to loss or damage that results from fire or lightning.

4. **Nuclear Hazard** -- "We" do not pay for loss or damage caused by a nuclear reaction, nuclear radiation, or radioactive contamination (whether controlled or uncontrolled; whether caused by, contributed to, or aggravated by a covered peril; and whether caused by natural, accidental, or artificial means).

Loss or damage caused by nuclear hazard is not considered loss caused by fire, explosion, or smoke.

However, direct physical loss or damage caused by fire resulting from the nuclear hazard is covered.

5. **Ordinance Or Law** -- Except as provided under Increased Costs -- Ordinance or Law Coverage, "we" do not pay for loss or increased costs caused by enforcement of any code, ordinance, law, or decree that regulates the construction, use, or repair of any building or structure; or that requires the demolition of any property, including the removal of debris.

This exclusion applies whether the loss results from:

- a. a code, ordinance, law, or decree that is enforced, even if the property has not been damaged; or
 - b. the increased costs incurred to comply with a code, ordinance, law, or decree in the course of the construction, repair, renovation, remodeling or demolition of property, or debris removal following a physical loss to that property.
6. **Utility Failure** -- "We" do not pay for loss or damage caused by failure or disruption of power, water, communication, or other utility services supplied to the described premises resulting from any cause, if the failure or disruption originates:

- a. away from the described premises; or
- b. at the described premises, if such failure or disruption involves equipment used to furnish the utility service to the described premises from a source away from the described premises.

Failure or disruption includes reduced or increased voltage, power surge, low or high pressure, reduction in supply, or other disruptions of normal services.

However, if the failure, disruption, or surge of power, or the failure or disruption of water, communication, or other utility service results in a covered peril, "we" do pay for the direct physical loss or damage caused by that covered peril.

Communication utilities include but are not limited to services relating to telephone, cable, internet access, or the connectivity to satellite, cellular, or other electronic network or service.

7. **Virus Or Bacteria** -- "We" do not pay for loss, cost, or expense caused by, resulting from, or relating to any virus, bacterium, or other microorganism that causes disease, illness, or physical distress or that is capable of causing disease, illness, or physical distress.

This exclusion applies to, but is not limited to, any loss, cost, or expense as a result of:

- a. any contamination by any virus, bacterium, or other microorganism; or
- b. any denial of access to property because of any virus, bacterium, or other microorganism.

This exclusion does not apply to loss, cost, or expense resulting from "fungus or related perils".

This exclusion supersedes the "terms" of any other exclusions referring to "pollutants" or to contamination with respect to any loss, cost, or expense caused by, resulting from, or relating to any virus, bacterium, or other microorganism that causes disease, illness, or physical distress or that is capable of causing disease, illness, or physical distress.

8. **War And Military Action** -- "We" do not pay for loss or damage caused directly or indirectly by the following:

- a. war, including undeclared or civil war;
- b. warlike action by a military force, including action in hindering or defending against an actual or expected attack, by any government, sovereign, or other authority using military personnel or other agents; or
- c. insurrection, rebellion, revolution, usurped power, or action taken by governmental authority in hindering or defending against any of these.

With respect to any action that comes within the "terms" of this exclusion and involves nuclear reaction or radiation or radioactive contamination, this War And Military Action Exclusion supersedes the Nuclear Hazard Exclusion.

9. **Water** --

- a. "We" do not pay for loss or damage caused by:
 - 1) flood; surface water; waves, including, but not limited to, tidal wave and tsunami; tidal water; tides; overflow of any body of water; or spray from any of these; all whether or not driven by wind. This includes, but is not limited to, storm surge, storm tide, and tidal surge;
 - 2) mudslide or mudflow;
 - 3) water that backs up through, overflows from, or is otherwise discharged from:

- a) a sewer or drain;
- b) a sump, sump pump, or related equipment; or
- c) any other type of system designed to remove subsurface water which is drained from the foundation area;

4) water below the surface of the ground. This includes water that exerts pressure on or flows, seeps, or leaks through or into:

- a) basements, whether paved or not;
- b) doors, windows, or other openings;
- c) foundations, floors, walls, or paved surfaces; or
- d) swimming pools, septic tanks, or other structures; or

5) material present in or carried or otherwise moved by water described in items 1) through 4) above.

However, if fire, explosion, or sprinkler leakage results, "we" do pay for the resulting loss.

b. This exclusion:

- 1) applies regardless of the cause of the water or the material carried or moved by water described under items a.1) through a.5) above, whether or not such cause is an act of nature; and
- 2) applies to, but is not limited to, water and material present in or carried or moved by water, whether or not driven by wind, that:
 - a) overtops;
 - b) escapes from;
 - c) is released from; or
 - d) is otherwise discharged from:

a dam, levee, dike, floodgate, seawall, or other device or feature designed or used to retain, contain, or control water.

ADDITIONAL EXCLUSIONS

"We" do not pay for loss or damage if one or more of the following exclusions apply to the loss.

1. **Boiler Explosion** -- "We" do not pay for loss or damage caused by explosion of steam boilers, steam pipes, steam turbines, or steam engines that "you" own or lease or that are operated under "your" control.

However, if a fire or combustion explosion results, "we" do pay for the resulting loss or damage.

2. **Computer Virus Or Computer Hacking** -- Except as provided for under Extensions Of Coverage for Data Records And Programs, and under Additional Loss Of Income Coverages for Destruction Of Data Records And Programs, "we" do not pay for:

- a. any direct or indirect loss or damage; or
- b. loss of access, loss of use, or loss of functionality;

caused by a "computer virus" or by "computer hacking".

This includes, but is not limited to loss or damage to "computers", "your" computer network, or "your" web site caused by or resulting from a "computer virus" or "computer hacking".

3. **Contamination Or Deterioration** -- "We" do not pay for loss or damage caused by contamination or deterioration, including corrosion, rust, or any quality, fault, or weakness in property that causes it to damage or destroy itself.

However, "we" do pay for any resulting breakage of building glass or loss caused by a covered peril.

4. **Criminal, Fraudulent, Dishonest, Or Illegal Acts** -- "We" do not pay for loss or damage caused by criminal, fraudulent, dishonest, or illegal acts, whether committed alone or in collusion with another, by:

- a. "you";
- b. others who have an interest in the property;
- c. others to whom "you" entrust the property;
- d. "your" partners, officers, directors, trustees, joint venturers, members, or managers; or
- e. the "employees" or agents of a., b., c., or d. above;

whether or not such acts occur during work hours.

However, this exclusion does not apply to acts of destruction of property by "your" "employees", or to accounts receivable and "valuable papers and records" in the custody of carriers for hire.

5. **Data And Computer Errors** -- "We" do not pay for loss or damage caused by an error or omission in:

- a. the programming, storing, or processing of "data records"; or
- b. the design, specification, installation, repair, modification, or testing of "your" "computers".

However, "we" do pay for any resulting loss or damage caused by a covered peril.

This exclusion does not apply to loss caused by a "computer virus" or "computer hacking" under the Extensions Of Coverage for Data Records And Programs, and under Additional Loss Of Income Coverages for Destruction Of Data Records And Programs.

6. **Defects, Errors, Or Omissions** -- "We" do not pay for loss or damage which results from one or more of the following:

- a. an act, error, or omission (negligent or not) relating to:
 - 1) land use;
 - 2) the design, specification, construction, repair, modification, workmanship, installation, or testing of property;
 - 3) planning, zoning, development, siting, surveying, grading, or compaction; or
 - 4) maintenance of property (including land, structures, or improvements);

whether on or off the described premises;

- b. a defect, weakness, inadequacy, fault, or unsoundness in materials used in construction, modification, or repair, whether on or off the described premises;
- c. the cost to make good an error in design; or
- d. an error or omission by any person, organization, group, or other entity that adversely affects the quality, nature, form, or function of any product, goods, or merchandise or any part thereof.

This exclusion applies:

- 1) to any error or omission that occurs at any time during the:
 - a) research, planning, or development;
 - b) processing, production, manufacturing, or testing;
 - c) marketing, sale, packaging, or shipping;
 - d) installation or use; or
 - e) maintenance or repair;

of such product, goods, or merchandise or any part thereof; and

- 2) regardless of the person, organization, group, or other entity responsible for the error or omission, including a party with possession of the property under an arrangement in which work or a portion of the work has been subcontracted or outsourced.

However, if a defect, error, or omission as described above results in a covered peril, "we" cover the loss or damage caused by that covered peril.

7. **Electrical Currents** -- "We" do not pay for loss or damage caused by manmade or mechanically produced electrical, electromagnetic, or magnetic currents or energy; or by their arcing, that results in damage or disruption to:

- a. electrical or electronic wiring, networks, systems, appliances, or devices; or
- b. networks, systems, appliances and devices which utilize wireless, microwave, satellite, or cellular technologies.

However, if a fire results, "we" do pay for the loss caused by fire.

In this exclusion, electrical, electromagnetic, or magnetic currents or energy includes, but is not limited to:

- 1) the flow of electricity and its' arcing;
- 2) electromagnetic energy pulses;
- 3) electromagnetic waves (microwaves); or
- 4) the electrical charge generated by or conducted through a magnetic or electromagnetic field.

8. **Electrical Damage** -- Except as provided for under Extensions Of Coverage for Data Records And Programs, "we" do not pay for loss or damage to "data records", "programs and applications", and "proprietary programs" caused by electrical or magnetic damage, erasure, or disturbance.

However, "we" do pay for electrical or magnetic damage, erasure, or disturbance of "data records", "programs and applications", and "proprietary programs" caused by lightning.

9. **Indirect Losses** -- "We" do not pay for loss or damage caused by loss of use, delay, or loss of market.

This exclusion does not apply to Coverage C -- Loss Of Income.

10. **Neglect** -- "We" do not cover loss or damage caused by "your" neglect to use all reasonable means to save covered property at and after the time of loss, or when endangered by a covered peril.

11. **Mechanical Breakdown** -- "We" do not pay for loss or damage caused by mechanical breakdown or rupturing or bursting of moving parts of machinery caused by centrifugal force.

However, "we" do pay for any resulting breakage of building glass or loss caused by a covered peril.

12. **Rupturing Or Bursting** -- "We" do not pay for loss or damage caused by rupturing or bursting of water pipes (other than sprinkler systems) unless caused by a covered peril.

13. **Smoke, Vapor, Or Gas** -- "We" do not pay for loss or damage caused by smoke, vapor, or gas from agricultural smudging or industrial operations.

14. **Water Damage** -- "We" do not pay for loss or damage caused by accidental discharge or leakage of water or steam as a direct result of breaking or cracking of a part of the system or appliance containing water or steam other than a sprinkler system, unless the system or appliance is damaged by a covered peril.

WHAT MUST BE DONE IN CASE OF LOSS

1. **Notice** -- In case of a loss, "you" must:
- give "us" or "our" agent prompt notice including a description of the property involved ("we" may request written notice); and
 - give notice to the police when the act that causes the loss may have been a crime.
2. **Protect Property** -- "You" must take all reasonable steps to protect covered property at and after an insured loss to avoid further loss. "We" pay the reasonable costs incurred by "you" for necessary repairs or emergency measures performed solely to protect covered property from further damage by a covered peril if a covered peril has already caused a loss to covered property. This does not increase the "limit" for the covered property.
- Restriction** -- "We" do not pay for such repairs or emergency measures performed on property which has not been damaged by a covered peril.
3. **Proof Of Loss** -- Within 60 days after "our" request, "you" must send "us" a signed, sworn proof of loss.

The proof of loss must include the following information:

- the time, place, and circumstances of the loss;
- other policies of insurance that may cover the loss;

- c. "your" interest and the interests of all others in the property involved, including all mortgages and liens;
- d. changes in title or occupancy of the covered property during the policy period;
- e. detailed estimates for repair or replacement of covered property;
- f. available plans and specifications of buildings or structures;
- g. detailed estimates of any covered loss of income and expenses; and
- h. an inventory of damaged and undamaged covered personal property showing in detail the quantity, description, cost, actual cash value, and amount of the loss. "You" must attach to the inventory copies of all bills, receipts, and related documents that substantiate the inventory.

An inventory of undamaged personal property is not required if the total claim for a loss is less than \$10,000 and less than 5% of the total "limit" that applies to the covered property.

- 4. **Examination Under Oath** -- An "insured" must submit to examination under oath in matters connected with the loss or relating to this insurance as often as "we" reasonably request and give "us" signed sworn statements of the answers. If more than one "insured" is examined, "we" have the right to examine and receive statements from each "insured" separately and not in the presence of the other "insureds".
- 5. **Cooperation** -- "You" must cooperate with "us" in the investigation and settlement of the claim.
- 6. **Records** -- "You" must produce records, including tax returns and bank microfilms of all cancelled checks relating to value, loss, and expense; and permit copies and extracts to be made of these records as often as "we" reasonably request.

- 7. **Damaged Property** -- "You" must exhibit the damaged and undamaged property as often as "we" reasonably request and allow "us" to inspect or take samples of the property.
- 8. **Volunteer Payments** -- "You" must not, except at "your" own expense, voluntarily make any payments, assume any obligations, pay or offer any rewards, or incur any other expenses except with respect to protecting property from further damage by a covered peril.
- 9. **Abandonment** -- "We" do not have to accept any abandonment of property.
- 10. **Intent To Continue Business** -- If "you" intend to continue "your" business, "you" must resume all or part of "your" business as soon as possible.

VALUATION OF PROPERTY LOSSES

The valuation of property losses will be based on the following provisions.

- 1. **Replacement Cost** -- Subject to items 3. through 12. under Valuation of Property Losses, the value of covered property is based on its replacement cost without a deduction for depreciation, unless Actual Cash Value is shown on the "declarations".

Limitations --

- a. If the "limit" on the lost or damaged property at the time of loss is 80% or more of the property's full replacement cost immediately prior to the loss, "we" pay the cost to repair or replace the property, but not more than the least of the following:
 - 1) the "limit" that applies to the lost or damaged property;

- 2) the cost to replace, on the same premises, the lost or damaged property with property of comparable materials and quality, that is to be used for the same purpose; or
- 3) the amount that "you" actually spend that is necessary to repair or replace the lost or damaged property.

If a building is not rebuilt on the same premises, the cost to replace is limited to the cost that would have been incurred had the building been rebuilt on the same premises.

- b. If the "limit" on the lost or damaged property at the time of loss is less than 80% of the property's full replacement cost immediately prior to the loss, "we" pay the greater of the following amounts, but not more than the "limit" that applies to the property:
 - 1) the actual cash value of the lost or damaged property; or
 - 2) that part of the replacement cost of the lost or damaged property which the applicable "limit" bears to 80% of the full current replacement cost of the covered property.
- c. Replacement cost valuation does not apply until the damaged or destroyed property is repaired or replaced. The repairs or replacement must be made as soon as reasonably possible after the loss or damage. Subject to items 1.a. and 1.b. above, if the cost to repair or replace is \$2,500 or less, "we" will settle the loss whether or not the damaged or destroyed property is repaired or replaced.

"You" may make a claim for the actual cash value of the damaged property before the repair or the replacement takes place, and then make a follow-up claim later for the replacement cost provided "you" notify "us" of "your" intent within 180 days after the loss or damage.

- d. The cost to repair, rebuild, or replace lost or damaged property does not include the increased cost attributable to enforcement of any code, ordinance, law, or decree regulating the construction, use, or repair of any property.

2. **Actual Cash Value** -- When Actual Cash Value is shown on the "declarations" for Coverage A -- Buildings or Coverage B -- Business Personal Property, Replacement Cost does not apply. The value of such property is based on its actual cash value at the time of the loss with a deduction for depreciation.

3. **Property Not Eligible For Replacement Cost** -- The value of the following property is based on its actual cash value at the time of the loss:

- a. household contents, except personal property in apartments or rooms furnished by "you" as landlord;
- b. manuscripts;
- c. objects of art, rarity, or antiquity;
- d. used or second-hand merchandise held for sale or in storage; and
- e. personal property of others.

However, if personal property of others in "your" care, custody, or control is subject to a written agreement that specifies the extent of "your" liability for such property, the value of that property is based on the lesser of the following, unless Actual Cash Value is shown on the "declarations":

- 1) the extent of "your" liability as specified in the written agreement to which the property is subject;
- 2) the Replacement Cost "terms" set forth under item 1. of Valuation of Property Losses; or
- 3) the "limit" that applies to the lost or damaged property.

If Actual Cash Value is shown on the "declarations", the value of personal property of others is based on its actual cash value at the time of the loss or the extent of "your" liability as specified in the written agreement to which the property is subject, whichever is less.

Actual cash value includes a deduction for depreciation.

4. **Glass** -- The value of glass is based on the cost of safety glazing material where required by code, ordinance, law, or decree.
5. **Hardware** -- The value of "hardware" is based on the following:
 - a. **Hardware That Is Replaced** -- The value of "hardware" that is replaced is based on the cost of replacing the "hardware" with new equipment that is functionally comparable to the "hardware" that is being replaced.
 - b. **Hardware That Is Not Replaced** -- The value of "hardware" that is not repaired or replaced is based on the actual cash value at the time of loss, with a deduction for depreciation.
 - c. **Partial Loss** -- "We" do not pay more than the reasonable cost of restoring partially damaged "hardware" to its condition directly prior to the damage.
6. **Loss To Parts** -- The value of a lost or damaged part of an item that consists of several parts when it is complete is based on the value of only the lost or damaged part or the cost to repair or replace it.
7. **Money** -- The value of "money" is based on its face value.
8. **Pair Or Set** -- The value of a lost or damaged article which is part of a pair or set is based on a reasonable proportion of the value of the entire pair or set.

The loss is not considered a total loss of the pair or set.

9. **Securities** -- The value of "securities" is based on their actual cash value at the close of business on the day the loss was discovered.

10. **Software** -- The value of "software" is based on the following:

- a. **Data Records** -- The value of "data records" is based on the cost of reproduction from duplicate copies. The cost of reproduction includes, but is not limited to, the cost of labor to copy or transcribe the information from duplicate copies.

However, if duplicate copies do not exist, the value of "data records" is based on the cost of research or other expenses necessary to reproduce, replace, or restore lost files, documents, and information.

The value of "data records" not restored or replaced is based on the cost to replace the "media" on which the "data records" were stored with blank "media" of similar kind or quality.

- b. **Media** -- The value of "media" is based on the cost to repair or replace the "media" with material of the same kind or quality.
- c. **Programs And Applications** -- The value of "programs and applications" is based on the cost to reinstall the "programs and applications" from the licensed discs that were originally used to install the "programs and applications".

However, if the original licensed discs are lost, damaged, or can no longer be obtained, the value of "programs and applications" is based on the cost of the most current version of the "programs and applications".

The value of "programs and applications" not restored or replaced is based on the cost to replace the "media" on which the "programs and applications" were stored with blank "media" of similar kind or quality.

- d. **Proprietary Programs** -- The value of "proprietary programs" is based on the cost of reproduction from duplicate copies. The cost of reproduction includes, but is not limited to, the cost of labor to copy or transcribe the information from duplicate copies.

However, if duplicate copies do not exist, the value of "proprietary programs" is based on the cost of research or other expenses necessary to reproduce, replace, or restore lost "proprietary programs".

The value of "proprietary programs" not restored or replaced is based on the cost to replace the "media" on which the "proprietary programs" were stored with blank "media" of similar kind or quality.

11. **Tenant's Improvements** -- The value of tenant's improvements losses will be based on replacement cost, without a deduction for depreciation, if repaired or replaced at "your" expense within a reasonable time.

The value of tenant's improvements losses will be based on a portion of "your" original cost if not repaired or replaced within a reasonable time. This portion is determined as follows:

- a. divide the number of days from the date of the loss to the expiration date of the lease by the number of days from the date of installation to the expiration date of the lease; and
- b. multiply the figure determined in 11.a. above by the original cost.

However, if "your" lease contains a renewal option, the expiration date of the lease in this calculation is replaced by the expiration of the renewal option period.

Tenant's improvements losses are not covered if repaired or replaced at another's expense.

12. **Valuable Papers And Records** -- The value of "valuable papers and records" is based on the cost of blank materials and the labor to transcribe or copy the records when there is a duplicate. When a duplicate does not exist, the value is based on the cost of research or other expenses necessary to reproduce, replace, or restore lost information on such lost or damaged "valuable papers and records".

However, if "valuable papers and records" are not reproduced, replaced, or restored, the value of "valuable papers and records" is based on the cost of blank materials of similar kind or quality.

HOW MUCH WE PAY

1. **Insurable Interest** -- "We" do not pay more than "your" insurable interest in any property.
2. **Deductible** -- Except as provided under items 2.a., 2.b., and 2.c. below, "we" pay only that part of "your" loss in excess of the deductible amount stated on the "declarations" in any one occurrence.
 - a. When loss is limited to an Optional Property Coverage that is included under the "terms" of this form, the most "we" will deduct from "your" loss in any one occurrence is the Optional Property Coverages deductible amount shown on the "declarations".
 - b. If a single occurrence results in loss to property that is subject to different deductible amounts, the total amount deducted from "your" loss will not exceed the largest deductible applicable.

- c. No deductible applies to Fire Department Service Charges, Lock and Key Replacement, Inventory and Appraisal Expenses, Recharge of Fire Extinguishing Equipment, or Coverage C - Loss of Income.
3. **Loss Settlement Terms** -- Subject to items 1., 2., 4., 5., 6., 7., and 8. under How Much We Pay, "we" pay the lesser of:
- the amount determined under Valuation Of Property Losses;
 - the cost to repair, replace, or rebuild the property with materials of like kind and quality to the extent practicable; or
 - the "limit" that applies to covered property.
4. **Insurance Under More Than One Coverage** -- If more than one coverage of this policy insures the same loss, "we" pay no more than the actual claim or loss sustained.
5. **Insurance Under More Than One Policy** -- "You" may have another policy subject to the same plan, "terms", conditions, and provisions as this policy. If "you" do, "we" pay "our" share of the covered loss. "Our" share is the proportion that the applicable "limit" under this policy bears to the "limit" of all policies covering on the same basis.
- If there is another policy covering the same loss, other than that described above, "we" pay only for the amount of covered loss in excess of the amount due from that other policy, whether "you" can collect on it or not. But "we" do not pay more than the applicable "limit".
6. **Accounts Receivable** -- Subject to items 1., 2., 4., and 5. under How Much We Pay, "we" pay the lesser of:
- the total sum of accounts receivable due. From this total "we" will deduct:
 - all amounts due from the accounts receivable records that are not lost;
 - all amounts due that can be established by other means;
 - all amounts due that "you" have collected from the records that are lost;
 - all unearned interest and service charges; and
 - an amount to allow for bad debts;
 - the reasonable cost to reconstruct "your" accounts receivable records; or
 - the applicable "limit".
- If a loss occurs and "you" cannot establish the actual accounts receivable amounts due, they will be determined as follows.
- "We" will determine the total of the average monthly accounts receivable amounts for the 12 month period that immediately precedes the month in which the loss occurred. "We" will adjust the total for any verifiable variance in the accounts receivable amount for the month in which the loss occurred.
7. **Automatic Increase** -- When a percentage increase is shown on the "declarations" for a Coverage A -- Buildings or Coverage B -- Business Personal Property entry, the corresponding "limit" is increased annually by the percentage shown. The increase applies proportionally from the date of the most recent "limit".
- The increase applies only to the "limit" shown on the "declarations" for the corresponding Coverage A -- Buildings or Coverage B -- Business Personal Property entry.
8. **Seasonal Increase** -- The Coverage B -- Business Personal Property "limits" shown on the "declarations" will automatically increase by 25% to provide for seasonal increase.

Condition -- This increase applies only if "your" Business Personal Property "limit" is at least 100% of "your" average monthly values for the 12 months immediately preceding the date of the loss or damage. If "you" have been in business less than 12 months, the "limit" of insurance must be 100% of "your" average monthly values for the time "you" have been in business.

LOSS PAYMENT

1. **Our Options** -- In the event of loss covered by this policy, "we" have the following options:

- a. pay the value of the lost or damaged property;
- b. pay the cost of repairing or replacing the lost or damaged property;
- c. rebuild, repair, or replace the property with other property of equivalent kind and quality, to the extent practicable, within a reasonable time; or
- d. take all or any part of the property at the agreed or appraised value.

"We" must give "you" notice of "our" intent to rebuild, repair, or replace within 30 days after receipt of a duly executed proof of loss.

2. **Your Losses** -- "We" adjust all losses with "you". Payment is made to "you" unless another loss payee is named in the policy. A covered loss is payable 30 days after a satisfactory proof of loss is received, and:

- a. the amount of the loss has been agreed to in writing;
- b. an appraisal award has been filed with "us"; or
- c. a final judgment has been entered.

3. **Property Of Others** -- Losses to property of others may be adjusted with and paid to:

- a. "you" on behalf of the owner; or
- b. the owner, subject to the owner's interest.

If "we" pay the owner, "we" do not pay "you". "We" may also choose to defend any suits arising from the owners at "our" expense.

4. **Common Wall** -- In the event of loss or damage to a common wall or party wall and subject to all other applicable policy provisions and "limits":

- a. "We" will pay the share of the loss to the common wall equal to "your" ownership interest in the common wall in proportion to the adjoining owner's interest in the common wall.
- b. If "you" choose to repair or replace damage to the common wall caused by a covered peril, but the adjoining owner chooses not to, "we" will pay the full value of the loss to the common wall.
- c. "We" retain "our" rights to subrogation against the owner or insurer of the adjoining property or any other person or entity. The Subrogation Condition of this policy is not altered by this provision.

With respect to this Loss Payment provision, a common wall or party wall is a shared wall dividing two adjoining properties that have different ownership.

ADDITIONAL CONDITIONS

1. **Appraisal** -- If "you" and "we" do not agree on the amount of the loss, either party may make a written demand that the amount be determined by appraisal.

If either party makes a written demand for appraisal, each selects a competent, independent appraiser and notifies the other of the appraiser's identity within 20 days of receipt of the written demand. The two appraisers then select a competent, impartial umpire. If the two appraisers are unable to agree upon an umpire within 15 days, "you" or "we" can ask a judge of a court of record in the state where the property is located to select an umpire.

The appraisers then determine and state separately the amount of each loss.

The appraisers also determine the actual cash value of covered property items at the time of the loss, if requested.

A written agreement is binding on all parties. If the appraisers fail to agree within a reasonable time, they submit only their differences to the umpire. Written agreement so itemized and signed by any two of these three is binding on all parties.

Each appraiser is paid by the party selecting that appraiser. Other expenses of the appraisal and the compensation of the umpire is paid equally by "you" and "us".

Under no circumstance will an appraisal be used to interpret policy "terms", determine causation, or determine whether or not a loss is covered under this policy. If there is an appraisal, "we" retain "our" right to deny the claim.

2. **Benefit To Others** -- Insurance under the Property Coverages will not directly or indirectly benefit anyone having custody of "your" property.
3. **Control Of Property** -- The Property Coverages are not affected by any act or neglect beyond "your" control.

A violation of any condition in this policy by an "insured" will only affect coverage at the location where the violation took place.

4. **Death Of An Individual Named Insured** -- If "you" die, "your" rights and duties under the Property Coverages pass to "your" legal representative or other person having proper temporary custody of "your" property.
5. **Mortgage Provisions** -- If a mortgagee (mortgagee includes trustee) is named in this policy, covered loss to buildings or structures will be paid to the mortgagee and "you" as the interests of each appear. If more than one mortgagee is named, they will be paid in order of precedence.

The insurance for the mortgagee continues in effect even when "your" insurance may be void because of "your" acts, neglect, or failure to comply with the coverage "terms". However, the insurance for the mortgagee does not continue in effect if the mortgagee is aware of changes in ownership or substantial increase in risk and does not notify "us".

If "you" fail to do so, "we" may request from the mortgagee:

- a. payment of the premium; and
- b. a signed, sworn proof of loss within 60 days after "our" request.

If "we" pay the mortgagee for a loss where "your" insurance may be void, the mortgagee's right to collect that portion of the mortgage debt from "you" then belongs to "us". This does not affect the mortgagee's right to collect the remainder of the mortgage debt from "you". As an alternative, "we" may pay the mortgagee the remaining principal and accrued interest in return for a full assignment of the mortgagee's interest and any instruments given as security for the mortgage debt.

If "we" cancel this policy, "we" will notify the mortgagee at least ten days before the effective date of cancellation if "we" cancel for "your" nonpayment of premium, or 30 days before the effective date of cancellation if "we" cancel for any other reason. If "we" choose not to renew this policy, "we" will give written notice to the mortgagee at least ten days before the expiration date of this policy.

6. **Policy Period** -- "We" cover loss or damage that begins within the policy period shown on the "declarations".
7. **Recoveries** -- If "we" pay "you" for a loss, and the lost or damaged property is recovered, or payment is made by those responsible for the loss, the following provisions apply:
 - a. "You" must notify "us" promptly if "you" recover property or receive payment.
 - b. "We" must notify "you" promptly if "we" recover property or receive payment.
 - c. "We" pay any recovery expenses incurred, and the expense to repair the recovered property, subject to the "limit" of insurance.
 - d. "You" may keep the recovered property, but "you" must refund to "us" the amount of the claim paid, or any lesser amount to which "we" agree.
 - e. If the claim paid is less than the agreed loss due to a deductible or other limiting "term" of this policy, any recovery is pro rated between "you" and "us" based on our respective interests in the loss.
8. **Subrogation** -- If "we" pay for a loss under the Property Coverages, "we" may require that "you" assign to "us" any right of recovery against others, up to the amount "we" have paid.

"You" may waive "your" right to recover, in writing, before a loss takes place without voiding coverage.

Restriction -- "You" must do nothing to impair "our" right of recovery after a loss.

However, "you" may waive "your" right to recover, in writing, after a loss only with respect to the following parties:

- a. a person, persons, entity, or organization that is insured under the Property Coverages;
 - b. "your" tenant;
 - c. a business firm owned or controlled by "you"; or
 - d. a business firm which owns or controls "your" business.
9. **Suit Against Us** -- No lawsuit can be brought against "us" unless:
- a. the "terms" of the Property Coverages have been fully complied with; and
 - b. the lawsuit is commenced within two years after the date on which direct physical loss or damage occurred.

If any applicable law makes this limitation invalid, then the lawsuit must begin within the shortest period permitted by the law.

10. **Vacancy Restriction** -- "We" do not pay for loss or damage caused by sprinkler leakage (unless "you" have protected the system against freezing) or vandalism if prior to the loss or damage, the building or structure has been vacant for more than 60 consecutive days.

The amount "we" pay for any loss that is not otherwise excluded is reduced by 15%.

Property is vacant when the occupants of a building or structure have moved, leaving the building or structure empty or containing limited business personal property.

If "you" are the owner or general lessee, the building or structure is considered vacant when 30% or less of the total square footage is occupied as intended.

If "you" are the tenant, the building or structure is considered vacant when the area rented to "you" does not contain enough business personal property to conduct "your" customary activities or operations.

Buildings or structures that are under construction or being renovated are not considered vacant.

OPTIONAL PROPERTY COVERAGES

If indicated as applicable on the "declarations", the following Optional Property Coverages also apply. The Optional Property Coverages are subject to the "terms" applying to the Common Policy Conditions, the Common Policy Definitions and Property Coverages of this policy, except as provided below.

1. BURGLARY AND ROBBERY COVERAGE --

- a. **Additional Definitions** -- The following definitions are added with respect to this optional coverage.
- 1) "Burglary" means the illegal taking of property from within the described building by a person forcibly entering or leaving the premises. There must be visible marks of forcible entry or exit.
 - 2) "Messenger" means "you", any of "your" partners, or "your" "employees" while having care and custody of the property outside the described building.
 - 3) "Robbery" means the illegal taking of property from the care and custody of a person by force or the threat of force.
 - 4) "Safe burglary" means the illegal taking of property from within a locked safe or vault in the described building by a person forcibly entering the safe or vault or

removing the safe from the described building. There must be visible marks of the forcible entry on the safe or vault exterior.

- b. **Coverage** -- Except as limited under the "terms" of this optional coverage, "we" cover direct physical loss to "your" business personal property caused by actual or attempted:
- 1) "burglary", "robbery", or "safe burglary" while in the described building; or
 - 2) "robbery" while outside the described building in the care and custody of a "messenger".
- c. **Property Not Covered** -- Item 8. Money and Securities, under Property Not Covered does not apply under the "terms" of this optional coverage.
- d. **Extensions Of Coverage** --
- 1) **Armored Motor Vehicle Company** -- The coverage provided for direct physical loss to "your" business personal property caused by actual or attempted "burglary" or "robbery" is extended to apply while "your" business personal property is outside the described building in the care and custody of an armored motor vehicle company.
 - 2) **Lock And Key Replacement** -- "We" pay for necessary expenses to repair or replace exterior or interior door locks and keys at the described premises when, as the result of a "burglary" loss covered under the "terms" of this optional coverage, "your" property is damaged or "your" door keys are stolen. The most "we" pay under this extension of coverage for any one loss is \$1,000.
- This is an additional amount of insurance. No deductible applies.

e. **Exclusions And Limitations --**

- 1) **Furs** -- "We" do not pay more than \$2,500 total in any one occurrence for loss by theft of furs or fur garments.
- 2) **Jewelry, Watches, Jewels, Pearls, Precious Stones, Or Metals** -- "We" do not pay more than \$2,500 total in any one occurrence for loss by theft of jewelry; watches; watch movements; jewels; pearls; precious or semi-precious stones; bullion, gold, silver, or other precious alloys or metals; or items consisting primarily of precious metals.

However, this limitation does not apply to jewelry or watches worth \$100 or less per item.

- 3) **Lottery Tickets, Money, And Securities** -- "We" do not cover loss to lottery tickets, "money", or "securities" caused by actual or attempted "burglary" while in the described building.
- 4) **Patterns, Dies, Molds, Models, Or Forms** -- "We" do not pay more than \$2,500 total in any one occurrence for loss by theft of patterns, dies, molds, models, or forms.
- 5) **Unattended Vehicles** -- "We" do not pay for loss from unattended vehicles, unless the loss results from forced entry of a securely locked compartment. There must be visible evidence that entry was forced.

- f. **Coverage Limit** -- The "limit" shown on the "declarations" for Burglary and Robbery coverage is the most "we" pay for loss caused by actual or attempted "burglary", "robbery" or "safe burglary" under the "terms" of this "optional coverage".

2. **Employee Dishonesty --**

- a. "We" pay for direct loss or damage to Business Personal Property and "money" and "securities" that "you" own, hold, or for which "you" are legally liable.

"We" pay only for those losses resulting from dishonest acts that occur within the policy period and that are committed by any of "your" "employees", acting alone, or in collusion with other persons.

All loss or damage caused by one or more persons or involving a single act or series of related acts is considered one occurrence.

Dishonest acts as used in this coverage means dishonest or fraudulent acts committed with the apparent intent to cause "you" to sustain loss or damage and to obtain financial benefit, other than earned salaries, commissions, bonuses, fees, profit sharing, or other "employee" benefit, for any "employee", other person, or organization.

Coverage Limit -- The most "we" pay in any one occurrence for Employee Dishonesty is the "limit" for this coverage shown on the "declarations", even though the occurrence may extend over a number of policy periods.

- b. **Perils Covered** -- Perils Covered do not apply to this Optional Property Coverage.

- c. **Exclusions** -- Additional Exclusions do not apply to this Optional Property Coverage.

- 1) Under Perils Excluded, only the following exclusions apply to this coverage:

- a) Civil Authority;
- b) Nuclear Hazard; and
- c) War and Military Action.

2) In addition to the above exclusions, "we" also do not pay for loss or damage:

- a) resulting from an act that "you" or any of "your" partners, directors, trustees, joint venturers, members, or managers commit, whether acting alone, or in collusion with any "employees", or other persons;
- b) where the only proof of the loss, or amount of the loss, is dependent upon an inventory or a profit and loss computation;
- c) caused by any "employee" of "yours" or any predecessor in interest of "yours" for whom similar prior insurance has been cancelled and not reinstated;
- d) that is not discovered within one year of the end of this policy period;
- e) occurring outside the "basic territory", except as provided in the Supplemental Coverages for Employee Dishonesty; or
- f) consisting of legal expense or any indirect loss.

d. Additional Conditions --

- 1) "You" must keep records of property covered so that "we" can verify the amount of loss.
- 2) This coverage is cancelled immediately for any "employee" upon discovery by "you" or any of "your" partners, officers, directors, trustees, joint venturers, members, or managers not acting in collusion with such "employee", of any dishonest act committed by that "employee", whether before or after becoming employed by "you".
- 3) As used in this coverage:
 - a) Member means a person, who may also serve as a manager, with a position of ownership represented by his or her membership interest in a limited liability company; and

b) Manager means a person serving in a position to provide direction to "your" limited liability company.

e. **Supplemental Coverages** -- The following Supplemental Coverages apply only if this Employee Dishonesty coverage replaces prior Employee Dishonesty coverage, and became effective on the expiration or termination date of the prior coverage.

Item 6. Policy Period under Additional Conditions does not apply to paragraph e.2) below.

The Supplemental Coverages are part of and not in addition to the applicable Employee Dishonesty "limit".

- 1) "We" pay for direct loss or damage to Business Personal Property and "money" and "securities", that results from dishonest or fraudulent acts committed by any of "your" "employees" while the "employee" is temporarily outside of the "basic territory" for not more than 90 days.
- 2) "We" will pay for loss "you" sustained prior to the policy period of this insurance that "you" could have recovered under prior insurance except that the time within which to discover the loss under the prior insurance had expired, provided:
 - a) the effective date of this insurance corresponds with the date of cancellation or termination of the prior insurance; and
 - b) this insurance would have covered "your" loss had it been in force at the time when the act or event causing the loss took place or was performed.

The most "we" will pay under this Supplemental Coverage is the lesser of the applicable "limit" for:

- a) insurance under this Employee Dishonesty coverage as of its effective date; or
 - b) the prior insurance.
- 3) "We" pay for direct loss or damage to Business Personal Property, and "money" and "securities", when a covered loss is covered in part by this Employee Dishonesty coverage and in part by prior insurance that "we" issued or any of "our" affiliates issued.

The most "we" pay is the greater of the amount recoverable under:

- a) this Employee Dishonesty coverage; or
- b) any prior coverage that was cancelled or terminated and that "we", or any of "our" affiliates had issued to "you".

3. Outdoor Signs --

- a. "We" pay for direct loss or damage to outdoor signs (whether attached or not attached to buildings), owned by "you" or in "your" care, custody, or control at the premises described on the "declarations" unless the loss is caused by a peril that is excluded.
- b. **Perils Covered** -- Perils Covered do not apply to this Optional Property Coverage.
- c. **Exclusions** --
 - 1) Under Perils Excluded, only the following exclusions apply to this coverage:
 - a) Civil Authority;
 - b) Nuclear Hazard; and
 - c) War and Military Action.
 - 2) Under Additional Exclusions, only the following Additional Exclusions apply to this coverage:
 - a) Electrical Currents;

- b) Mechanical Breakdown; and
- c) Wear and Tear.

- 3) The following additional exclusion also applies to this coverage.

"We" do not pay for loss or damage caused by contamination or deterioration, including corrosion, rust, decay, fungus, mildew, mold, rot, or any quality, fault, or weakness in property that causes it to damage or destroy itself.

However, "we" do pay for any resulting breakage of building glass or loss caused by a covered peril.

- d. **Coverage Limit** -- This optional coverage supersedes all limitations in this policy that apply to outdoor signs. The most "we" pay for loss in any one occurrence is the "limit" shown on the "declarations" for Outdoor Signs.

COMMERCIAL LIABILITY COVERAGES

Commercial Liability Coverages contain additional definitions, coverage descriptions, exclusions, limitations, and conditions that apply to the liability coverages provided by the Businessowners Policy.

ADDITIONAL DEFINITIONS

In addition to the Common Policy Definitions, the following definitions apply to the Commercial Liability Coverage.

- 1. "Advertisement" means a public notice or announcement, including but not limited to one found in electronic communication or on the Internet, offering "your" goods, products, or services:

- a. for sale, rent, lease, or other purpose to potential buyers, clients, customers, or patrons; or
- b. for promotion to and consideration by potential supporters.

With respect to "advertisements" that appear on websites, only that part of a website that offers "your" goods, products, or services:

- a. for sale, rent, lease, or other purpose to potential buyers, clients, customers, or patrons; or
- b. for promotion to and consideration by potential supporters;

is considered an "advertisement".

2. "Auto" means:

- a. a land motor vehicle, a trailer, or a semi-trailer which is designed for travel on public roads, including attached machinery and equipment; or
- b. any other land vehicle that is subject to a compulsory or financial responsibility law or other motor vehicle insurance law in the state where it is licensed or principally garaged.

However, "auto" does not include "mobile equipment".

3. "Bodily injury" means bodily harm, sickness, or disease sustained by a person. "Bodily injury" includes death that results at any time from bodily harm, sickness, or disease.

However, "bodily injury" does not include mental or emotional injury, suffering, or distress that does not result from a physical injury.

4. "Coverage territory" means:

- a. the "basic territory";

- b. international waters or airspace, but only with respect to "bodily injury", "property damage", or "personal and advertising injury" that occurs in the course of transit between any places included in the "basic territory"; and

- c. other parts of the world, but only with respect to "bodily injury", "property damage", or "personal and advertising injury" that arises out of:

- 1) products "you" have made or sold in the "basic territory";
- 2) the activities of a person who normally resides in the "basic territory", but is away for a short time on "your" business; or
- 3) "personal and advertising injury" arising out of offenses that occur through electronic communication or the Internet;

provided that the "insured's" liability to pay "damages" has been determined in a "suit" on the merits in the "basic territory", or in a settlement that "we" have agreed to.

5. "Covered contract":

- a. means:

- 1) a lease of premises;
- 2) an easement or license agreement,

(however, this does not include an agreement in connection with any construction or demolition operation within 50 feet of a railroad);

- 3) a responsibility to indemnify a municipality if required by an ordinance,

(however, this does not apply in connection with work done for the municipality);

- 4) a sidetrack agreement;
- 5) an elevator maintenance agreement; or

- 6) any part of any other contract or agreement relating to the conduct of "your" business (including an indemnification of a municipality in connection with work done for the municipality) under which "you" assume the tort liability of another person or organization to pay "damages" because of "bodily injury" or "property damage" to a third person or organization. Tort liability means a liability that would be imposed by law in the absence of any contract or agreement.
- b. however, does not include that part of any contract or agreement:
 - 1) that indemnifies a railroad for "bodily injury" or "property damage" arising out of construction or demolition operations within 50 feet of railroad property and affecting any railroad bridge or trestle, tracks, road-beds, tunnel, underpass, or crossing;
 - 2) that indemnifies an architect, engineer, or surveyor for injury or damage arising out of:
 - a) preparing, approving, or failing to prepare or approve maps, drawings, opinions, reports, surveys, change orders, designs, or specifications; or
 - b) giving directions or instructions, or failing to give them, if that is the primary cause of the injury or damage;
 - 3) under which the "insured", if an architect, engineer, or surveyor, assumes liability for injury or damage arising out of the "insured's" rendering or failing to render professional services, including those listed in b.2) above, and supervisory, inspection, or engineering services; or
 - 4) that indemnifies any person or organization for damage by fire to premises rented or loaned to "you".
6. "Damages" means compensation in the form of money for a person or organization who claims to have suffered an injury.
7. "Designated insured" means:
 - a. all individuals listed in a.1), a.2), a.3), a.4), and a.5) of the definition of "insured"; and
 - b. any "employee" who is authorized to give or receive notice of an "occurrence" or a claim.
8. "Employee" includes a "leased worker".

However, "employee" does not include a "temporary worker".
9. "Executive officer" means a person holding any of the officer positions created by "your" charter, constitution, by-laws or any other similar governing document.
10. "Impaired property" means tangible property (other than "products" or "your work"):
 - a. that is less useful or no longer useable because:
 - 1) it includes "products" or "your work" that is, or is believed to be, deficient or dangerous; or
 - 2) "you" failed to carry out the terms of a contract or agreement; and
 - b. which can be restored by:
 - 1) the repair, replacement, adjustment, or removal of "products" or "your work"; or
 - 2) "your" fulfillment of the terms of the contract or agreement.
11. "Indemnitee" means a person or organization for whom an "insured" has assumed liability for "damages" due to "bodily injury" or "property damage" under a "covered contract".

12. "Insured":

a. means:

- 1) "you" and "your" spouse, but only with respect to the conduct of a business of which "you" are the sole owner, if "you" are shown on the "declarations" as an individual;
- 2) "you" and all of "your" partners or members and their spouses, but only with respect to the conduct of "your" business, if "you" are shown on the "declarations" as a partnership or a joint venture;
- 3) "you" and all of "your" members, but only with respect to the conduct of "your" business, if "you" are shown on the "declarations" as a limited liability company. "Your" managers are also "insureds" but only with respect to their duties as managers;
- 4) "you" and all of "your" trustees, but only while acting within the scope of their duties as trustees, if "you" are shown on the "declarations" as a trust; or
- 5) "you" and all of "your" "executive officers" and directors, but only while acting within the scope of their duties as "executive officers" and directors, if "you" are shown on the "declarations" as an organization other than a partnership, joint venture, or limited liability company. "Insured" also includes "your" stockholders, but only for their liability as stockholders.

b. also includes:

- 1) any person or organization, except "your" "employee" or "volunteer worker", while acting as "your" real estate manager;

- 2) if "you" die during the policy period, "your" legal representative while acting within the scope of such duties, or a person or organization who has temporary custody of "your" property with respect to liability arising out of the maintenance or use of that property until "your" legal representative is appointed. "Your" legal representative has all of "your" rights and duties under this coverage;
- 3) "your" "employees" for acts within the scope of their employment by "you", and "your" "employees" and "volunteer workers" while in the course of performing duties related to the conduct of "your" business.

However, this does not include "your" managers if "you" are a limited liability company or "your" "executive officers" if "you" are an organization other than a partnership, joint venture, or limited liability company.

None of these "employees" or "volunteer workers" are "insureds" for:

- a) "bodily injury" or "personal and advertising injury" :

- (1) to "you", "your" partners or members (if "you" are a partnership or joint venture), "your" members (if "you" are a limited liability company), or fellow "employees" while in the course of employment or while performing duties related to the conduct of "your" business, or "your" other "volunteer workers" while performing duties related to the conduct of "your" business;

- (2) for which there is an obligation to fully or partially reimburse a third party for "damages" arising out of injury described in 3)a)(1) above or 3)b) below; or
 - (3) arising out of his or her rendering or failure to render professional health care services.
- b) consequential injury to a spouse, child, parent, brother, or sister of that injured fellow "employee" or "volunteer worker" as described in 3)a)(1)above.
 - c) "property damage" to property owned by; occupied by; used by; rented to; loaned to; in the care, custody, or control of; or over which physical control is being applied by "you", "your" "employees", "your" "volunteer workers", or any of "your" partners or members (if "you" are a joint venture or a partnership), or any of "your" members (if "you" are a limited liability company).

However, no person or organization is an "insured" with respect to the conduct of a current or past partnership, joint venture, or limited liability company that is not named on the "declarations" as an "insured".

13. "Leased worker" means a person who "you" lease from a labor leasing firm under a contract or agreement to perform duties related to the conduct of "your" business.

However, "leased worker" does not include a "temporary worker".

14. "Loading or unloading":

- a. means the handling of property:
 - 1) starting after it is removed from the point where it has been accepted for transit by "auto", aircraft, or watercraft;

- 2) continuing while it is in or on such vehicle; and
- 3) ending when it has been removed from the vehicle to the point of final delivery.

- b. includes the movement of property by a mechanical device, but only if the mechanical device is:

- 1) a hand truck; or
- 2) attached to the "auto", aircraft, or watercraft.

15. "Mobile equipment":

- a. means land vehicles (including any attached machinery or equipment) that meet one or more of the following criteria:

- 1) those which are used only on premises owned by or rented to "you" (premises includes adjoining ways);
- 2) those which are designed primarily for use off public roads, including bulldozers, farm machinery, and forklifts;
- 3) those which travel on crawler treads;
- 4) those, whether self-propelled or not, designed or used primarily to afford mobility to the following types of equipment, which must be a part of or be permanently attached to such vehicle:

- a) power cranes, shovels, loaders, diggers, drills; and
- b) graders, scrapers, rollers, and other road construction or repair equipment;

- 5) those not described in a.1), a.2), a.3), or a.4) above which are not self-propelled, but are used primarily to afford mobility to the following types of permanently attached equipment:

- a) air compressors, pumps, and generators (this includes spraying, welding, and building cleaning equipment);
 - b) geophysical exploration, lighting, and well servicing equipment; and
 - c) cherry pickers and similar devices used to raise or lower workers; or
- 6) vehicles not described in a.1), a.2), a.3), or a.4) above which are primarily maintained for other than the purpose of transporting persons or cargo.
- b. however, does not include self-propelled vehicles with the following types of permanently attached equipment:
- 1) equipment designed primarily for snow removal, street cleaning, or road maintenance other than road construction or resurfacing;
 - 2) cherry pickers and similar devices mounted on automobile or truck chassis and used to raise or lower workers;
 - 3) air compressors, pumps, and generators (this includes spraying, welding, and building cleaning equipment); or
 - 4) geophysical exploration, lighting, and well servicing equipment.

The vehicles described in b. above are considered "autos".

However, "mobile equipment" does not include land vehicles that are subject to a compulsory or financial responsibility law or other motor vehicle insurance law in the state where it is licensed or principally garaged. Land vehicles subject to a compulsory or financial responsibility law or other motor vehicle insurance law or motor vehicle registration law are considered "autos".

16. "Occurrence" means an accident and includes continuous or repeated exposure to similar conditions.

17. "Personal and advertising injury" means injury, including "bodily injury" that is a consequence thereof, arising out of one or more of the following offenses:
- a. oral or written publication, including electronic publication, of material that:
 - 1) slanders or libels a person or organization;
 - 2) disparages a person's or an organization's goods, products, or services; or
 - 3) violates a person's right of privacy;
 - b. false arrest, detention, or imprisonment;
 - c. malicious prosecution;
 - d. misappropriation of advertising ideas of another in "your" "advertisement";
 - e. infringement of the copyright, slogan, or trade-dress of another in "your" "advertisement"; or
 - f. wrongful entry into, wrongful eviction from, or invasion of the right of private occupancy of a room, dwelling, or premises that a person occupies. This offense must be committed by or on behalf of the owner, landlord, or lessor of the room, dwelling, or premises.

18. "Products/completed work hazard" --

- a. "Products hazard" means "bodily injury" or "property damage" arising out of "products" after physical possession of the products has been relinquished to others.

The "bodily injury" or "property damage" must occur away from premises "you" own or rent unless "your" business includes selling, handling, or distributing "products" for consumption on premises owned by or rented to "you"; and

- b. "Completed work hazard" means "bodily injury" or "property damage" occurring away from premises "you" own or rent and arising out of "your work".

However, it does not include work that has not been completed or that has not been abandoned.

"Your work" is deemed completed at the earliest of the following times:

- 1) when all work specified in "your" contract has been completed;
- 2) when all the work to be done at a job site has been completed if "your" contract includes work at more than one job site; or
- 3) when that part of the work at a job site has been put to its intended use by any person or organization other than another contractor or subcontractor working on the same project.

Work which requires further service, maintenance, correction, repair, or replacement because of defect or deficiency, but which is otherwise complete, will be deemed completed.

- c. Neither the "products hazard" nor the "completed work hazard" includes "bodily injury" or "property damage" arising out of:
 - 1) the transportation of property, unless the injury or damage arises out of a condition in or on a vehicle not owned or operated by "you" and that was created by any "insured's" "loading or unloading" of the vehicle; or
 - 2) the presence of tools, uninstalled equipment, or abandoned or unused materials.

19. "Products":

- a. means goods or products manufactured, sold, handled, distributed, or disposed of by "you", others trading under "your" name, or a person or organization whose business or assets "you" have acquired.

b. includes:

- 1) warranties or representations made at any time regarding the quality, fitness, durability, performance, or use of "products";
- 2) containers (other than vehicles), materials, parts, or equipment furnished in connection with such "products"; and
- 3) providing or failure to provide warnings or instructions.

c. does not include:

- 1) vending machines or other property that is rented to or placed for the use of others, but not sold; or
- 2) real property.

20. "Property damage" means:

- a. physical injury or destruction of tangible property, including loss of use of that property. Loss of use is deemed to occur at the time of the physical injury that caused it; or
- b. the loss of use of tangible property that has not been physically damaged. Loss of use is deemed to occur at the time of the "occurrence" that caused it.

With respect to the Commercial Liability Coverages, "data records" are not tangible property.

21. "Short-term rented premises" means premises which are rented to an "insured" for a period of seven successive days or fewer, and the contents of such premises.

22. "Suit" means a civil proceeding or an administrative proceeding alleging "damages" for "bodily injury", "property damage", or "personal and advertising injury" to which this policy applies. "Suit" includes any alternative dispute resolution proceeding or arbitration proceeding to which:

- a. any "insured" must submit in compliance with a law or regulation; or
 - b. any "insured" submits with "our" consent.
23. "Temporary worker" means a person who is furnished to "you":
- a. as a temporary substitute for a permanent "employee" who is on a leave of absence; or
 - b. to meet seasonal or short-term workloads.
24. "Volunteer worker" means a person who gives his or her time or services and who:
- a. acts at "your" direction and within the scope of duties "you" determine; and
 - b. is not paid a fee, salary, or other compensation for his or her time or services that are donated to "you", other than reimbursement of out-of-pocket expenses.
- However, "volunteer worker" does not include an "employee", a "leased worker", or a "temporary worker".

25. "Your work":
- a. means:
 - 1) work or operations performed by "you" or on "your" behalf; and
 - 2) materials, parts, and equipment supplied for such work or operations; and
 - b. includes:
 - 1) warranties or representations made at any time regarding quality, fitness, durability, performance, or use of "your work"; and
 - 2) providing or failing to provide warnings or instructions.

COMMERCIAL LIABILITY COVERAGES

COVERAGE L -- BODILY INJURY LIABILITY AND PROPERTY DAMAGE LIABILITY

1. Insuring Agreement

- a. "We" pay those sums which an "insured" becomes legally obligated to pay as "damages" due to "bodily injury" or "property damage" to which this insurance applies. "We" have the right and duty to defend the "insured" against a "suit" seeking "damages" which may be covered under the Commercial Liability Coverage.

However, "we" have no duty to defend the "insured" against a "suit" seeking "damages" arising out of "bodily injury" or "property damage" to which this policy does not apply. "We" may investigate "occurrences" and settle claims or "suits" that "we" decide are appropriate.

- b. The amount "we" will pay for "damages" is limited as described under How Much We Pay.
- c. "We" do not have to provide a defense after "we" have paid an amount equal to the "limit" as the result of:
 - 1) a judgment;
 - 2) a written settlement agreed to by "us"; or
 - 3) medical expenses.

"We" have no other liability or obligation to pay sums or to provide assistance or support unless specifically provided for under Supplemental Payments.

- d. If "we" defend the "insured" against a "suit" or "we" pay for an "insured's" defense, and "we" later determine that the "suit" is not covered, "we" have the right to be reimbursed for the defense costs "we" have incurred.

However, "our" right to be reimbursed for defense costs applies only to such costs that "we" incur after "we" give "you" written notice that the "suit" may not be covered and that "we" are reserving "our" rights to end the defense coverage and to seek reimbursement for defense costs.

- e. This insurance applies only to "bodily injury" or "property damage":
- 1) caused by an "occurrence" which takes place in the "coverage territory";
 - 2) which occurs during the policy period; and
 - 3) which is not a continuation of, resumption of, or change in "bodily injury" or "property damage" that was known by a "designated insured" prior to the inception date of the policy period. If a "designated insured" knew, as stated under the Knowledge of Bodily Injury or Property Damage Condition, prior to the inception date of the policy period, that "bodily injury" or "property damage" had occurred, any continuation of, resumption of, or change in such "bodily injury" or "property damage" will be deemed to have been known by the "designated insured" prior to the inception date of the policy period.
- f. "Bodily injury" or "property damage" that occurs during the policy period and which is not a continuation of, resumption of, or change in "bodily injury" or "property damage" which was known by a "designated insured", as stated under the Knowledge of Bodily Injury or Property Damage Condition, to have occurred prior to the inception date of this policy period, will include any continuation of, resumption of, or change in such "bodily injury" or "property damage" after the end of this policy period.

- g. "Damages" due to "bodily injury" include "damages" claimed by any person or organization for care, loss of services, and death that result at any time from such "bodily injury".

2. Exclusions

- a. "We" do not pay for "bodily injury" or "property damage" arising out of:
- 1) the rendering or the failure to render a professional service; or
 - 2) the "insured's" negligence or other wrongdoing in the supervision, hiring, or training of another person, if the "bodily injury" or "property damage" arose out of the rendering or the failure to render a professional service.
- b. "We" do not pay for "bodily injury":
- 1) to a person arising out of any:
 - a) refusal to employ that person;
 - b) termination of the employment of that person; or
 - c) coercion, demotion, evaluation, reassignment, discipline, defamation, harassment, humiliation, malicious prosecution, discrimination, sexual misconduct, or other employment-related practices, policies, acts, or omissions directed towards that person; or
 - 2) to a spouse, child, parent, brother, or sister of that person as a consequence of "bodily injury" to that person as a result of employment-related practices described in 1)a), 1)b), or 1)c) above.

This exclusion applies whether the injury as a result of 1)a), 1)b), or 1)c) above occurs before, during, or after employment of that person.

This exclusion applies where the "insured" is liable either as an employer or in any other capacity or there is an obligation to fully or partially reimburse a third party for "damages" arising out of 1)a), 1)b), 1)c), or 2) above.

- c. "We" do not pay for "bodily injury" or "property damage" caused directly or indirectly by the following:
- 1) war, including undeclared or civil war;
 - 2) warlike action by a military force, including action that is hindering or defending against an actual or expected attack, by any government, sovereign, or other authority using military personnel or other agents; or
 - 3) insurrection, rebellion, revolution, usurped power, or action taken by governmental authority in hindering or defending against any of these.
- d. "We" do not pay for "bodily injury" or "property damage":
- 1) which is expected by, directed by, or intended by the "insured"; or
 - 2) that is the result of intentional and malicious acts of the "insured".

However, this exclusion does not apply to "bodily injury" arising out of the use of reasonable force to protect people or property.

- e. "We" do not pay for "bodily injury" or "property damage" liability which is assumed by the "insured" under a contract or an agreement.

However, this exclusion does not apply to:

- 1) liability for "damages" that an "insured" would have had in the absence of the contract or agreement; or

- 2) liability for "damages" assumed in a "covered contract", but only if such "bodily injury" or "property damage" occurs after the contract or agreement has been executed.

Only with respect to liability assumed in a "covered contract", "damages" due to "bodily injury" or "property damage" include reasonable attorney fees and necessary litigation costs incurred by or for an "indemnitee", if:

- a) liability to that "indemnitee" for, or for the cost of, that "indemnitee's" defense has also been assumed under the same "covered contract"; and
- b) such attorney fees and litigation costs are for the defense of that "indemnitee" against a civil or administrative proceeding, alternative dispute resolution, or arbitration proceeding alleging "damages" to which this insurance applies.

However, "damages" due to "bodily injury" or "property damage" do not include reasonable attorney fees and necessary litigation costs incurred by or for an "indemnitee" when all the requirements set forth under item 3.b. of Supplemental Payments are met.

- f. "We" do not pay for "bodily injury" or "property damage" arising out of the use of "mobile equipment" in, or in the practice or preparation for, racing, speed, pulling or pushing, demolition, or stunt activities or contests.
- g. "We" do not pay for "bodily injury" or "property damage" arising out of transporting of "mobile equipment" by an "auto" owned by, operated by, rented to, or loaned to any "insured".
- h. "We" do not pay for "bodily injury" or "property damage" arising out of:

- 1) the ownership, operation, occupancy, renting, loaning, supervision, maintenance, use, entrusting, or "loading or unloading" of an "auto", aircraft, or watercraft, owned by, operated by, rented to, or loaned to any "insured"; or
- 2) the negligent supervision, hiring, or training of another person by an "insured" if the "bodily injury" or "property damage" arose out of the ownership, operation, occupancy, renting, loaning, supervision, maintenance, use, entrusting, or "loading or unloading" of an "auto", aircraft, or watercraft, owned by, operated by, rented to, or loaned to any "insured".

However, this exclusion does not apply to:

- 1) "bodily injury" or "property damage" arising out of:
 - a) the operation of equipment described in b.2), b.3), and b.4) of the definition of "mobile equipment"; or
 - b) the operation of machinery or equipment that is attached to, or part of, a land vehicle that would qualify under the definition of "mobile equipment" if it were not subject to a compulsory or financial responsibility law or other motor vehicle law in the state where it is licensed or principally garaged;
- 2) parking an "auto" on premises owned by, rented to, or controlled by "you" or on the ways immediately adjoining such premises if the "auto" is not owned by, rented to, or loaned to "you" or the "insured";
- 3) liability assumed under a "covered contract" for the ownership, maintenance, or use of an aircraft or a watercraft;
- 4) watercraft, if it is on shore on premises owned by, rented to, or controlled by "you"; or

- 5) watercraft, if it is not owned by "you" and is:
 - a) less than 51 feet in length; and
 - b) not being used to carry persons or property for a charge.

i. "We" do not pay for "bodily injury" or "property damage" for which any "insured" may be held liable by reason of:

- 1) causing or contributing to the intoxication of a person;
- 2) the furnishing of alcoholic beverages to a person under the influence of alcohol or under the legal drinking age; or
- 3) a law or regulation relating to the sale, gift, distribution, or use of alcoholic beverages.

This exclusion applies only if "you" are in the business of manufacturing, distributing, furnishing, selling, or serving alcoholic beverages.

j. "We" do not pay for:

- 1) "bodily injury" or "property damage" arising out of the actual, alleged, or threatened discharge, dispersal, seepage, migration, release, escape, or emission of "pollutants":
 - a) at or from any premises, site, or location which is, or was at any time, owned by, occupied by, rented to, or loaned to any "insured".

However, this exclusion does not apply to:

- (1) "bodily injury" or "property damage" arising from the heat, smoke, or fumes of a fire which becomes uncontrollable or breaks out from where it was intended to be located;

- (2) "bodily injury" arising from the smoke, fumes, soot, or vapor from equipment used to heat, cool, or dehumidify a building, or used to heat water for the building's occupants, if the "bodily injury" was suffered in that building; or
- (3) "bodily injury" or "property damage" for which "you" may be held liable as the contractor at the premises, site, or location and the owner or lessee of that premises, site, or location has been added to "your" policy as an additional insured for "your" ongoing operations conducted for that additional insured at that premises, site, or location. This exception to the exclusion applies only if the premises, site, or location is not currently or was not previously owned by, occupied by, rented to or loaned to any "insured" other than the additional insured;
- b) at or from any premises, site, or location which is or was at any time used by or for any "insured" or others, for the handling, storage, disposal, processing, or treatment of waste;
- c) which are or were at any time transported, handled, stored, treated, disposed of, or processed as waste by or for any "insured" or by or for any person or organization for whom "you" may be legally responsible; or

- d) at or from any premises, site, or location where any "insured" or any contractor or subcontractor working directly or indirectly on any "insured's" behalf is performing operations if the "pollutants" are brought on or to the premises, site, or location in connection with such work by such "insured", contractor, or subcontractor.

However, this exclusion does not apply to:

- (1) "bodily injury" or "property damage" arising from the heat, smoke, or fumes of a fire which becomes uncontrollable or breaks out from where it was intended to be located;
- (2) "bodily injury" or "property damage" arising out of the escape of any fuels, lubricants, or other fluids needed for the normal operation and function of "mobile equipment" or its parts, if such fuels, lubricants, or other fluids escape from a vehicle part designed to contain, store, or receive them.

However, this exception does not apply if the "bodily injury" or "property damage" arises out of fuels, lubricants, or other fluids that are intentionally discharged, dispersed, or released, or if such fuels, lubricants, or other fluids are brought on or to the premises, site, or location to be discharged, dispersed, or released as part of the operations being performed by such "insured", contractor, or subcontractor; or

- (3) "bodily injury" or "property damage" caused by the release of gases, vapors, or fumes from materials brought into a building because of the operations being performed by "you" or on "your" behalf by a contractor or subcontractor, if the "bodily injury" or "property damage" was suffered within that building; or
 - e) at or from any premises, site, or location where any "insured" is working or where any contractor or subcontractor is working directly or indirectly on any "insured's" behalf, if the work is to test for, abate, monitor, clean up, remove, contain, treat, detoxify, neutralize, or in any way respond to or assess the effects of "pollutants".
- 2) any loss, cost, or expense arising out of any:
- a) request, demand, order, statute, or regulation requiring that any "insured" or others test for, abate, monitor, clean up, remove, contain, treat, detoxify, neutralize, or in any way respond to or assess the effects of "pollutants"; or
 - b) claim or "suit" by or on behalf of any governmental authority relating to testing for, abating, monitoring, cleaning up, removing, containing, treating, detoxifying, neutralizing, or in any way responding to or assessing the effects of "pollutants".

However, this exclusion does not apply to liability for "property damage" that the "insured" would have had in the absence of such request, demand, order, statute, or regulation, or claim or "suit" by or on behalf of any governmental authority.

- k. "We" do not pay for "bodily injury":
 - 1) to an "employee" of the "insured" if it arises out of and occurs in the course of employment by the "insured" or while performing duties related to the conduct of the "insured's" business; or
 - 2) to a spouse, child, parent, brother, or sister as a consequence of "bodily injury" to such injured "employee".

This exclusion applies where the "insured" is liable either as an employer or in any other capacity or there is an obligation to fully or partially reimburse a third party for "damages" arising out of k.1) or k.2) above.

However, this exclusion does not apply to liability assumed by the "insured" under a "covered contract".

- l. "We" do not pay for "bodily injury" if benefits are provided or are required to be provided by the "insured" under a workers' compensation, disability benefits, occupational disease, unemployment compensation, or like law.
- m. "We" do not pay for "property damage" to property owned by, occupied by, or rented to "you", including any cost or expense incurred by "you" or another person or organization to repair, retrofit, replace, or maintain such property for any reason, including for the purpose of avoiding injury to a person or damage to another's property.

However, this exclusion does not apply to sums the "insured" is legally obligated to pay as "damages" due to "property damage" to "short-term rented premises". A separate "limit" applies to coverage for "property damage" to "short-term rented premises".

- n. "We" do not pay for "property damage" to premises "you" sell, give away, or abandon, if the "property damage" arises out of any part of those premises.

However, this exclusion does not apply if the premises are "your work" and were not occupied, rented, or held for rental by "you".

- o. "We" do not pay for "property damage" to property loaned to "you".

However, this exclusion does not apply:

- 1) with respect to liability assumed under a sidetrack agreement; or
- 2) to sums the "insured" is legally obligated to pay as "damages" due to "property damage" to "short-term rented premises". A separate "limit" applies to coverage for "property damage" to "short-term rented premises".

- p. "We" do not pay for "property damage" to either business or non-business personal property in the care, custody, or control of the "insured".

However, this exclusion does not apply:

- 1) with respect to liability assumed under a sidetrack agreement; or
- 2) to sums the "insured" is legally obligated to pay as "damages" due to "property damage" to "short-term rented premises". A separate "limit" applies to coverage for "property damage" to "short-term rented premises".

- q. "We" do not pay for "property damage" to that specific part of real property on which work is being performed by:

- 1) "you"; or
- 2) a contractor or subcontractor working directly or indirectly on "your" behalf;

if the "property damage" arises out of such work.

However, this exclusion does not apply with respect to liability assumed under a sidetrack agreement.

- r. "We" do not pay for "property damage" to that specific part of any property that must be restored, repaired, or replaced because "your work" that was performed on the property was faulty.

However, this exclusion does not apply to:

- 1) "property damage" covered under the "products/completed work hazard"; or
- 2) liability assumed under a sidetrack agreement.

- s. "We" do not pay for "property damage" to "products" if the damage arises out of the "products" or their parts.

- t. "We" do not pay for "property damage" to "your work" if the "property damage" arises out of "your work" or any part of it and is included in the "products/completed work hazard".

However, this exclusion does not apply if damage to the work or the part of the work out of which the damage arises was performed by a subcontractor on "your" behalf.

- u. "We" do not pay for "property damage" to property that has not been physically injured or destroyed, or to "impaired property", arising out of:

- 1) a delay or failure to perform a contract or agreement as specified in its terms by "you" or one acting on "your" behalf; or
- 2) a defect, deficiency, inadequacy, or unsafe condition in "your work" or "products".

However, this exclusion does not apply to the loss of use of other property resulting from sudden and accidental physical injury to or destruction of "your work" or "products" after having been put to its intended use.

- v. "We" do not pay for any loss, cost, or expense incurred by "you" or any other person or organization arising out of the loss of use, disposal, withdrawal, recall, inspection, repair, replacement, adjustment, or removal of "your work", "products", or "impaired property". This applies if "your work", "products", or "impaired property" is withdrawn or recalled from the market or from use by any person or organization because of a known or suspected defect, deficiency, or unsafe condition in such work, "products", or "impaired property".
- w. "We" do not pay for "bodily injury" arising out of "personal and advertising injury".
- x. "We" do not pay for any loss, cost, expense, or "damages" arising out of damage to, corruption of, loss of use or function of, or inability to access, change, or manipulate "data records".
- y. "We" do not pay for "bodily injury" or "property damage" arising directly or indirectly out of violations of or alleged violations of:
 - 1) the Telephone Consumer Protection Act of 1991 (TCPA), including any amendments thereto, and any similar federal, state, or local laws, ordinances, statutes, or regulations;

- 2) the CAN-SPAM Act of 2003, including any amendments thereto, and any similar federal, state, or local laws, ordinances, statutes, or regulations;
- 3) the Fair Credit Reporting Act (FCRA), including any amendments thereto, such as the Fair and Accurate Credit Transaction Act (FACTA), and any similar federal, state, or local laws, ordinances, statutes, or regulations; or
- 4) any other federal, state, or local law, regulation, statute, or ordinance that restricts, prohibits, or otherwise pertains to the collecting, communicating, recording, printing, transmitting, sending, disposal, or distribution of material or information.

COVERAGE M -- MEDICAL PAYMENTS

1. Insuring Agreement
 - a. "We" pay the medical expenses described below for "bodily injury" caused by an accident:
 - 1) on premises "you" own or rent;
 - 2) on ways adjacent or next to premises "you" own or rent; or
 - 3) because of "your" operations.
 - b. "We" pay these medical expenses regardless of fault but only if:
 - 1) they arise out of an accident that occurred in the "coverage territory" and during the policy period;
 - 2) they are incurred and reported to "us" within one year of the accident; and
 - 3) the injured person submits to medical exams by doctors chosen by "us" when and as often as "we" may reasonably require.
 - c. The amount "we" will pay for medical expenses is limited as described under How Much We Pay.

- d. Medical expenses mean the reasonable and necessary expenses for:
 - 1) medical, surgical, x-ray, and dental services, including prosthetic devices and eye glasses;
 - 2) ambulance, hospital, professional nursing, and funeral services; and
 - 3) first aid provided at the time of an accident.
- 2. Exclusions
 - a. "We" do not pay for medical expenses for "bodily injury" excluded under Coverage L.
 - b. "We" do not pay for medical expenses for "bodily injury" to an "insured", except "volunteer workers".
 - c. "We" do not pay for medical expenses for "bodily injury" to a person hired by or on behalf of any "insured" to do work for:
 - 1) an "insured"; or
 - 2) a tenant of an "insured".
 - d. "We" do not pay for medical expenses for "bodily injury" to a person injured on that part of the premises owned by or rented to "you" that the person normally occupies.
 - e. "We" do not pay for medical expenses for "bodily injury" to any person participating in, instructing, or practicing for any athletic or sports activity that "you" sponsor.
 - f. "We" do not pay for medical expenses for "bodily injury" included in the "products/completed work hazard".
 - g. "We" do not pay for medical expenses for "bodily injury" to "your" members if "you" are a club.
 - h. "We" do not pay for medical expenses for "bodily injury" to a guest of a hotel, motel, or tourist court owned or operated by "you" or on "your" behalf.

- i. "We" do not pay for medical expenses for "bodily injury" to a person if benefits are provided or required to be provided under any workers' compensation, nonoccupational disability, occupational disease, or like law.
- j. "We" do not pay for medical expenses for "bodily injury" to a:
 - 1) student or camper enrolled in a program of any facility owned or operated by "you" or on "your" behalf; or
 - 2) patient or inmate being treated or detained in a facility owned or operated by "you" or on "your" behalf.

COVERAGE O -- FIRE LEGAL LIABILITY

1. Insuring Agreement

- a. "We" pay those sums which an "insured" becomes legally obligated to pay as "damages" due to "property damage" to buildings, or parts thereof, which "you" rent from another, or which are loaned to "you", if the "property damage" is caused by fire or explosion. Buildings include permanently attached fixtures. "We" have the right and duty to defend the "insured" against a "suit" seeking "damages" which may be covered under the Commercial Liability Coverage.

However, "we" have no duty to defend the "insured" against a "suit" seeking "damages" arising out of "property damage" to which this policy does not apply. "We" may investigate "occurrences" and settle claims or "suits" that "we" decide are appropriate.

- b. The amount "we" will pay for "damages" is limited as described under How Much We Pay.
- c. "We" do not have to provide a defense after "we" have paid an amount equal to the "limit" as the result of:
 - 1) a judgment;

- 2) a written settlement agreed to by "us"; or
- 3) medical expenses.

"We" have no other liability or obligation to pay sums or to perform acts or services unless specifically provided for under Supplemental Payments.

- d. If "we" defend the "insured" against a "suit" or "we" pay for an "insured's" defense, and "we" later determine that the "suit" is not covered, "we" have the right to be reimbursed for the defense costs "we" have incurred.

However, "our" right to be reimbursed for defense costs applies only to such costs that "we" incur after "we" give "you" written notice that the "suit" may not be covered and that "we" are reserving "our" rights to end the defense coverage and to seek reimbursement for defense costs.

- e. This insurance applies only to "property damage":
 - 1) caused by an "occurrence" which takes place in the "coverage territory"; and
 - 2) which occurs during the policy period.

2. Exclusions

- a. "We" do not pay for "property damage" liability which is assumed by the "insured" under a contract or an agreement to indemnify any person or organization for damage to the premises by fire.
- b. "We" do not pay for "property damage" arising out of:
 - 1) the rendering or failure to render a professional service; or
 - 2) the "insured's" negligence or other wrongdoing in the supervision, hiring, or training of another person, if the "property damage" arose out of the rendering or the failure to render a professional service.

- c. "We" do not pay for "property damage":
 - 1) which is expected by, directed by, or intended by the "insured"; or
 - 2) that is the result of intentional and malicious acts of the "insured".

COVERAGE P -- PERSONAL AND ADVERTISING INJURY LIABILITY

1. Insuring Agreement

- a. "We" pay those sums which an "insured" becomes legally obligated to pay as "damages" due to "personal and advertising injury" to which this insurance applies. "We" have the right and duty to defend the "insured" against a "suit" seeking "damages" which may be covered under the Commercial Liability Coverage.

However, "we" have no duty to defend the "insured" against a "suit" seeking "damages" arising out of "personal and advertising injury" to which this policy does not apply. "We" may investigate offenses and settle claims or "suits" that "we" decide are appropriate.

- b. The amount "we" will pay for "damages" is limited as described under How Much We Pay.
- c. "We" do not have to provide a defense after "we" have paid an amount equal to the "limit" as the result of:
 - 1) a judgment;
 - 2) a written settlement agreed to by "us"; or
 - 3) medical expenses.

"We" have no other liability or obligation to pay sums or to performs acts or services unless specifically provided for under Supplemental Payments.

- d. If "we" defend the "insured" against a "suit" or "we" pay for an "insured's" defense, and "we" later determine that the "suit" is not covered, "we" have the right to be reimbursed for the defense costs "we" have incurred.

However, "our" right to be reimbursed for defense costs applies only to such costs that "we" incur after "we" give "you" written notice that the "suit" may not be covered and that "we" are reserving "our" rights to end the defense coverage and to seek reimbursement for defense costs.

- e. "We" cover "personal and advertising injury" arising out of an offense committed in the course of "your" business, if the offense was committed:

- 1) within the "coverage territory"; and
- 2) during the policy period.

2. Exclusions

- a. "We" do not pay for "personal and advertising injury" arising out of:

- 1) the rendering or failure to render a professional service; or
- 2) the "insured's" negligence or other wrongdoing in the supervision, hiring, or training of another person, if the "personal and advertising injury" arose out of the rendering or the failure to render a professional service.

- b. "We" do not pay for "personal and advertising injury":

- 1) to a person arising out of any:
 - a) refusal to employ that person;
 - b) termination of the employment of that person;
 - c) coercion, demotion, evaluation, reassignment, discipline, defamation, harassment, humiliation, malicious prosecution, discrimination, sexual misconduct, or other employment-related practices, policies, acts, or omissions directed towards that person; or

- 2) to a spouse, child, parent, brother, or sister of that person as a consequence of "personal and advertising injury" to that person as a result of employment-related practices described in 1)a), 1)b), or 1)c) above.

This exclusion applies whether the injury as a result of 1)a), 1)b), or 1)c) above occurs before, during, or after employment of that person.

This exclusion applies where the "insured" is liable either as an employer or in any other capacity or there is an obligation to fully or partially reimburse a third party for "damages" arising out of 1)a), 1)b), 1)c), or 2) above.

- c. "We" do not pay for "personal and advertising injury" caused directly or indirectly by the following:

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

- d. "We" do not pay for "personal and advertising injury" arising out of an act committed by or directed by the "insured" who knew that "personal and advertising injury" would occur as a result of the act.

- e. "We" do not pay for "personal and advertising injury" arising out of a criminal act committed by or directed by the "insured".

- f. "We" do not pay for "personal and advertising injury" liability which is assumed by the "insured" under a contract or an agreement.

However, this exclusion does not apply to liability that an "insured" would have had in the absence of the contract or agreement.

- g. "We" do not pay for "personal and advertising injury" arising out of:
 - 1) oral or written publication of material done by or at the direction of the "insured" who knew that it was false; or
 - 2) oral or written publication of material that took place prior to the policy period.
- h. "We" do not pay for "personal and advertising injury" arising out of breach of contract, other than using the advertising ideas of another in "your" "advertisement" under an implied contract.
- i. "We" do not pay for "personal and advertising injury" arising out of the failure of goods, products, or services to conform with quality or performance as stated in "your" "advertisement".
- j. "We" do not pay for "personal and advertising injury" arising from an offense committed by an "insured" whose business is:
 - 1) advertising, broadcasting, publishing, or telecasting;
 - 2) designing, developing, or coordinating the content of web sites for others; or
 - 3) providing Internet access, search, service, or content capabilities.

However, this exclusion does not apply to false arrest, detention, imprisonment; malicious prosecution; and wrongful entry into, wrongful eviction from, or invasion of the right of private occupancy of a room, dwelling, or premises that a person occupies and which is committed by or on behalf of the owner, landlord, or lessor of the room, dwelling, or premises.

The placement of advertising, including frames, borders, or links, on the Internet is not in and of itself considered being in the business of advertising, broadcasting, publishing, or telecasting.

- k. "We" do not pay for "personal and advertising injury" arising out of wrong descriptions of the price of an "insured's" goods, products, or services as stated in "your" "advertisement".
- l. "We" do not pay for:
 - 1) "personal and advertising injury" arising out of the actual, alleged, or threatened discharge, dispersal, seepage, migration, release, escape, or emission of "pollutants" at any time; or
 - 2) any loss, cost, or expense arising out of any:
 - a) request, demand, order, statute, or regulation that any "insured" or others test for, abate, monitor, clean up, remove, contain, treat, detoxify, neutralize, or in any way respond to or assess the effects of "pollutants"; or
 - b) claim or "suit" by or on behalf of any governmental authority relating to testing for, abating, monitoring, cleaning up, removing, containing, treating, detoxifying, neutralizing, or in any way responding to or assessing the effects of "pollutants".
- m. "We" do not pay for "personal and advertising injury" arising out of any violation of intellectual property rights, including infringement of trademark, trade-secret, or patent rights or copyright. With respect to this exclusion, intellectual property rights do not include using the advertising ideas of others in "your" "advertisement".

However, this exclusion does not apply to a violation or infringement of copyright, slogan, or trade-dress rights that occur in your "advertisement".

- n. "We" do not pay for "personal and advertising injury" arising out of electronic chat rooms, gripe sites, social networking sites, blogs, bulletin boards, or other forums which the "insured" hosts, owns, or has the control or authority to manage or update.
- o. "We" do not pay for "personal and advertising injury" arising out of using, without permission, the name or product of others on "your" web site, in "your" e-mail address, domain name, or metatags for the purpose of misleading the potential customers of another.
- p. "We" do not pay for "personal and advertising injury" arising directly or indirectly out of violations of or alleged violations of:
 - 1) the Telephone Consumer Protection Act of 1991 (TCPA), including any amendments thereto, and any similar federal, state, or local laws, ordinances, statutes, or regulations;
 - 2) the CAN-SPAM Act of 2003, including any amendments thereto, and any similar federal, state, or local laws, ordinances, statutes, or regulations;
 - 3) the Fair Credit Reporting Act (FCRA), including any amendments thereto, such as the Fair and Accurate Credit Transaction Act (FACTA), and any similar federal, state, or local laws, ordinances, statutes, or regulations; or
 - 4) any other federal, state, or local law, regulation, statute, or ordinance that restricts, prohibits, or otherwise pertains to the collecting, communicating, recording, printing, transmitting, sending, disposal, or distribution of material or information.

SUPPLEMENTAL PAYMENTS

- 1. If "we" investigate or settle a claim or defend a "suit" against an "insured", "we" will pay:
 - a. the court costs taxed against the "insured" in the "suit". These costs do not include attorneys' fees or attorneys' expenses;
 - b. the expenses incurred by "us";
 - c. the actual loss of earnings by the "insured" for the time spent away from work at "our" request. "We" pay up to \$250 per day;
 - d. the necessary and reasonable expenses incurred by the "insured" at "our" request to assist "us" in the defense or investigation of the claim or "suit";
 - e. pre-judgment interest awarded against the "insured" on that part of the judgment "we" pay. If "we" offer to pay the "limit", "we" will not pay any pre-judgment interest based on that period of time after the offer;
 - f. the interest which accrues on the entire amount of a judgment beginning with entry of a judgment and ending when "we" tender, deposit in court, or pay the portion of the judgment that is up to, but does not exceed, "our" "limit";
 - g. the cost of appeal bonds or bonds for the release of attachments up to "our" "limit".

However, "we" are not required to apply for or furnish such bonds; and
 - h. the cost, up to \$500, for bail bonds required of an "insured" because of an accident or traffic violation arising out of the use of a vehicle for which "bodily injury" coverage is provided under Coverage L.

However, "we" are not required to apply for or furnish such bonds.

2. Payments under this coverage are in addition to the "limits" for the Commercial Liability Coverages.
3. If "we" defend an "insured" against a "suit" and an "indemnitee" of the "insured" is also named as a party to the "suit":
 - a. "we" will:
 - 1) defend that "indemnitee";
 - 2) pay attorneys' fees incurred by "us" in the defense of that "indemnitee";
 - 3) pay necessary litigation expenses incurred by "us"; and
 - 4) pay necessary litigation expenses incurred by the "indemnitee" at "our" request.
 - b. all of the following conditions must be met:
 - 1) the "suit" seeks "damages" against the "indemnitee" for which the "insured" has assumed the liability of the "indemnitee" in a "covered contract";
 - 2) this insurance applies to such liability assumed by the "insured";
 - 3) the obligation to defend, or the cost of the defense of, that "indemnitee", has also been assumed by the "insured" in the same "covered contract";
 - 4) no conflict appears to exist between the interests of the "insured" and the interests of the "indemnitee" in the allegations in the "suit" and in the information "we" know about the "occurrence";
 - 5) the "indemnitee" and the "insured" ask "us" to conduct and control the defense of that "indemnitee" against such "suit" and agree that "we" can assign the same counsel to defend the "insured" and the "indemnitee"; and

- 6) the "indemnitee" agrees to:
 - a) cooperate with "us" in the investigation, settlement, or defense of the "suit";
 - b) immediately send "us" copies of any demands, notices, summonses, or legal papers received in connection with the "suit";
 - c) notify any other insurer whose coverage is available to the "indemnitee";
 - d) cooperate with "us" with respect to coordinating other applicable insurance available to the "indemnitee";
 - e) provide "us" with written authorization to obtain records regarding the "suit";
 - f) provide "us" other information related to the "suit"; and
 - g) provide "us" with written authorization to conduct and control the defense of the "indemnitee" in such "suit".

If the above conditions are met, such payments will not be deemed to be "damages" for "bodily injury" or "property damage" and will not reduce the "limits", regardless of the provisions of exclusion 2.e.2) of Coverage L.

"Our" obligation to provide a defense for an "insured's" "indemnitee" and to pay for the "indemnitee's" defense and litigation costs as Supplemental Payments ceases when "we" have paid an amount equal to the applicable "limit" as the result of a judgment or settlement or when a requirement set forth under 3.b.1), 2), 3), 4), 5), and 6) above is no longer met.

WHAT MUST BE DONE IN CASE OF LOSS

1. Notice --

- a. In the case of an "occurrence" or offense, or if an "insured" becomes aware of anything that indicates that there might be a claim under the Commercial Liability Coverages, "you" must see to it that "we" or "our" agent receive notice as soon as practicable. Notice to "our" agent is notice to "us".
- b. The notice to "us" must state:
 - 1) the "insured's" name;
 - 2) the policy number;
 - 3) the time, the place, and the circumstances of the "occurrence" or offense, or the situation that indicates that there might be a claim; and
 - 4) the names and addresses of all known and potential claimants and witnesses.

2. **Cooperation** -- All "insureds" involved with an "occurrence" or an offense must cooperate with "us" in investigating or settling a claim or defending a "suit".

3. **Volunteer Payments** -- Any payment or expense made or assumed by an "insured" without "our" written consent will be paid or assumed by the "insured".

However, this does not apply to first aid to others at the time of "bodily injury".

4. Other Duties --

If a claim is made or a "suit" is brought against any "insured", "you" and any other "insured" involved in the claim or "suit" must:

- a. promptly send to "us" copies of all legal papers, demands, and notices received in connection with such claim or "suit";

- b. at "our" request, provide written authorization to obtain records and other information permitted to be obtained by applicable law; and
- c. at "our" request, cooperate and assist "us" in:
 - 1) settling the claim;
 - 2) investigating claims and conducting "suits" or administrative hearings or proceedings. This includes attending trials, hearings, and proceedings;
 - 3) enforcing rights against all parties who may be liable to any "insured" for injury or damage that may be covered by this insurance;
 - 4) securing and giving evidence; and
 - 5) obtaining the attendance of all witnesses.

HOW MUCH WE PAY

1. The "limits", shown on the "declarations" and subject to the following conditions, are the most "we" pay regardless of the number of:

- a. "insureds" under the Commercial Liability Coverages;
- b. persons or organizations who sustain injury or damage; or
- c. claims made or "suits" brought.

However, the payment of a claim under Coverage M does not mean that "we" admit "we" are liable under other coverages.

2. The General Aggregate Limit is the most "we" will pay for the sum of:
 - a. all "damages" under Coverage L, except "damages" due to "bodily injury" or "property damage" included in the "products/completed work hazard";

- b. all medical expenses under Coverage M; and
 - c. all "damages" under Coverage P.
3. The Products/Completed Work Hazard Aggregate Limit is the most "we" will pay for "damages" due to "bodily injury" or "property damage" included in the "products/completed work hazard".
4. The Each Occurrence Limit, subject to the General Aggregate Limit and the Products/Completed Work Hazard Aggregate Limit, is the most "we" will pay for the total of:
- a. "damages" under Coverages L and P; and
 - b. medical expenses under Coverage M; due to all "bodily injury" and "property damage" arising out of a single "occurrence" or due to all "personal and advertising injury" sustained by one person or organization.
5. Subject to the Each Occurrence Limit, the most "we" pay for "property damage" to "short-term rented premises" is \$50,000 for each "occurrence" unless otherwise shown on the "declarations".
- However, the "limit" that applies to "property damage" to "short-term rented premises" does not apply to "damages" covered under Coverage O.
6. Subject to the Each Occurrence Limit, the most "we" pay for "property damage" covered under Coverage O is \$50,000 for each "occurrence" unless otherwise shown on the "declarations".
- However, the Coverage O "limit" is not subject to the General Aggregate Limit or the Products/Completed Work Hazard Aggregate Limit.
7. The Coverage M Limit is the most that "we" will pay under Coverage M for all medical expenses because of "bodily injury" sustained by any one person.

8. The General Aggregate Limit and the Products/Completed Work Hazard Aggregate Limit apply separately to each consecutive 12-month period beginning with the inception date of the Commercial Liability Coverage shown on the "declarations". They also apply separately to any remaining policy period of less than 12 months, unless the Commercial Liability Coverage has been extended after it was written. In that case, the additional period will be considered part of the last preceding period for the purpose of determining "limits".

ADDITIONAL CONDITIONS

1. **Bankruptcy** -- Bankruptcy or insolvency of an "insured" does not relieve "us" of "our" obligations under Commercial Liability Coverage.
2. **Insurance Under More Than One Policy** -- (Applies to all coverages except Coverage M -- Medical Payments.)
 - a. Insurance under this Commercial Liability Coverage is primary except as provided under 2.c. below, or unless otherwise stated. The amount of "our" liability is not reduced because of other insurance which applies to the loss on other than a primary basis.
 - b. If the other insurance is also primary, "we" will share in the loss as follows:
 - 1) If the other insurance provides for contribution by equal shares, "we" will pay equal amounts with other insurers until:
 - a) the lowest applicable "limit" under any one policy is reached; or
 - b) the full amount of the loss is paid.

- If part of the loss remains unpaid, "we" will pay an equal share with the other insurers until the full amount of the loss is paid, or until "we" have paid "our" "limit" in full.
- 2) If the other insurance does not provide for contribution by equal shares, "we" will pay, up to "our" "limit", no more than that proportion of the loss to which the applicable "limit" under this policy for such loss bears to the total applicable "limit" for all insurance against the loss.
- c. Insurance under this Commercial Liability Coverage is excess over any other insurance:
- 1) if the other insurance, whether primary, excess, contingent, or on any other basis, provides:
 - a) fire, extended coverage, builders' risk, installation risk, or similar coverage for "your work";
 - b) fire insurance for "property damage" caused by fire or explosion to buildings, or parts thereof, which "you" rent from another or which are loaned to "you"; or
 - c) insurance "you" purchase for "your" liability for "property damage" to "short-term rented premises";
 - 2) if the other insurance applies to any loss arising out of the maintenance or use of aircraft, "autos", or watercraft which may be covered by this Commercial Liability Coverage; or
 - 3) if the other insurance is primary insurance and is available to "you" to cover liability arising out of premises or operations, or products and completed operations, for which "you" have been added as an additional insured by endorsement to the policy.
- d. When this insurance is excess over any other insurance:
- 1) "we" will have no duty to defend any claim or "suit" that any other insurer has a duty to defend. If no other insurer defends, "we" will do so.

However, "we" will be entitled to the "insured's" rights against all those other insurers.
 - 2) "we" will pay "our" share of the amount of loss, if any, that exceeds the sum of:
 - a) the total amount that all such other insurance would pay for the loss in the absence of this insurance; and
 - b) the total of all deductibles and self-insured amounts required by such other insurance.
 - e. "We" will share the remaining loss with any other insurance that is not described in 2.c. above and was not bought specifically to apply in excess of the "limits" shown on the "declarations" of this Commercial Liability Coverage.
3. **Knowledge Of Bodily Injury Or Property Damage** -- Knowledge of "bodily injury" or "property damage" will be deemed to have occurred at the earliest of the following times:
- a. when a "suit", claim, or demand for "damages" alleging "bodily injury" or "property damage" is received by any "designated insured";
 - b. when any "designated insured" reports the "bodily injury" or "property damage" to "us" or any other insurer; or
 - c. when any "designated insured" becomes aware of anything that indicates that "bodily injury" or "property damage" may have occurred or is occurring.

4. **Premium** -- If the premium is shown on the "declarations" as a deposit premium, "we" will compute the final earned premium at the end of each audit period shown on the "declarations". If it is more than the deposit premium paid by "you", "we" will bill "you" for the difference. If the final earned premium is less than the deposit premium paid by "you", "we" will return the difference to "you". "You" must maintain records of the information that is necessary for computing the premium. Copies of the records must be sent to "us" at the end of the audit period or when requested by "us".

If the premium for coverage provided by this policy is based upon an audit of exposures and the final premium is determined after the expiration of the policy, any additional premium owed to "us" is due on the due date that appears on the billing notice.

5. **Separate Insureds** -- Coverage provided under the Commercial Liability Coverage applies separately to each "insured" against whom claim is made or "suit" is brought.

However, this does not affect the "limits" stated under How Much We Pay.

6. **Subrogation** -- If "we" pay under the Commercial Liability Coverage, "we" may require from an "insured" an assignment of any right of recovery. The "insured" must do nothing to impair "our" right of recovery after a loss.

This condition does not apply to Coverage M.

7. **Suit Against Us** -- No lawsuit can be brought against "us" unless:
- a. all the "terms" of the Commercial Liability Coverage have been complied with; and
 - b. the amount of the "insured's" liability has been determined by:
 - 1) a final judgment against an "insured" as a result of a trial; or

- 2) a written agreement by the "insured", the claimant, and "us";

However, "we" will not pay for injury or damage that is not covered by this Commercial Liability Coverage or that exceeds the applicable "limit".

No person has a right under the Commercial Liability Coverage to join "us" or implead "us" in actions that are brought to determine an "insured's" liability.

NUCLEAR ENERGY LIABILITY EXCLUSION

1. Exclusion

- a. This insurance does not apply under any liability coverage, to "bodily injury" or "property damage":
 - 1) with respect to which an "insured" under the policy is also an "insured" under a Nuclear Energy Liability policy issued by Nuclear Energy Liability Insurance Association, Mutual Insurance Association, Mutual Atomic Energy Liability Underwriters, Nuclear Insurance Association of Canada, or any of their successors, or would be an "insured" under any such policy but for its termination upon exhaustion of its "limit" of liability; or
 - 2) resulting from the "hazardous properties" of "nuclear material" and with respect to which:
 - a) any person or organization is required to maintain financial protection pursuant to the Atomic Energy Act of 1954, or any law amendatory thereto; or

- b) the "insured" is, or had this policy not been issued would be, entitled to indemnity from the United States of America or any agency thereof, under any agreement entered into by the United States of America or any agency thereof, with any person or organization.
- b. This insurance does not apply under any Medical Payments coverage, to expenses incurred with respect to "bodily injury" resulting from the "hazardous properties" of "nuclear material" and arising out of the operation of a "nuclear facility" by any person or organization.
- c. This insurance does not apply under any liability coverage, to "bodily injury" or "property damage" resulting from the "hazardous properties" of "nuclear material", if:
 - 1) the "nuclear material":
 - a) is at any "nuclear facility" owned by, or operated by or on behalf of, an "insured"; or
 - b) has been discharged or dispersed therefrom;
 - 2) the "nuclear material" is contained in "spent fuel" or "waste" at any time possessed, handled, used, stored, processed, transported, or disposed of by or on behalf of an "insured"; or
 - 3) the "bodily injury" or "property damage" arises out of the furnishing by an "insured" of services, materials, parts, or equipment in connection with the planning, construction, maintenance, operation, or use of any "nuclear facility", but if such facility is located within the United States of America, its territories or possessions, or Canada, this exclusion (c.) applies only to "property damage" to such "nuclear facility" and any property thereat.
- 2. With respect to only the Nuclear Energy Liability Exclusion, the following definitions are added:
 - a. "Hazardous Properties" -- These include radioactive, toxic, or explosive properties.
 - b. "Nuclear Material" -- This means "source material", "special nuclear material", or "by-product material".
 - c. "Source Material", "Special Nuclear Material", "By-product Material" -- These have the meanings given them in the Atomic Energy Act of 1954, or in any law amendatory thereof.
 - d. "Spent Fuel" -- This means any fuel element or fuel component, solid or liquid, which has been used or exposed to radiation in a "nuclear reactor".
 - e. "Waste" -- This means any "waste" material:
 - 1) containing "by-product material" other than the tailings or wastes produced by the extraction or concentration of uranium or thorium from any ore processed primarily for its "source material" content; and
 - 2) resulting from the operation by any person or organization of any "nuclear facility" included under the first two paragraphs of the definition of "nuclear facility".
 - f. "Nuclear Facility" -- This means:
 - 1) any "nuclear reactor";
 - 2) any equipment or device designed or used for:
 - a) separating the isotopes of uranium or plutonium;
 - b) processing or utilizing "spent fuel"; or
 - c) handling, processing, or packaging "waste";

- 3) any equipment or device used for the processing, fabricating, or alloying of "special nuclear material" if at any time the total amount of such material in the custody of the "insured" at the premises where such equipment or device is located consists of or contains more than 25 grams of plutonium or uranium-233 or any combination thereof, or more than 250 grams of uranium-235; and
- 4) any structure, basin, excavation, premises, or place prepared or used for the storage or disposal of "waste";
 - and includes the site on which any of the foregoing is located, all operations conducted on such sites, and all premises used for such operations.
 - g. "Nuclear Reactor" -- This means any apparatus designed or used:
 - 1) to sustain nuclear fission in a self-supporting chain reaction; or
 - 2) to contain a critical mass of fissionable material.
 - h. "Property Damage" -- This includes all forms of radioactive contamination of property.

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