



*We Keep Life Moving*



## **SentryWest Insurance Services**

[www.sentrywest.com](http://www.sentrywest.com)

3860 South 2300 East  
Salt Lake City, UT, 84109

PO BOX 9289  
Salt Lake City, UT, 84109

Thank you! We value the opportunity you have provided for SentryWest to serve your insurance needs. The following will be the team assigned to support your needs. Please contact us with any questions regarding your policy, changes in exposures, claims issues or any general questions.

### **Your SentryWest Service Team**

**Account Executive:** Tiffanie Thompson    [tiffanie.thompson@sentrywest.com](mailto:tiffanie.thompson@sentrywest.com)    801.308.2074

**Account Manager:** Sara Grygiel    [sara.grygiel@sentrywest.com](mailto:sara.grygiel@sentrywest.com)    385.355.6245

### **Certificates of Insurance:**

#### **HOA Requests**    [eo@sentrywest.com](mailto:eo@sentrywest.com)

Please include the name, address and e-mail or fax number to be used in providing the certificate. If the request is for an additional insured please include an explanation of the reason for coverage request.

#### **All Other Certificate Requests**

Please send to the above account manager(s)

#### **Office Contact Information**

Local        801.272.8468  
Fax         801.277.3511



# Disclaimers

- **Please review the policy.** It contains specific terms, conditions, limitations, and exclusions that will govern in the event of a loss.
- **All insurance policies contain exclusions and limitations.** Not all exclusions or limitations were addressed in our proposal, including those that may be covered by an endorsement. Policy language dictates coverage.
- **In evaluating your exposure to loss, we have been dependent upon information provided by you.** Representative examples include a completed application, list of drivers, statement of values, or an inspection of your operations.
- **If there is a change in your operations, please bring those to our attention.** We can then discuss the possible need for additional coverage. All premiums are subject to verification and re-rating based upon an audit of classification(s) and exposures. SentryWest does not make representations regarding the availability of coverage to cover any specific risk of loss in the broader insurance marketplace.
- **The liability or property limits shown on this proposal are per your request or per expiring policies.** *Higher liability or property limits may be available.* We are happy to provide a quotation for higher limits at your request.
- **Sentry West has agency agreements whereby we may receive additional compensation from insurers based on a combination of premium volume and claims experience.** Upon your written request, we will provide additional information regarding our agreements.
- **Premiums may be subject to audit and/or adjustment.** Portions of your premiums may be estimated amounts that are based on your anticipated exposures, such as payroll or sales. At the end of the policy term the insurance company may perform an audit of your records and you may receive an adjustment to the estimated premium that was originally billed. Refer to your policy for conditions.
- **Many policies are subject to a premium requirement.** Your policy may have a minimum earned/fully earned premium at the time the policy is bound. Please refer to the policy terms that apply.
- **Previously rejected coverage.** If we previously offered coverage options which have been rejected by you, we have no obligation to offer options for that coverage in the future unless you have specifically requested a quote for that specific coverage in writing.
- **SentryWest Insurance Services is not engaged in rendering legal, accounting, or other professional services.** If such advice or expert assistance is required, the services of a competent professional person should be sought, especially for contracts and risk transfer agreements.
- **The policy may be contingent upon certain underwriting items.** Additional information may be required by the company, including a satisfactory inspection of your premises. The insurance company may take additional action based on that additional information.

# Recommendations

**It is important that you advise us of any material changes in your operations.** Any variation or subsequent change could lead to complications in the event of loss.

**People purchase insurance to have reliable support in the event of a claim.** Our team is dedicated to claim advocacy – helping clients navigate the sometimes-difficult insurance claim process. Should an after-hours emergency occur, you should call your insurance carriers claim department and report the incident to our staff the next business day.

**Safety insights and innovation can help you avoid claims.** Our services include:

- Access to Loss Prevention Specialists that can assist with your specific needs
- Customized Loss Prevention Plans
- Access to Loss Prevention training, materials, and tools

**While we are a full-service agency, our Client Portal provides you many self-service options.**

It includes:

- 24/7 access to your account
- Request a Certificate of Insurance
- Make a payment on your account
- Issue and reprint previously issued Certificates of Insurance
- View/Download copies of your policies

**Exposure identification is the cornerstone of successful risk management program.** At your request, we can audit your existing program to determine its suitability to your needs. Areas we review include:

- Adequacy of coverage and limits
- Highlight significant restrictions of coverage
- Duplications of or gaps in coverage
- Suitability of forms
- Financial stability and service capability of insurance carrier(s)

**Our broad range of products and services can be customized to your individual needs.** Our offerings include:

- Bonds / Surety
- Builders Risk / Installation Floater
- Captive Programs / Alternative Risk Transfer
- Crime
- Directors & Officers Liability
- Foreign Exposures (including Workers Compensation and Liability)
- Marine Coverage (ocean & inland)
- Pollution

**We believe every business should have the following coverages in place.** We are happy to provide a quote at your request.

- Property
- General Liability
- Auto
- Workers Compensation
- Cyber
- Employment Practices Liability
- Professional Liability / E&O
- Earthquake
- Flood
- Pollution

INSURANCE COMPANY  
6101 ANACAPRI BLVD., LANSING, MI 48917-3999

AGENCY SENTRY WEST INSURANCE SERVICES  
43-0083-00 MKT TERR 076 (801) 272-8468

INSURED HILLCREST OWNERS ASSOCIATION INC

ADDRESS PO BOX 3063  
HAILEY ID 83333-3063

## BUSINESSOWNERS POLICY DECLARATIONS

Effective 03-01-2025

POLICY NUMBER 53-179-860-02

Company Use 57-57-ID-2503

Company  
Bill

POLICY TERM	
12:01 a.m.	12:01 a.m.
03-01-2025	to 03-01-2026

54643 (01-90)

Entity: Corporation

### PROPERTY COVERAGES - ALL DESCRIBED LOCATIONS

COVERAGE	DEDUCTIBLE	LIMIT	PREMIUM	CHANGE
SPECIAL COVERAGE FORM TERRORISM - CERTIFIED ACTS			\$76.67	

### BUSINESS LIABILITY PROTECTION

COVERAGE	LIMIT	PREMIUM	CHANGE
AGGREGATE LIMIT (Other than Products - Completed Operations)	\$4,000,000	\$1,262.99	
LIABILITY AND MEDICAL EXPENSE	\$2,000,000	Included	
Personal Injury	Included	Included	
HIRED AUTO & NON-OWNED AUTO LIABILITY	\$2,000,000	\$37.04	
TERRORISM - CERTIFIED ACTS		\$14.17	
<b>BUSINESSOWNERS LIABILITY PLUS</b>		\$117.00	
Fire, Lightning, Explosion, Smoke, And Water Damage Legal Liability	\$300,000	Included	
Hired Auto & Non-Owned Auto Liability	\$2,000,000	Included	
Medical Expenses - Per Person	\$10,000	Included	
Products - Completed Operations Aggregate	\$4,000,000	Included	
Blanket Additional Insured - Lessor of Leased Equipment	Included	Included	
Blanket Additional Insured - Managers or Lessors of Premises	Included	Included	
Blanket Waiver of Subrogation	Included	Included	
Broadened Knowledge of Occurrence	Included	Included	
Broadened Supplementary Payments Coverage	Included	Included	
Extended Watercraft Coverage	Included	Included	
Newly Formed or Acquired Organizations	Included	Included	
Personal Injury Extension Coverage	Included	Included	

Forms that apply to all locations:

54510 (07-12)	BP0002 (01-87)	BP0006 (01-87)	54961 (11-11)	BP0009 (01-87)
54679 (12-20)	54709 (04-10)	54098 (05-07)	54319 (04-20)	54867 (03-08)
54656 (08-91)	54088 (09-09)	64728 (02-14)	64776 (01-16)	64839 (07-19)
64855 (04-20)	64866 (12-20)	54254 (04-02)	54621 (07-88)	54663 (01-03)
54353 (10-08)				

AUTO-OWNERS INS. CO.

Issued 03-03-2025

AGENCY SENTRY WEST INSURANCE SERVICES  
43-0083-00 MKT TERR 076Company  
Bill

POLICY NUMBER

53-179-860-02  
57-57-ID-2503

INSURED HILLCREST OWNERS ASSOCIATION INC

Term 03-01-2025 to 03-01-2026

**PREMIER PROPERTY PLUS COVERAGE PACKAGE DECLARATIONS**

The coverages and limits below apply separately to each location or sublocation that sustains a loss to covered property and is designated in the Declarations. No deductible applies to the below Property Plus Coverages unless indicated.

COVERAGE	LIMIT
ACCOUNTS RECEIVABLE	\$200,000
ARSON REWARD	\$7,500
BAILEES COVERAGE	\$15,000
	\$10,000 PER ITEM
BUILDING GLASS COVERAGE	SEE FORM
BUSINESS PERSONAL PROPERTY - EXPANDED COVERAGE	UP TO 1,000 FT
BUSINESS PERSONAL PROPERTY AT FAIRS OR EXHIBITIONS	\$5,000
BUSINESS PERSONAL PROPERTY AT NEWLY ACQUIRED PREMISES	\$500,000 FOR 90 DAYS
BUSINESS PERSONAL PROPERTY IN TRANSIT	\$100,000
BUSINESS PERSONAL PROPERTY OFF PREMISES	\$100,000
DEBRIS REMOVAL	\$100,000
ELECTRONIC EQUIPMENT	
UNSCHEDULED EQUIPMENT	\$100,000
ELECTRICAL DISTURBANCE (SEE FORM FOR DEDUCTIBLE)	\$100,000
MECHANICAL BREAKDOWN	\$100,000
BUSINESS INCOME AND EXTRA EXPENSE	\$100,000
MEDIA	\$100,000
TRANSPORTATION	\$100,000
EMPLOYEE DISHONESTY	\$50,000
FINE ARTS, COLLECTIBLES, AND MEMORABILIA	\$50,000
	\$10,000 PER ITEM
FIRE DEPARTMENT SERVICE CHARGE*	\$25,000
*NOT AVAILABLE IN AZ	
FIRE EXTINGUISHER AND FIRE SUPPRESSION SYSTEM RECHARGE	\$10,000
FORGERY AND ALTERATION	\$50,000
MONEY & SECURITIES INSIDE PREMISES	\$50,000
MONEY & SECURITIES OUTSIDE PREMISES	\$50,000
NEWLY ACQUIRED OR CONSTRUCTED PROPERTY	\$1,000,000 FOR 90 DAYS
OFF-PREMISES UTILITY SERVICE FAILURE	\$150,000
*BUSINESS INCOME/EXTRA EXPENSE LIMITED TO \$25,000 IN AL, NC, AND SC	
ORDINANCE OR LAW	
COVERAGE A, B AND C COMBINED	\$150,000
OUTDOOR PROPERTY	\$20,000
TREES, SHRUBS OR PLANTS	\$1,000 PER ITEM

AUTO-OWNERS INS. CO.

Issued 03-03-2025

 AGENCY SENTRY WEST INSURANCE SERVICES  
 43-0083-00 MKT TERR 076

 Company POLICY NUMBER 53-179-860-02  
 Bill 57-57-ID-2503

INSURED HILLCREST OWNERS ASSOCIATION INC

Term 03-01-2025 to 03-01-2026

**PREMIER PROPERTY PLUS COVERAGE PACKAGE DECLARATIONS**

COVERAGE	LIMIT
OUTDOOR SIGNS	\$15,000
PERSONAL EFFECTS AND PROPERTY OF OTHERS	\$50,000
POLLUTANT CLEAN UP AND REMOVAL	\$100,000
REFRIGERATED PRODUCTS	\$25,000
REKEYING OF LOCKS	\$1,000
SALESPERSON'S SAMPLES	\$25,000
VALUABLE PAPERS AND RECORDS	\$150,000
WATER BACK-UP FROM SEWERS OR DRAINS	\$50,000

**LOCATION 0001**
**Location:** 120 Latigo Lane, Ketchum, ID 83340

COVERAGE	DEDUCTIBLE	LIMIT	PREMIUM	CHANGE
COVERAGE PACKAGE: PROPERTY PLUS		See Property Plus Declarations	\$602.20	
Tier: Premier				
TERRORISM - CERTIFIED ACTS				
SEE FORM(S) 59350, 59390, 54313				
Total Building Blanket Limit of Insurance		\$7,350,000		

Forms that apply to this location:

 54661 (08-91) 54238 (12-01) 54328 (11-05) 54604 (07-88) 54244 (05-07)  
 54094 (11-19) 59350 (01-15) 54313 (09-19)

**LOCATION 0001 - BUILDING 0001**

COVERAGE	DEDUCTIBLE	LIMIT	PREMIUM	CHANGE
BUILDING - GUARANTEED REPLACEMENT COST - BLANKET		\$7,350,000	\$5,880.91	
Special Coverage Form Deductible	\$10,000	Included		
Windstorm or Hail Flat Deductible	\$10,000	Included		
Adjusted Value Factor 0.0140				
BUSINESS INCOME AND EXTRA EXPENSE		12 Months	Included	
LIMITATION OF COVERAGE FOR FUNGI, MOLD, DRY ROT, AND WET ROT		See Form	Included	
EQUIPMENT BREAKDOWN	\$10,000	See Form	\$252.10	
COVERAGE PACKAGE: PROPERTY PLUS			Included	
Tier: Premier				
ADDITIONAL LIMITS:				
ORDINANCE OR LAW				
Cov A Loss To Undamaged Portion of Building		Incl in Bldg Limit	\$778.89	

AUTO-OWNERS INS. CO.

Issued 03-03-2025

AGENCY SENTRY WEST INSURANCE SERVICES  
43-0083-00 MKT TERR 076

Company  
Bill

POLICY NUMBER

**53-179-860-02**  
57-57-ID-2503

INSURED HILLCREST OWNERS ASSOCIATION INC

Term 03-01-2025 to 03-01-2026

COVERAGE	DEDUCTIBLE	LIMIT	PREMIUM	CHANGE
Cov B Demolition Cost		\$150,000	\$76.30	
Cov C Increased Cost of Construction		\$150,000	\$76.30	

## Forms that apply to this building:

54965 (05-11)	54658 (04-07)	54659 (12-20)	54499 (04-13)	54500 (04-13)
54069 (08-00)	54340 (04-13)	54743 (08-00)	54750 (08-00)	54073 (08-00)
54226 (08-00)	54752 (08-00)	54064 (08-00)	54072 (04-14)	54067 (08-00)
54708 (01-07)	54062 (08-00)	54060 (02-06)	54070 (02-05)	54745 (08-00)
54066 (08-00)	54065 (08-00)	54749 (08-10)	54068 (08-00)	54063 (03-13)
54227 (08-00)	54341 (03-13)	54748 (08-00)	54228 (04-13)	54841 (03-17)

**Occupied As:** 3 Unit Residential Condo**Secured Interested Parties:** None**Rating Information**

Occupancy: 3 Unit Condominium

Class Code: 65143

Program: Premier Condominium

Liability Rate Number: 00

Burglary Rate Group: 00

Construction: Frame, Sprinklered

Protection Class: 03

Territory: 002 Blaine County

Construction Year: 2009

	TERM	CHANGE
TOTAL POLICY PREMIUM	\$9,174.57	
TOTAL POLICY PREMIUM IF ON FULL PAY PLAN BY 03/01/2025	\$8,257.13	

Paid In Full does not apply to fixed fees, statutory charges, or minimum premium.

Paid In Full Discount is available.

Merit Rating Discount of 10% Applies



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54621 (7-88)

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

## **SUNTANNING DEVICE EXCLUSION**

**THIS ENDORSEMENT MODIFIES INSURANCE PROVIDED UNDER THE BUSINESSOWNERS LIABILITY COVERAGE FORM.**

It is agreed:

No coverage is provided by this policy for any claim, suit, action or proceeding against the insured arising out of the ownership, operation, maintenance or use of a suntanning device.

54621 (7-88)

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Page 1 of 1

54254 (4-02)

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

## **FUNGI OR BACTERIA EXCLUSIONS**

**THIS ENDORSEMENT MODIFIES INSURANCE PROVIDED UNDER THE BUSINESSOWNERS LIABILITY COVER-AGE FORM.**

It is agreed:

**A.** The following exclusions are added to section **1.** of **B. EXCLUSIONS**:

- 1.** "Bodily injury" or "property damage" arising out of, in whole or in part, the actual, alleged or threatened inhalation of, ingestion of, contact with, exposure to, existence of, or presence of, any "fungi" or bacteria, whether airborne or not, on or within a building or structure, including its contents. This exclusion applies whether any other cause, event, material or product contributed concurrently or in any sequence to such injury or damage.
- 2.** Any loss, cost or expenses arising out of the abating, testing for, monitoring, cleaning up, removing, containing, treating, detoxifying, neutralizing, remediating or disposing of, or in any way responding to, or assessing the effects of, "fungi" or bacteria, by any insured or by any other person, entity or governmental authority.

These exclusions do not apply to any "fungi" or bacteria that are on, or are contained in, a good or product intended for human consumption.

**B.** The following exclusions are added to section **1.** paragraph **p.** of **B. EXCLUSIONS**:

- 1.** Arising out of, in whole or in part, the actual, alleged or threatened inhalation of, ingestion of, contact with, exposure to, existence of, or presense of, any "fungi" or bacteria, whether airborne or not, on or within a building or structure, including its contents. This exclusion applies whether any other cause, event, material or product contributed concurrently or in any sequence to such injury.
- 2.** For any loss, cost or expenses arising out of the abating, testing for, monitoring, cleaning up, removing, containing, treating, detoxifying, neutralizing, remediating or disposing of, or in any way responding to, or assessing the effects of, "fungi" or bacteria, by any insured or by any other person, entity or governmental authority.

**C.** The following definition is added to **F. LIABILITY AND MEDICAL EXPENSE DEFINITIONS**:

"Fungi" means any type or form of fungus, including but not limited to, any mold, mildew, mycotoxins, spores, scents or byproducts produced or released by any type or form of fungus.

All other policy terms and conditions apply.

54068 (8-00)

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

## REKEYING OF LOCKS

This endorsement modifies insurance under the BUSINESSOWNERS SPECIAL PROPERTY COVERAGE FORM.

Under **A. COVERAGE, 5. Additional Coverages**, the following Additional Coverage is added:

### Rekeying of Locks

We will pay reasonable necessary expenses you incur to rekey locks on doors of the building described in the Declarations, provided the keys to such locks are a part of a theft loss covered by this policy. The most we will pay is the Limit of Insurance shown in the Declarations for REKEYING OF LOCKS. This is an additional amount of insurance. No Deductible applies to this Additional Coverage.

All other policy terms and conditions apply.

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Page 1 of 1

54069 (8-00)

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

## ARSON REWARD

This endorsement modifies insurance under the BUSINESSOWNERS SPECIAL PROPERTY COVERAGE FORM.

Under **A. COVERAGE, 5. Additional Coverages**, the following Additional Coverage is added:

### Arson Reward

We will pay for information which leads to a conviction for arson in connection with a fire loss to Covered Property insured by this policy. The most we will pay is the Limit of Insurance shown in the Declarations for ARSON REWARD regardless of the number of persons who provide information. This payment shall be in addition to the amount of insurance applying to the Covered Property. No Deductible applies to this Additional Coverage.

All other policy terms and conditions apply.

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Page 1 of 1

54072 (4-14)

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

## **PROPERTY PLUS COVERAGE PACKAGE AMENDATORY ENDORSEMENT**

This endorsement modifies insurance under the BUSINESSOWNERS SPECIAL PROPERTY COVERAGE FORM.

Under **C. LIMITS OF INSURANCE**, the following provision is added:

The corresponding Limit of Insurance for any one coverage, which is part of the PROPERTY PLUS COVERAGE PACKAGE, applies only to loss of or damage to covered property at each building and at each location designated in the Declarations regardless of the number of buildings or locations shown in the Declarations.

All other policy terms and conditions apply.

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Page 1 of 1

54073 (8-00)

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

## **BUSINESS PERSONAL PROPERTY - EXPANDED COVERAGE**

This endorsement modifies insurance under the BUSINESSOWNERS SPECIAL PROPERTY COVERAGE FORM.

Under **A. COVERAGE, 1. Covered Property, b. Business Personal Property**, the phrase ". . .within 100 feet of the described premises. . ." is deleted and replaced by ". . .within the distance, shown in the Declarations for BUSINESS PERSONAL PROPERTY - EXPANDED COVERAGE, from the described premises. . .".

All other policy terms and conditions apply.

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Page 1 of 1

54661 (8-91)

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

## ABSOLUTE ASBESTOS EXCLUSION ENDORSEMENT

THIS ENDORSEMENT MODIFIES INSURANCE PROVIDED UNDER THE BUSINESSOWNERS LIABILITY COVERAGE FORM.

No coverage is provided by this coverage form for any claim, suit, action or proceeding against the insured arising out of the discharge, dispersal, release, escape or inhalation of any asbestos related particle, dust, irritant, contaminant, pollutant, toxic element or material.

All other policy terms and conditions apply.

54661 (8-91)

Page 1 of 1

54679 (12-20)

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

## COMMUNICABLE DISEASES EXCLUSION

This endorsement modifies insurance provided under the following:

### BUSINESSOWNERS LIABILITY COVERAGE FORM

The following exclusion is added to **B. EXCLUSIONS. Communicable Disease**

This insurance does not apply to "bodily injury", "property damage", "personal injury" or "advertising injury" arising out of the actual or alleged transmission of a communicable disease. This exclusion applies even if the claims against any insured allege negligence or other wrongdoing in the:

- a. Supervising, hiring, employing, training or monitoring of others that may be infected with and spread a communicable disease;
- b. Testing for a communicable disease;
- c. Failure to prevent the spread of the disease; or
- d. Failure to report the disease to authorities.

All other policy terms and conditions apply.

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Page 1 of 1

64776 (1-16)

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

## CHANGES - TRANSFER OF RIGHTS OF RECOVERY AGAINST OTHERS TO US

This endorsement modifies insurance provided under the following:

### BUSINESSOWNERS POLICY

**BUSINESSOWNERS COMMON POLICY CONDITIONS, J. TRANSFER OF RIGHTS OF RECOVERY AGAINST OTHERS TO US** is amended. The following condition is added.

If the claim paid is less than the agreed loss because of any deductible or other limiting terms, the recovery is

prorated between you and us based on the interest of each in the loss. This condition only applies if we pay for a loss and then payment is made by those responsible for the loss.

All other policy terms and conditions apply.

64776 (1-16)

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Page 1 of 1

64866 (12-20)

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

## CHANGES - EXCLUSION FOR INSECTS, BIRDS, RODENTS OR OTHER ANIMALS

This endorsement modifies insurance provided under the following:

### BUSINESSOWNERS SPECIAL PROPERTY COVERAGE FORM

**B. EXCLUSIONS, 2.d. Maintenance Types of Loss:**, (5) is deleted and replaced by the following exclusion.

(5) Nesting or infestation, or discharge or release of waste products or secretions, by insects, birds, rodents or other animals;

All other policy terms and conditions apply.

64866 (12-20)

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Page 1 of 1

54064 (8-00)

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

## **DEBRIS REMOVAL**

This endorsement modifies insurance under the BUSINESSOWNERS SPECIAL PROPERTY COVERAGE FORM.

Under **A. COVERAGE, 5. Additional Coverages, a. Debris Removal**, paragraph **(4)** is deleted and replaced by the following:

**(4)** If:

- (a)** The sum of loss or damage and debris removal expense exceeds the Limit of Insurance; or
- (b)** The debris removal expense exceeds the amount payable under the 25% Debris Removal coverage limitation in paragraph (2) above;

we will pay up to the Limit of Insurance shown in the Declarations for DEBRIS REMOVAL.

All other policy terms and conditions apply.

54067 (8-00)

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

## **FIRE DEPARTMENT SERVICE CHARGE**

This endorsement modifies insurance under the BUSINESSOWNERS SPECIAL PROPERTY COVERAGE FORM.

Under **A. COVERAGE, 5. Additional Coverages, c. Fire Department Service Charge** is deleted and replaced by the following:

**c. Fire Department Service Charge**

When the fire department is called to save or protect Covered Property from a Covered Cause of Loss, we will pay up to the Limit of Insurance shown in the Declarations for FIRE DEPARTMENT SERVICE CHARGE for your liability for fire department service charges:

**(1)** Assumed by contract or agreement prior to loss; or

**(2)** Required by local ordinance.

No Deductible applies to this Additional Coverage.

All other policy terms and conditions apply.

54067 (8-00)

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Page 1 of 1



54226 (8-00)

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

## **BUSINESS PERSONAL PROPERTY IN TRANSIT**

This endorsement modifies insurance under the BUSINESSOWNERS SPECIAL PROPERTY COVERAGE FORM.

1. Under **A. COVERAGE**, **6. Coverage Extensions**, **b. Personal Property Off Premises** is deleted.
2. Under **A. COVERAGE**, **5. Additional Coverages**, the following Additional Coverage is added:

### **Business Personal Property In Transit**

- a. We will pay for direct physical loss of or damage to your Business Personal Property (other than property in the care, custody or control of your salespersons) in transit beyond the distance shown in the Declarations, under BUSINESS PERSONAL PROPERTY - EXPANDED COVERAGE, from the described premises caused by or resulting from any Covered Cause of Loss.
- b. Property must be in or upon a motor vehicle you own, lease or operate.
- c. Our payment for any one loss shall not exceed the Limit of Insurance shown in the Declarations for BUSINESS PERSONAL PROPERTY IN TRANSIT.

All other policy terms and conditions apply.

54238 (12-01)

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY**

## **AMENDMENT OF POLLUTION EXCLUSION - EXCEPTION FOR BUILDING HEATING EQUIPMENT**

This endorsement modifies insurance provided under the BUSINESSOWNERS LIABILITY COVERAGE FORM.

It is agreed:

Under **B. EXCLUSIONS, 1. f.**, subparagraph **(1) (a)** is deleted and replaced by the following:

This insurance does not apply to:

- f. (1)** "Bodily injury" or "property damage" arising out of the actual, alleged or threatened discharge, dispersal, seepage, migration, release or escape of pollutants:
  - (a)** At or from any premises, site or location which is or was at any time owned or occupied by, or rented or loaned to, any insured. However, this subparagraph, **(a)**, does not apply to "bodily injury" if sustained within a building at such premises, site or location and caused by smoke, fumes, vapor or soot from equipment used to heat a building at such premises, site or location.

All other policy terms and conditions apply.

54604 (7-88)

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

## **CONDITIONAL AMENDATORY ENDORSEMENT**

**THIS ENDORSEMENT MODIFIES INSURANCE PROVIDED UNDER THE BUSINESSOWNERS POLICY.**

1. Unless indicated in the Declarations, the following coverages are deleted:
  - a. Under the STANDARD PROPERTY COVERAGE FORM OR the SPECIAL PROPERTY COVERAGE FORM:  
Additional Coverages - Business Income and Extra Expense.
  - b. Under the BUSINESSOWNERS LIABILITY COVERAGE FORM:  
Personal Injury - Damages because of personal injury as afforded under Business Liability.  
  
Druggist Liability - Bodily injury or property damage arising out of practice of pharmacy as afforded under Business Liability by Exception to Exclusion j(9).
2. Unless indicated in the Declarations, coverage does not apply to underground tanks and/or their contents.

54604 (7-88)

Page 1 of 1

54708 (1-07)

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

## **FIRE EXTINGUISHER AND FIRE SUPPRESSION SYSTEM RECHARGE**

This endorsement modifies insurance under the following:

BUSINESSOWNERS SPECIAL PROPERTY COVERAGE FORM

Under **A. COVERAGE, 5. Additional Coverages**, the following Additional Coverage is added:

### **Fire Extinguisher And Fire Suppression System Recharge**

We shall pay for the recharging of fire extinguishers and fire suppression systems that you own that have been discharged to control a fire at a premises described in the Declarations.

The most we shall pay to recharge your fire extinguishers and fire suppression systems in any one occurrence is the Limit of Insurance shown in the Declarations for FIRE EXTINGUISHER AND FIRE SUPPRESSION SYSTEM RECHARGE.

No Deductible applies to this Additional Coverage.

All other policy terms and conditions apply.

54708 (1-07)

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Page 1 of 1

54743 (8-00)

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

## **BUSINESS PERSONAL PROPERTY AT FAIRS OR EXHIBITIONS**

This endorsement modifies insurance under the BUSINESSOWNERS SPECIAL PROPERTY COVERAGE FORM.

1. Under **A. COVERAGE, 6. Coverage Extensions, b. PERSONAL PROPERTY OFF PREMISES** is deleted.
2. Under **A. COVERAGE, 5. Additional Coverages**, the following Additional Coverage is added:

### **Business Personal Property at Fairs or Exhibitions**

We will pay for direct physical loss of or damage to Business Personal Property while it is temporarily at any fair or exhibition caused by or resulting from any Covered Cause of Loss. This Additional Coverage shall apply for a period not to exceed 15 days at any one fair or exhibition. This coverage does not apply to Covered Property in or on a vehicle.

Our payment for any one loss at any one fair or exhibition shall not exceed the Limit of Insurance shown in Declarations for BUSINESS PERSONAL PROPERTY AT FAIRS OR EXHIBITIONS.

All other policy terms and conditions apply.

54743 (8-00)

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Page 1 of 1

54748 (8-00)

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

## **WATER BACK-UP FROM SEWERS OR DRAINS**

This endorsement modifies insurance under the BUSINESSOWNERS SPECIAL PROPERTY COVERAGE FORM.

1. Under **A. COVERAGE, 5. Additional Coverages, f. Business Income** and **g. Extra Expense** do not apply to the coverage provided by this endorsement.
2. Subject to the provisions of paragraph **3.** below, under **B. EXCLUSIONS, g. Water** subparagraph **(3)** is deleted.
3. Under **C. LIMITS OF INSURANCE**, the following limitation is added:

The most we shall pay for all loss of or damage to Covered Property caused directly by water back-up from sewers or drains in any one loss is the Limit of Insurance shown in the Declarations for WATER BACK-UP FROM SEWERS OR DRAINS. In the event the amount of loss of or damage to Covered Property does not exceed the Limit of Insurance shown in Declarations for WATER BACK-UP FROM SEWERS OR DRAINS, you may at your option, apply the remainder of such Limit of Insurance to your actual loss Business Income or necessary Extra Expense, if any, subject to the terms and conditions of the BUSINESS INCOME AND EXTRA EXPENSE endorsement.

All other policy terms and conditions apply.

BUSINESSOWNERS  
54867 (3-08)

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

## AGGREGATE LIMITS AMENDATORY ENDORSEMENT

This endorsement modifies insurance provided under the following:

BUSINESSOWNERS LIABILITY COVERAGE FORM

Under **D. LIABILITY AND MEDICAL EXPENSES LIMITS OF INSURANCE**, **4. Aggregate Limits** is deleted and replaced by the following

### 4. Aggregate Limits

The most we will pay for:

- a. Injury or damage under the "products/completed operations hazard" arising from all "occurrences" during the policy period is the

Products-Completed Operations Aggregate limit shown in the Declarations; and

- b. All other injury or damage, including medical expenses, arising from all "occurrences" during the policy period is the Aggregate Limit (Other than Products-Completed Operations) shown in the Declarations. This limitation does not apply to "property damage" to premises rented to you arising out of fire or explosion.

All other policy terms and conditions apply.

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

## **EXCLUSION - VIRUS OR BACTERIA**

This endorsement modifies insurance provided under the following:

BUSINESSOWNERS SPECIAL PROPERTY COVERAGE FORM  
BUSINESSOWNERS STANDARD PROPERTY COVERAGE FORM

**B. EXCLUSIONS**, Paragraph **1.** is amended. The following exclusion is added.

**Virus Or Bacteria**

- (1) Any virus, bacterium or other microorganism that induces or is capable of inducing physical distress, illness or disease.
- (2) However, the exclusion in Paragraph **(1)** does not apply to loss or damage caused by or resulting from "fungi", wet rot or dry rot. Such loss or damage is addressed in the Limited Coverage For Fungi, Wet Rot Or Dry Rot endorsement.

- (3) With respect to any loss or damage subject to the exclusion in Paragraph **(1)**, such exclusion supersedes any exclusion relating to "pollutants". This exclusion applies whether or not the loss event results in widespread damage or affects a substantial area.

All other policy terms and conditions apply.



54062 (8-00)

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

## **FORGERY AND ALTERATION**

This endorsement modifies insurance under the BUSINESSOWNERS SPECIAL PROPERTY COVERAGE FORM.

1. Under **A. COVERAGE, 5. Additional Coverages**, the following Additional Coverage is added:

### **Forgery And Alteration**

- a. We will pay for loss resulting directly from forgery or alteration of, any check, draft, promissory note, bill of exchange or similar written promise of payment in "money", that you or your agent has issued, or that was issued by someone who impersonates you or your agent.
- b. If you are sued for refusing to pay the check, draft, promissory note, bill of exchange or similar written promise of payment in "money", on the basis that it has been forged or altered, and you have our written consent to defend against the suit, we will pay for any reasonable legal expenses that you incur in that defense.
- c. The most we will pay for any loss, including legal expenses, under this Additional Coverage is the Limit of Insurance shown in the Declarations for FORGERY AND ALTERATION.

2. Under **H. PROPERTY DEFINITIONS**, the following definition is added and applies only to the coverage afforded by the Additional Coverage, Forgery And Alteration.

"Money" means:

- a. Currency, coins and bank notes in current use and having a face value; and
- b. Travelers checks, register checks and money orders held for sale to the public.

All other policy terms and conditions apply.

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

## **SALESPERSON'S SAMPLES**

This endorsement modifies insurance under the following:

### **BUSINESSOWNERS SPECIAL PROPERTY COVERAGE FORM**

1. Under the **A. COVERAGE 5. Additional Coverages**, the following Additional Coverage is added:

#### **Salesperson's Samples**

We will pay for direct physical loss of or damage to samples of merchandise which are:

1. Owned by you while in your care, custody or control;
2. Owned by you and in the care, custody or control of your salesperson and/or agents; or
3. While in transit, except by parcel post, between your premises and the salesperson and/or agent caused by or resulting from any Covered Cause of Loss.

This coverage does not apply to:

1. Jewelry, furs or articles consisting principally of fur;
2. Property located in or on the building described in the Declarations or in the open (or in a vehicle) within the distance shown in the Declarations, under BUSINESS PERSONAL PROPERTY - EXPANDED COVERAGE, from the described premises;
3. Property at or on the premises of your salespersons and/or agents; or
4. Merchandise intended for sale, which may be sold and shipped by you to others, or which has been purchased by you from others.

Our payment for any one loss shall not exceed the Limit of Insurance shown in the Declarations for SALESPERSON'S SAMPLES.

2. Under SECTION B. EXCLUSIONS the following exclusions are added to apply only to this Additional Coverage.
- a. Breakage, marring, scratching, tearing or denting, unless caused by: fire or lightning; aircraft; theft and/or attempted theft; earthquake; flood; explosion; malicious damage or collision; derailment or overturn of a transporting conveyance.
  - b. Mysterious or unexplained disappearance or from shortage disclosed by taking inventory.
  - c. Theft from any vehicle, unless at the time of the theft there is actually in or upon such vehicle your salesperson, representative or a permanent employee, or a person whose sole duty it is to attend the vehicle. This exclusion shall not apply to property in the custody of a common carrier.
3. In addition to the conditions of this coverage form, the following conditions apply only to this Additional Coverage.
1. **PAIR OR SET**  
In case of loss of or damage to any part of a pair or set, we may:
    - (a) repair or replace any part of the pair or set to restore it to its value before the loss; or
    - (b) pay the difference between the actual cash value of the property before and after the loss.
  2. **PARTS**  
In case of loss or damage to any part of property covered, consisting of several parts when complete, we shall pay only for the value of the part lost or damaged.

All other policy terms and conditions apply.

54065 (8-00)

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

## **POLLUTANT CLEAN UP AND REMOVAL**

This endorsement modifies insurance under the BUSINESSOWNERS SPECIAL PROPERTY COVERAGE FORM.

Under **A. COVERAGE, 5. Additional Coverages, h. Pollutant Clean Up and Removal** is deleted and replaced by the following:

### **h. Pollutant Clean Up and Removal**

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

**(1)** The date of direct physical loss or damage; or

**(2)** The end of the policy period.

The most we will pay under this Additional Coverage at each described premises for the sum of all covered expenses arising out of Covered Causes of Loss occurring during each separate 12 month period of this policy is the Limit of Insurance shown in the Declarations for POLLUTANT CLEAN UP AND REMOVAL.

All other policy terms and conditions apply.

54066 (8-00)

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

## **PERSONAL EFFECTS AND PROPERTY OF OTHERS**

This endorsement modifies insurance under the BUSINESSOWNERS SPECIAL PROPERTY COVERAGE FORM.

**1. Under A. COVERAGE, 5. Additional Coverages, the following Additional Coverage is added:**

### **Personal Effects and Property of Others**

We shall pay for direct physical loss or damage to:

- (1)** Personal effects owned by you, your officers, your partners or your employees caused by or resulting from any Covered Cause of Loss except loss or damage by theft.
- (2)** Personal property of others in your care, custody or control caused by or resulting from any Covered Cause of Loss.

Our payment for any one loss at any described premises shall not exceed the Limit of Insurance shown in the Declarations for PERSONAL EFFECTS AND PROPERTY OF OTHERS. Our payment for loss of or damage to personal property of others will only be for the account of the owner of the property. This coverage is excess over any other coverage provided by this policy.

All other policy terms and conditions apply.

54088 (9-09)

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

## **RECORDING AND DISTRIBUTION OF MATERIAL OR INFORMATION IN VIOLATION OF LAW EXCLUSION**

This endorsement modifies insurance provided under the following:

### **BUSINESSOWNERS LIABILITY COVERAGE FORM**

The following exclusion is added to **B. EXCLUSIONS, 1. Applicable to Business Liability Coverage:**

#### **Recording And Distribution Of Material Or Information In Violation Of Law**

"Bodily injury", "property damage", "personal injury" or "advertising injury" arising directly or indirectly out of any action or omission that violates or is alleged to violate:

1. The Telephone Consumer Protection Act (TCPA), including any amendment of or addition to such law;
2. The CAN-SPAM Act of 2003, including any amendment of or addition to such law;

3. The Fair Credit Reporting Act (FCRA), and any amendment of or addition to such law, including the Fair and Accurate Credit Transactions Act (FACTA); or
4. Any federal, state or local statute, ordinance or regulation, other than the TCPA, CAN-SPAM Act of 2003 or FCRA and their amendments and additions, that addresses, prohibits, or limits the printing, dissemination, disposal, collecting, recording, sending, transmitting, communicating or distribution of material or information.

All other policy terms and conditions apply.

54094 (11-19)

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

## **CHANGES - WATER DAMAGE EXCLUSION**

This endorsement modifies insurance provided under the following:

BUSINESSOWNERS STANDARD PROPERTY COVERAGE FORM  
BUSINESSOWNERS SPECIAL PROPERTY COVERAGE FORM

**B. EXCLUSIONS** is amended. Exclusion **g. Water** is deleted and replaced by the following.

**g. Water**

- (1) Flood, surface water, waves (including tidal wave and tsunami), tides, tidal water, overflow of any body of water, or spray from any of these, all whether or not driven by wind (including storm surge);
- (2) Mudslide or mudflow;
- (3) Water that backs up or overflows or is otherwise discharged from a sewer, drain, sump, sump pump or related equipment;
- (4) Water under the ground surface pressing on, or flowing or seeping through:
  - (a) Foundations, walls, floors or paved surfaces;

- (b) Basements, whether paved or not; or
- (c) Doors, windows or other openings; or
- (5) Waterborne material carried or otherwise moved by any of the water referred to in Paragraph (1), (3) or (4), or material carried or otherwise moved by mudslide or mudflow.

This exclusion applies regardless of whether any of the above, in Paragraphs **g.(1)** through **(5)** is caused by an act of nature or is otherwise caused. However, if any of the above in Paragraphs **g.(1)** through **(5)**, results in fire, explosion or sprinkler leakage, we will pay for the loss or damage caused by that fire, explosion or sprinkler leakage.

All other policy terms and conditions apply.

54098 (5-07)

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

## **ADJUSTED VALUE FACTOR INFLATION GUARD COVERAGE**

This endorsement modifies insurance provided under the following:

BUSINESSOWNERS STANDARD PROPERTY COVERAGE FORM  
BUSINESSOWNERS SPECIAL PROPERTY COVERAGE FORM

Under **C. LIMITS OF INSURANCE, 4. Building Limit-Automatic Increase**, is deleted and replaced by the following:

### **4. Building and Business Personal Property - Adjusted Value Inflation Guard Coverage**

#### **a. Building Limit**

- (1) The Limit of Insurance for Buildings will automatically increase by the adjusted value factor shown in the Declarations for Building.
- (2) The amount of the increase will be:
  - (a) The Building limit that applied on the most recent of the following:
    - 1) The policy inception date;
    - 2) The policy anniversary date; or
    - 3) The date of any other policy change amending the Building limit, times
  - (b) The adjusted value factor shown in the Declarations, times
  - (c) The number of days since the applicable date in (2)(a) immediately above divided by 365 days.
- (3) The Limit of Insurance for Buildings will be rounded to the nearest \$100 at each renewal.

#### **b. Business Personal Property Limit**

- (1) The Limit of Insurance for Business Personal Property will automatically increase by the adjusted value factor shown in the Declarations for Business Personal Property.
- (2) The amount of the increase will be:
  - (a) The Business Personal Property limit that applied on the most recent of the following:
    - 1) The policy inception date;
    - 2) The policy anniversary date; or
    - 3) Any other policy change amending the Business Personal Property limit, times
  - (b) The adjusted value factor shown in the Declarations, times
  - (c) The number of days since the applicable date in (2)(a) immediately above divided by 365 days.
- (3) The Limit of Insurance for Business Personal Property will be rounded to the nearest \$10 at each renewal.

BUSINESSOWNERS  
54328 (11-05)

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

## IDAHO CHANGES - CANCELLATION AND NONRENEWAL

This endorsement modifies insurance provided under the BUSINESSOWNERS POLICY.

**A. Paragraphs 1. and 2. of the **Cancellation** Common Policy Condition is replaced by the following:**

1. **You** may cancel this policy by returning it to **us** or by giving **us** written notice of the future date at which **you** wish the cancellation to take effect.
  2. **We** may cancel this policy by mailing or delivering written notice stating the reason for cancellation to **you** at **your** last address known to us. This notice shall be mailed or delivered:
    - (a) at least 10 days prior to the effective date when cancellation is for nonpayment of premium; or
    - (b) at least 30 days prior to the effective date when cancellation is for other than nonpayment of premium. However, if this policy has been in effect for more than 60 days, **we** may cancel for only one or more of the following reasons:
      - (1) nonpayment of premium;
      - (2) fraud or material misrepresentation made by or with **your** knowledge in obtaining the policy, continuing the policy, or in presenting a claim under the policy;
      - (3) activities or omissions on **your** part which increase any hazard insured against, including a failure to comply with loss control recommendations;
- (4) change in the risk which materially increases the risk of loss after insurance coverage has been issued or renewed including, but not limited to, an increase in exposure to regulation, legislation or court decision;
  - (5) loss or decrease of **our** reinsurance covering all or part of the risk or exposure by the policy;
  - (6) determination by the director that the continuation of the policy would jeopardize **our** solvency or would place **us** in violation of the insurance laws of Idaho or any other state; or
  - (7) violation or breach by the **insured** of any policy terms or conditions other than nonpayment of premium.

**B. The following condition is added and supersedes any provision to the contrary:**

### NONRENEWAL

If **we** decide not to renew this policy, **we** will mail or deliver written notice stating the reason for nonrenewal to **you** at **your** last address known to **us**. This notice shall be mailed or delivered at least 45 days prior to the expiration of this policy.



**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

## **BAILEES COVERAGE**

This endorsement modifies insurance under the following:

### **BUSINESSOWNERS SPECIAL PROPERTY COVERAGE FORM**

**1. Under A. COVERAGE, 5. Additional Coverages, the following Additional Coverage is added:**

**Bailees Coverage**

- a. We will pay for direct physical loss or damage to the property of others that:
  - (1) Is in your possession or in the possession of any of your employees; or
  - (2) Is being transported by you, any of your employees, a public carrier or mail service.
- b. We will also cover your actual incurred cost for labor and materials.
- c. We do not cover the following properties:
  - (1) Property held for storage or for which a storage charge is made. If you do not have instructions from the owner of the goods to store goods held by you, such goods are not considered stored.
  - (2) Property while in the possession of any person, company or corporation other than you, your employees, a public carrier or mail service.
  - (3) Any land motor vehicle.
  - (4) Watercraft.
  - (5) Aircraft including objects falling from aircraft.
  - (6) Accounts, bills, currency, deeds, food stamps or other evidences of debt, money, notes or securities. Lottery tickets held for sale are not securities.
  - (7) Contraband or property in the course of illegal transportation or trade.
- d. In addition to other policy exclusions, we will not pay for loss or damage caused directly or indirectly by any of the following. Such loss is excluded regardless of any other cause or event that contributes concurrently or in any sequence to the loss.
  - (1) Misappropriation, secretion, conversion, infidelity or any dishonest act by you or others or the employees or agents of either to whom the covered property may be entrusted. This exclusion does not apply to carriers for hire.
  - (2) Delay.
  - (3) Vandalism or malicious mischief.
  - (4) Burglary of property left in your delivery vehicles overnight unless locked and in your building which you occupy.
- e. We will pay no more than the smallest of either:
  - (1) The cost to replace damaged property with new property of similar quality and features reduced by the amount of decrease in value because of age, wear, obsolescence or market value applicable to the damaged property immediately prior to the loss; or
  - (2) The Limit of Insurance shown in the Declarations for BAILEES COVERAGE.

This is an additional amount of insurance.

Our payment for loss of or damage to property of others will only be for the account of the owner of the property.
- f. No deductible applies to this Additional Coverage.

**2. Under E. PROPERTY LOSS CONDITIONS, 6. Loss Payment, d. (3) the following is added:**  
All property covered under Bailees Coverage.

All other policy terms and conditions apply.

54656 (8-91)

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

## **POLLUTION EXCLUSION ENDORSEMENT**

This endorsement modifies insurance provided under the following:

### **BUSINESSOWNERS LIABILITY COVERAGE PART**

Exclusion f. under COVERAGE A is replaced by the following:

- f. (1)** "Bodily injury", "property damage" or "personal injury" arising out of the actual, alleged or threatened discharge, dispersal, seepage, migration, release or escape of pollutants:
- (a)** At or from premises you own, rent or occupy;
  - (b)** At or from any site or location used by or for you or others for the handling, storage, disposal, processing or treatment of waste;
  - (c)** That are at any time transported, handled, stored, treated, disposed of, or processed as waste by or for you or any person or organization for whom you may be legally responsible; or
  - (d)** At or from any site or location on which you or any contractors or subcontractors working directly or indirectly on your behalf are performing operations:
    - (i)** If the pollutants are brought on or to the site or location in connection with such operations; or
    - (ii)** If the operations are to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize the pollutants.
- (2)** Any loss, cost or expense arising out of any governmental direction or request that you test for, monitor, clean up, remove, contain, treat, detoxify or neutralize the pollutants.
- Pollutants means any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste. Waste includes materials to be recycled, reconditioned or reclaimed.
- Subparagraphs (a) and (d)(i) of paragraph (1) of this exclusion do not apply to "bodily injury", "property damage" or "personal injury" caused by heat, smoke or fumes from a hostile fire. As used in this exclusion, a hostile fire means one which becomes uncontrollable or breaks out from where it was intended to be.

All other policy terms and conditions apply.

54658 (4-07)

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

## **BUILDING GLASS COVERAGE**

This endorsement modifies insurance provided under the following:

BUSINESSOWNERS SPECIAL PROPERTY COVERAGE FORM.

### **1. BUILDING GLASS COVERAGE**

- a. If the Declarations indicates Building Glass applies, we will pay for direct physical loss or damage to your interior and exterior building glass, including all lettering and ornamentation.

- b. We will also pay for necessary:

- (1) Expenses incurred to put up temporary plates or board up openings;
- (2) Repair or replacement of encasing frames; and
- (3) Expenses incurred to remove or replace obstructions.

- c. **SECTION A.3., Covered Causes of Loss** and **SECTION B., EXCLUSIONS**, do not apply to this coverage, except for:

- (1) Paragraph **B.1.c., Governmental Action**;
- (2) Paragraph **B.1.d., Nuclear Hazard**; and
- (3) Paragraph **B.1.f., War and Military Action**.

- d. We will not pay for loss or damage:

Caused by or resulting from:

- (1) Wear and tear;
- (2) Hidden or latent defect;
- (3) Corrosion; or
- (4) Rust.

2. **SECTION A.4., LIMITATIONS**, paragraph b. does not apply to this coverage.

3. **SECTION C., LIMITS OF INSURANCE**, paragraph 1. is deleted and replaced by:

1. The Limit of Insurance shown in the Declarations for:

- a. The building is the most we will pay for all loss or damage to that building including interior and exterior glass, in any one occurrence; or
- b. If no Limit of Insurance is shown for a building, the Limit of Insurance for business personal property is the most we will pay for all loss or damage to the business personal property, including interior and exterior glass, in any one occurrence.

4. **SECTION D. DEDUCTIBLES** is revised as follows:

- a. Paragraph **2.c.** is deleted.

- b. Paragraph **4.** is added:

- 4. We will not pay for loss or damage to building glass in any one occurrence until the amount of loss or damage exceeds the glass deductible shown in the Declarations. We will then pay the amount of loss that exceeds the deductible. This deductible applies only once per occurrence regardless of the number of insured buildings or the amount business personal property sustaining covered loss or damage. The glass deductible will be used toward satisfying the requirements of the **PROPERTY COVERAGES** deductible in the Declarations.

5. **SECTION G. OPTIONAL COVERAGES**, paragraph 2. **Exterior Grade Floor Glass** is deleted.

All other policy terms and conditions apply.

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54659 (12-20)

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

## **GUARANTEED BUILDING REPLACEMENT COST**

This endorsement modifies insurance provided under the following:

BUSINESSOWNERS SPECIAL PROPERTY COVERAGE FORM

It is agreed:

When Guaranteed Replacement Cost is shown in the Declarations, **C. LIMITS OF INSURANCE** is amended to include the following:

### **Guaranteed Building Replacement Cost**

If you have:

- a.** permitted us to adjust the Limit of Insurance for the Building to reflect:
  - (1)** any increase due to inflation; and
  - (2)** property valuation estimates made by us;
- b.** paid any additional premium for adjustment of the Limit of Insurance for the Building;
- c.** notified us within 90 days from the start of construction of any new building, addition to or remodeling of an existing insured building, which increases the replacement cost by \$10,000 or more; and

**d.** elected to repair or replace the damaged building then, at the time of loss to your building, we will adjust the Limit of Insurance for Building to equal the current replacement cost of the building if the amount of loss to the building exceeds the Limits of Insurance as determined by **4. Building Limit - Automatic Increase**. These provisions do not apply to any loss or damage to a covered building or structure resulting directly or indirectly from mine subsidence. In no event shall our payment under the Additional Coverage, Limited Coverage For "Fungi", Wet Rot or Dry Rot, be increased because of these provisions.

All other policy terms and conditions apply.

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

## **EMPLOYMENT-RELATED PRACTICES EXCLUSION**

This endorsement modifies insurance provided under the following:

### **BUSINESSOWNERS LIABILITY COVERAGE FORM**

The following exclusions apply in addition to those contained in **B. EXCLUSIONS, 1. Applicable to Business Liability Coverage**.

"Bodily injury", "personal injury" or "advertising injury":

(1) Arising out of any:

- (a) Refusal to employ;
- (b) Termination of employment;
- (c) Employment-related practice, policy, act or omission, including but not limited to coercion, demotion, evaluation, reassignment, discipline, defamation, harassment, humiliation or discrimination directed at a person; or
- (d) Criminal or civil action brought against a person by or at the direction of the insured directly or indirectly related to any offense described in (a), (b) or (c) above; or

(2) To anyone as a consequence of "bodily injury", "personal injury" or "advertising injury" to a person at whom any of the employment-related practices described in Paragraphs (a), (b), (c) or (d) above is directed.

This exclusion applies:

- (1) Whether the insured may be liable as an employer or in any other capacity;
- (2) Whether the offense is alleged to arise out of the employment during the course or scope of employment, outside the course or scope of employment or after termination of employment;
- (3) Whether directly or indirectly related to a person's prospective, current or past employment; or
- (4) To any obligation to share damages with or repay someone else who may pay damages because of the injury.

All other policy terms and conditions apply.

54745 (8-00)

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

## **OUTDOOR PROPERTY**

This endorsement modifies insurance under the BUSINESSOWNERS SPECIAL PROPERTY COVERAGE FORM.

1. Under **A. COVERAGE, 6. Coverage Extensions, c. Outdoor Property** is deleted.
2. Under **A. COVERAGE, 5. Additional Coverages**, the following Additional Coverage is added:

### **Outdoor Property**

We shall pay for direct physical loss or damage to your outdoor fences, radio and television antennas, trees, shrubs and plants (other than "stock" of trees, shrubs or plants), including debris removal expense, caused by or resulting from any of the following causes of loss:

- (1) Fire;
- (2) Lightning;
- (3) Explosion;
- (4) Riot or Civil Commotion; or
- (5) Aircraft.

The most we will pay for loss of or damage to:

- (1) all trees, shrubs or plants (other than "stock" of trees, shrubs or plants) and all covered outdoor property is the Limit of Insurance shown in the Declarations for OUTDOOR PROPERTY.
- (2) any one tree, shrub or plant (other than "stock" of trees, shrubs or plants) is the Limit of Insurance per item shown in the Declarations under TREES, SHRUBS OR PLANTS.

All other policy terms and conditions apply.

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

## **REFRIGERATED PRODUCTS**

This endorsement modifies insurance under the following:

**BUSINESSOWNERS SPECIAL PROPERTY COVERAGE FORM.**

1. Under **A. COVERAGE, 5. Additional Coverages, f. Business Income** and **g. Extra Expense** do not apply to the coverage provided by this Additional Coverage.
  2. Under **A. COVERAGE, 5. Additional Coverages**, the following Additional Coverage is added:  
**Refrigerated Products**  
We shall pay for loss of or damage to "perishable stock" caused directly by any of the following:
    - a. Mechanical breakdown of the refrigeration system; or
    - b. The interruption of electrical services to the refrigeration system caused by direct physical damage to the electrical generating or transmission equipment of your "local utility service".You must exercise diligence in inspecting and maintaining refrigeration equipment. If interruption of electrical service or mechanical or electrical breakdown is known, you must use all reasonable means to protect the covered property from further damage.
  3. Under **C. LIMITS OF INSURANCE**, the following limitation is added:  
The most we shall pay for all loss or damage caused directly by mechanical or electrical breakdown of the refrigeration system or the interruption of electrical service to the refrigeration system caused by direct physical damage by a Covered Cause of Loss to the electrical generating or transmission equipment of your "local utility service" in any one loss is the Limit of Insurance shown in the Declarations for REFRIGERATED PRODUCTS. In the event the amount of loss of or damage to "perishable stock" does not exceed the Limit of Insurance shown in the Declarations for REFRIGERATED PRODUCTS, you may at your option, apply the remainder of such Limit of Insurance to your actual loss Business Income or necessary Extra Expense, if any, subject to the terms and conditions of the BUSINESS INCOME AND EXTRA EXPENSE endorsement.
  4. Under **SECTION B. EXCLUSIONS**:  
Includes copyrighted material of ISO Commercial Services, Inc., with its permission  
54749 (8-10)  
Copyright, ISO Commercial Risk Services, Inc., 1984, 1985, 1986
  - a. exclusion **1.e. Power Failure** is deleted and replaced by the following exclusion.  
**e. Off-Premises Services**  
We shall not pay for loss or damage caused by or resulting from the failure to supply "power supply services" from any regional or national grid.
  - b. Exclusion **2.d.(6)** is deleted and replaced by the following exclusion for this Additional Coverage only:  
**(6)** Mechanical breakdown, including rupture or bursting caused by centrifugal force. However, this does not apply to any resulting loss or damage caused by elevator collision or mechanical breakdown of refrigeration systems.
  5. **Definitions**  
The following definitions apply only to this Additional Coverage:  
  
**"Local Utility Service"** means your billing entity, repair entity or service entity directly providing "power supply services" to the premises described in the Declarations.  
  
**"Perishable stock"** means merchandise held in storage or for sale that is refrigerated for preservation and is susceptible to loss or damage if the refrigeration fails.  
  
**"Power Supply Services"** means the following types of property supplying electricity to the described premises that are not located on a described premises and not rented, leased or owned by any insured:
    - (1) Utility generating plants;
    - (2) Switching stations;
    - (3) Substations;
    - (4) Transformers; and
    - (5) Transmission lines.
- All other policy terms and conditions apply.

54750 (8-00)

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

## **NEWLY ACQUIRED OR CONSTRUCTED PROPERTY**

This endorsement modifies insurance under the BUSINESSOWNERS SPECIAL PROPERTY COVERAGE FORM.

1. Under **A. COVERAGE, 6. Coverage Extensions, a. Personal Property at Newly Acquired Premises**, is deleted.
2. Under **A. COVERAGE, 5. Additional Coverages**, the following Additional Coverage is added:

### **Newly Acquired or Constructed Property**

- a. We will pay for direct physical loss or damage to:

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

The most we will pay for loss or damage is the Limit of Insurance shown in the Declarations for **NEWLY ACQUIRED OR CONSTRUCTED PROPERTY**.

- b. We will pay for direct physical loss of or damage to Business Personal Property at any location you acquire other than at fairs or exhibitions.

The most we will pay for loss or damage is the Limit of Insurance shown in the Declarations for **BUSINESS PERSONAL PROPERTY AT NEWLY ACQUIRED PREMISES** at each building.

- c. Coverage for each newly acquired or constructed property will end when any of the following first occurs:

- (1) This policy expires.
- (2) The number of days shown in the Declarations under:
  - (a) **NEWLY ACQUIRED OR CONSTRUCTED PROPERTY** at new premises; or
  - (b) **BUSINESS PERSONAL PROPERTY AT NEWLY ACQUIRED PREMISES**;expire after you acquire or begin to construct the property.
- (3) You report values to us.
- (4) You secure other insurance for such property.

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

All other policy terms and conditions apply.



**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

## **BUSINESS PERSONAL PROPERTY OFF PREMISES**

This endorsement modifies insurance under the BUSINESSOWNERS SPECIAL PROPERTY COVERAGE FORM.

1. Under **A. COVERAGE, 6. Coverage Extensions, b. Personal Property Off Premises** is deleted.
2. Under **A. COVERAGE, 5. Additional Coverages**, the following Additional Coverage is added:

### **Business Personal Property Off Premises**

We shall pay for direct physical loss of or damage to your Business Personal Property:

- a. That is temporarily at a location you do not own, lease or operate; and
- b. Caused by or resulting from any Covered Cause of Loss.

This Coverage does not apply to Covered Property:

- a. In or on a vehicle;
- b. In the care, custody or control of your salespersons; or
- c. At any fair or exhibition.

Our payment for any one loss shall not exceed the Limit of Insurance shown in the Declarations for BUSINESS PERSONAL PROPERTY OFF PREMISES.

All other policy terms and conditions apply.

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

## **EMPLOYER'S LIABILITY EXCLUSION**

This endorsement modifies insurance provided under the following:

### **BUSINESSOWNERS LIABILITY COVERAGE FORM**

1. Under **B. EXCLUSIONS, 1. Applicable to Business Liability Coverage**, exclusion **e.** is deleted and replaced by the following exclusion.

**e.** "Bodily injury" to:

- (1) An employee of any insured arising out of and in the course of employment by any insured; or
- (2) The spouse, child, parent, brother or sister of that employee as a consequence of Paragraph (1) above.

This exclusion applies:

- (1) Whether any insured may be liable as an employer or in any other capacity; and
- (2) To any obligation to share damages with or repay someone else who must pay damages because of the injury.

This exclusion does not apply to liability assumed by any insured under an "insured contract".

2. **C. WHO IS AN INSURED** is amended as follows. Paragraph **1.** is deleted and replaced by the following.

**1.** If you are designated in the Declarations as:

- a.** An individual, you and your spouse are insureds, but only with respect to the conduct of business which you are the sole owner.
- b.** A partnership or joint venture, you are an insured. Your members, your partner, and their spouses are also insureds, but only with respect to the conduct of your business.
- c.** A limited liability company, you are insured. Your members are also insureds, but only with respect to the conduct of your business.
- d.** An organization other than a partnership or joint venture, you are an insured. Your ex-

ecutive officers and directors are insureds, but only with respect to their duties as your officers or directors. Your stockholders are also insureds, but only with respect to their liability as stockholders.

However, with respect to paragraphs **1. a.** through **1. d.** above, no person is an insured for "bodily injury" or "personal injury":

**a.** To:

- (1) You and your spouse if the Named Insured is an individual;
- (2) Your members, your partners, and their spouses if the Named Insured is a partnership or joint venture;
- (3) Your members if the Named Insured is a Limited Liability Company; or
- (4) Your executive officers and directors if the Named Insured is other than a partnership, joint venture or limited liability company.

- b.** To an employee of any insured while in the course of his or her employment or performing duties related to the conduct of any insured's business.

- c.** To the spouse, child, parent, brother or sister of any employee as a consequence of Paragraph **b.** immediately above.

- d.** For which there is any obligation to share damages with or repay someone else who must pay damages because of the injury described in Paragraphs **a.** and **b.** immediately above.

- e.** Arising out of his or her providing or failing to provide professional health care services.

All other policy terms and conditions apply.

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

## **EXCLUSION - ACCESS OR DISCLOSURE OF CONFIDENTIAL OR PERSONAL INFORMATION AND DATA-RELATED LIABILITY - WITH LIMITED BODILY INJURY EXCEPTION**

This endorsement modifies insurance provided under the following:

### **BUSINESSOWNERS LIABILITY COVERAGE**

**A. The following is added to Paragraph 1. of B  
EXCLUSIONS:**

- (1)** Damages, other than damages because of "personal injury" and "advertising injury", arising out of any access to or disclosure of any person's or organization's confidential or personal information, including patents, trade secrets, processing methods, customer lists, financial information, credit card information, health information or any other type of nonpublic information; or
- (2)** Damages arising out of the loss of, loss of use of, damage to, corruption of, inability to access, or inability to manipulate electronic data.

This exclusion applies even if damages are claimed for notification costs, credit monitoring expenses, forensic expenses, public relations expenses or any other loss, cost or expense incurred by you or others arising out of that which is described in Paragraph **(1)** or **(2)** above.

However, unless Paragraph **(1)** above applies, this exclusion does not apply to damages because of "bodily injury".

As used in this exclusion, electronic data means information, facts or computer programs stored as or on, created or used on, or transmitted to or from computer software (including systems and applications software), on hard or floppy disks, CD-ROMs, tapes, drives, cells, data processing devices or any other media which are used with electronically controlled equipment. The term computer programs,

referred to in the foregoing description of electronic data, means a set of related electronic instructions which direct the operations and functions of a computer or device connected to it, which enable the computer or device to receive, process, store, retrieve or send data.

**B. The following is added to Paragraph p. of B  
EXCLUSIONS:**

**Personal Injury And Advertising Injury**

"Personal injury" and "advertising injury":

Arising out of any access to or disclosure of any person's or organization's confidential or personal information, including patents, trade secrets, processing methods, customer lists, financial information, credit card information, health information or any other type of nonpublic information.

This exclusion applies even if damages are claimed for notification costs, credit monitoring expenses, forensic expenses, public relations expenses or any other loss, cost or expense incurred by you or others arising out of any access to or disclosure of any person's or organization's confidential or personal information.

All other policy terms and conditions apply.

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**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

## **CHANGES - ACTUAL CASH VALUE AND DEPRECIATION**

This endorsement modifies insurance provided under the following:

BUSINESSOWNERS STANDARD PROPERTY COVERAGE FORM  
BUSINESSOWNERS SPECIAL PROPERTY COVERAGE FORM

Wherever it appears in this Coverage Form and any endorsement attached to this Coverage Form:

- 1.** Actual cash value means the cost to repair or replace lost or damaged property with property of similar quality and features reduced by the amount of depreciation applicable to the lost or damaged property immediately prior to the loss.
- 2.** Depreciation means a decrease in value because of age, wear, obsolescence or market value and includes:
  - a.** The cost of materials, labor and services;

- b.** Any applicable taxes; and
- c.** Profit and overhead necessary to repair, rebuild or replace lost or damaged property.

The meanings of actual cash value and depreciation in this endorsement supersede any provision in this Coverage Form and any endorsement attached to the Coverage Form to the contrary.

All other policy terms and conditions apply.

## BUSINESSOWNERS SPECIAL PROPERTY COVERAGE FORM

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

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

Other words and phrases that appear in quotation marks have special meaning. Refer to SECTION H - PROPERTY DEFINITIONS.

### A. COVERAGE

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

#### 1. Covered Property

Covered Property, as used in this policy, means the following types of property for which a Limit of Insurance is shown in the Declarations:

- a. Buildings**, meaning the buildings and structures at the premises described in the Declarations, including:
  - (1) Completed additions;
  - (2) Permanently installed fixtures, machinery and equipment;
  - (3) Your personal property in apartments or rooms furnished by you as landlord;
  - (4) Outdoor fixtures;
  - (5) Personal property owned by you that is used to maintain or service the buildings or structures or the premises, including:
    - (a) Fire extinguishing equipment;
    - (b) Outdoor furniture;
    - (c) Floor coverings; and
    - (d) Appliances used for refrigerating, ventilating, cooking, dishwashing or laundering;

#### (6) If not covered by other insurance:

- (a) Additions under construction, alterations and repairs to the buildings or structures;
  - (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 buildings or structures.
- b. Business Personal Property** located in or on the buildings at the described premises or in the open (or in a vehicle) within 100 feet of the described premises, including:
    - (1) Property you own that is used in your business;
    - (2) Property of others that is in your care, custody or control; but this property is not covered for more than the amount for which you are legally liable, plus the cost of labor, materials or services furnished or arranged by you on personal property of others; and
    - (3) Tenant's improvements and betterments. Improvements and betterments are fixtures, alterations, installations or additions:
      - (a) Made a part of the building or structure you occupy but do not own; and
      - (b) You acquired or made at your expense but cannot legally remove.

## 2. Property Not Covered

Covered Property does not include:

- a. Aircraft, automobiles, motortrucks and other vehicles subject to motor vehicle registration;
- b. Bullion, money or securities;
- c. Contraband, or property in the course of illegal transportation or trade;
- d. Land (including land on which the property is located), water, growing crops or lawns;
- e. Outdoor fences, radio or television antennas, including their lead-in wiring, masts or towers, signs (other than signs attached to buildings), trees, shrubs or plants, all except as provided in the:
  - (1) Outdoor Property Coverage Extension; or
  - (2) Outdoor Signs Optional Coverage;
- f. Watercraft (including motors, equipment and accessories) while afloat.

## 3. Covered Causes of Loss

RISKS OF DIRECT PHYSICAL LOSS unless the loss is:

- a. Excluded in Section B., Exclusions; or
- b. Limited in Paragraph A.4., Limitations; that follow.

## 4. Limitations

- a. We will not pay for loss of or damage to:
  - (1) Steam boilers, steam pipes, steam engines or steam turbines caused by or resulting from any condition or event inside such equipment. But we will pay for loss of or damage to such equipment caused by or resulting from an explosion of gases or fuel within the furnace of any fired vessel or within the flues or passages through which the gases of combustion pass.

- (2) Hot water boilers or other water heating equipment caused by or resulting from any condition or event inside such boilers or equipment, other than an explosion.
- (3) Property that is missing, but there is no physical evidence to show what happened to it, such as shortage disclosed on taking inventory. This limitation does not apply to the Optional Coverage for Money and Securities.
- (4) Property that has been transferred to a person or to a place outside the described premises on the basis of unauthorized instructions.

- b. We will not pay more for loss of or damage to glass that is part of a building or structure than \$100 for each plate, pane, multiple plate insulating unit, radiant or solar heating panel, jalousie, louver, or shutter. We will not pay more than \$500 for all loss of or damage to building glass that occurs at any one time.

This Limitation does not apply to loss or damage by the "specified causes of loss", except vandalism.

- c. We will not pay for loss of or damage to fragile articles such as glassware, statuary, marbles, chinaware and porcelains, if broken, unless caused by the "specified causes of loss" or building glass breakage. This restriction does not apply to:
  - (1) Glass that is part of a building or structure;
  - (2) Containers of property held for sale; or
  - (3) Photographic or scientific instrument lenses.
- d. For loss or damage by theft, the following types of property are covered only up to the limits shown:
  - (1) \$2,500 for furs, fur garments and garments trimmed with fur.
  - (2) \$2,500 for jewelry, watches, watch movements, jewels, pearls, precious and semi-precious stones, bullion, gold,

silver, platinum and other precious alloys or metals. This limit does not apply to jewelry and watches worth \$100 or less per item.

- (3) \$2,500 for patterns, dies, molds and forms.

## 5. Additional Coverages

### a. Debris Removal

- (1) We will pay your expense to remove debris of Covered Property caused by or resulting from a Covered Cause of Loss that occurs during the policy period. The expenses will be paid only if they are reported to us in writing within 180 days of the earliest of:

- (a) The date of direct physical loss or damage; or
- (b) The end of the policy period.

- (2) The most we will pay under this Additional Coverage is 25% of:

- (a) The amount we pay for the direct loss or damage; plus
- (b) The deductible in this policy applicable to that loss or damage.

But this limitation does not apply to any additional debris removal limit provided in paragraph (4) below.

- (3) This Additional Coverage does not apply to costs to:

- (a) Extract "pollutants" from land or water; or
- (b) Remove, restore or replace polluted land or water.

- (4) If:

- (a) The sum of loss or damage and debris removal expense exceeds the Limit of Insurance; or
- (b) The debris removal expense exceeds the amount payable under

the 25% Debris Removal coverage limitation in paragraph (2) above;

we will pay up to an additional \$5,000 for each location in any one occurrence under the Debris Removal Additional Coverage.

### b. Preservation of Property

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

- (1) While it is being moved or while temporarily stored at another location; and
- (2) Only if the loss or damage occurs within 10 days after the property is first moved.

### c. Fire Department Service Charge

When the fire department is called to save or protect Covered Property from a Covered Cause of Loss, we will pay up to \$1,000 for your liability for fire department service charges:

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

### d. Collapse

We will pay for loss or damage caused by or resulting from risks of direct physical loss involving collapse of a building or any part of a building caused only by one or more of the following:

- (1) The "special causes of loss" or breakage of building glass, all only as insured against in this policy;
- (2) Hidden decay;
- (3) Hidden insect or vermin damage;
- (4) Weight of people or personal property;
- (5) Weight of rain that collects on a roof;

- (6)** Use of defective material or methods in construction, remodeling or renovation if the collapse occurs during the course of the construction, remodeling or renovation.

We will not pay for loss of or damage to the following types of property, if otherwise covered in this policy, under items (2), (3), (4), (5) and (6) unless the loss or damage is a direct result of the collapse of a building:

awnings; gutters and downspouts; yard fixtures; outdoor swimming pools; piers, wharves and docks; beach or diving platforms or appurtenances; retaining walls; walks, roadways and other paved surfaces.

Collapse does not include settling, cracking, shrinkage, bulging or expansion.

#### **e. Water damage**

If loss or damage caused by or resulting from a covered water damage loss occurs, we will also pay the cost to tear out and replace any part of the building or structure to repair damage to the system or appliance from which the water or steam escapes.

We will not pay the cost of repairing or replacing the system or appliance itself; but we will pay the cost to repair or replace damaged parts of fire extinguishing equipment if the damage:

- (1)** Results in sprinkler leakage; or
- (2)** Is directly caused by freezing.

#### **f. Business Income**

We will pay for the actual loss of Business Income you sustained due to the necessary suspension of your "operations" during the "period of restoration". The suspension must be caused by direct physical loss of or damage to property at the described premises, including personal property in the open (or in a vehicle) within 100 feet, caused by or resulting from any Covered Cause of Loss.

We will only pay for loss of Business Income that occurs within 12 consecutive months after the date of direct physical loss or dam-

age. This Additional Coverage is not subject to the Limits of Insurance.

Business Income means the:

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

#### **g. Extra Expense**

We will pay necessary Extra Expense you incur during the "period of restoration" that you would not have incurred if there had been no direct physical loss or damage to property at the described premises, including personal property in the open (or in a vehicle) within 100 feet, caused by or resulting from a Covered Cause of Loss.

Extra Expense means expense incurred:

- (1)** To avoid or minimize the suspension of business and to continue "operations":
  - (a)** At the described premises; or
  - (b)** At replacement premises or at temporary locations, including:
    - (i)** Relocation expenses; and
    - (ii)** Costs to equip and operate the replacement or temporary locations.
- (2)** To minimize the suspension of business if you cannot continue "operations".
- (3)** **(a)** To repair or replace any property; or
  - (b)** To research, replace or restore the lost information on damaged valuable papers and records;

to the extent it reduces the amount of loss that otherwise would have been payable under this Additional Coverage or Additional Coverage f., Business Income.

We will only pay for Extra Expense that occurs within 12 consecutive months after



the date of direct physical loss or damage. This Additional Coverage is not subject to the Limits of Insurance.

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

#### **h. Pollutant Clean Up and Removal**

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

- (1) The date of direct physical loss or damage; or
- (2) The end of the policy period.

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

### **6. Coverage Extensions**

In addition to the Limits of Insurance, you may extend the insurance provided by this policy as follows:

#### **a. Personal Property at Newly Acquired Premises**

- (1) You may extend the insurance that applies to Business Personal Property to apply to that property at any premises you acquire.

The most we will pay for loss or damage under this Extension is \$10,000 at each premises.

- (2) Insurance under this Extension for each newly acquired premises will end when any of the following first occurs:

- (a) This policy expires.
- (b) 30 days expire after you acquire or begin construction at the new premises; or
- (c) You report values to us.

#### **b. Personal Property Off Premises**

You may extend the insurance that applies to Business Personal Property to apply to covered Business Personal Property, other than money and securities, while it is in course of transit or temporarily at a premises you do not own, lease or operate. The most we will pay for loss or damage under this Extension is \$1,000.

#### **c. Outdoor Property**

You may extend the insurance provided by this policy to apply to your outdoor fences, radio and television antennas, signs (other than signs attached to buildings), trees, shrubs and plants, including debris removal expense, caused by or resulting from any of the following causes of loss:

- (1) Fire;
- (2) Lightning;
- (3) Explosion;
- (4) Riot or Civil Commotion; or
- (5) Aircraft.

The most we will pay for loss or damage under this Extension is \$1,000, but not more than \$250 for any one tree, shrub or plant.

#### **d. Valuable Papers and Records - Cost of Research**

You may extend the insurance that applies to Business Personal Property to apply to your costs to research, replace or restore the lost information on lost or damaged valuable papers and records, including those which exist on electronic or magnetic media, for which duplicates do not exist. The most we will pay under this Extension is \$1,000 at each described premises.

### **B. EXCLUSIONS**

1. We will not pay for loss or damage caused directly or indirectly by any of the following. Such

loss or damage is excluded regardless of any other cause or event that contributes concurrently or in any sequence to the loss.

**a. Building Ordinance**

The enforcement of any ordinance or law:

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

**b. Earth Movement**

- (1) Any earth movement (other than sink-hole collapse), such as an earthquake, landslide or earth sinking, rising or shifting. But if loss or damage by fire or explosion results, we will pay for that resulting loss or damage.
- (2) Volcanic eruption, explosion or effusion. But if loss or damage by fire, building glass breakage or volcanic action results, we will pay for that resulting loss or damage.

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

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

All volcanic eruptions that occur within any 72-hour period will constitute a single occurrence.

Volcanic action does not include the cost to remove ash, dust or particulate matter that does not cause direct physical loss of or damage to Covered Property.

**c. Governmental Action**

Seizure or destruction of property by order of governmental authority.

But we will pay for acts of destruction ordered by governmental authority and taken at the time of a fire to prevent its spread, if the fire would be covered under this policy.

**d. Nuclear Hazard**

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

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

**e. Power Failure**

The failure of power or other utility service supplied to the described premises, however caused, if the failure occurs away from the described premises.

But if loss or damage by a Covered Cause of Loss results, we will pay for that resulting loss or damage.

**f. War and Military Action**

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

**g. Water**

- (1) Flood, surface water, waves, tides, tidal waves, overflow of any body of water, or their spray, all whether driven by wind or not;
- (2) Mudslide or mudflow;
- (3) Water that backs up from a sewer or drain; or
- (4) Water under the ground surface pressing on, or flowing or seeping through:

- (a) Foundations, walls, floors or paved surfaces;
- (b) Basements, whether paved or not; or
- (c) Doors, windows or other openings.

But if loss or damage by fire, explosion or sprinkler leakage results, we will pay for that resulting loss or damage.

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

- a. **Electrical Apparatus:** Artificially generated electric current, including electric arcing, that disturbs electrical devices, appliances or wires.

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

- b. **Consequential Losses:** Delay, loss of use or loss of market.
- c. **Smoke, Vapor, Gas:** Smoke, vapor or gas from agricultural smudging or industrial operations.

d. **Maintenance Types of Loss:**

- (1) Wear and tear;
- (2) Rust, corrosion, fungus, decay, deterioration, hidden or latent defect or any quality in property that causes it to damage or destroy itself;
- (3) Smog;
- (4) Settling, cracking, shrinking or expansion;
- (5) Insects, birds, rodents or other animals;
- (6) Mechanical breakdown, including rupture or bursting caused by centrifugal force; or
- (7) The following causes of loss to personal property:
  - (a) Dampness or dryness of atmosphere;

- (b) Changes in or extremes of temperature; or
- (c) Marring or scratching.

But if loss or damage by the "specified causes of loss" or building glass breakage results, we will pay for that resulting loss or damage.

- e. **Steam Apparatus:** Explosion of steam boilers, steam pipes, steam engines or steam turbines owned or leased by you, or operated under your control. But if loss or damage by fire or combustion explosion results, we will pay for that resulting loss or damage. We will also pay for loss or damage caused by or resulting from the explosion of gases or fuel within the furnace of any fire vessel or within the flues or passages through which the gases of combustion pass.
- f. **Frozen Plumbing:** Water that leaks or flows from plumbing, heating, air conditioning or other equipment (except fire protective systems) caused by or resulting from freezing, unless:

- (1) You do your best to maintain heat in the building or structure; or
- (2) You drain the equipment and shut off the water supply if the heat is not maintained.

- g. **Dishonesty:** Dishonest or criminal act by you, any of your partners, employees, directors, trustees, authorized representatives or anyone to whom you entrust the property for any purpose:

- (1) Acting alone or in collusion with others; or
- (2) Whether or not occurring during the hours of employment.

This exclusion does not apply to acts of destruction by your employees; but theft by employees is not covered.

- h. **False Pretense:** Voluntary parting with any property by you or anyone else to whom you have entrusted the property if induced to do

so by any fraudulent scheme, trick, device or false pretense.

- i. **Exposed Property:** Rain, snow, ice or sleet to personal property in the open.
  - j. **Collapse:** Collapse, except as provided in the Additional Coverage for Collapse. But if loss or damage by a Covered Cause of Loss results at the described premises, we will pay for that resulting loss or damage.
  - k. **Pollution:** We will not pay for loss or damage caused by or resulting from the release, discharge or dispersal of "pollutants" unless the release, discharge or dispersal is itself caused by any of the "specified causes of loss". But if loss or damage by the "specified causes of loss" results, we will pay for the resulting damage caused by the "specified causes of loss".
3. We will not pay for loss or damage caused by or resulting from any of the following. But if loss or damage by a Covered Cause of Loss results, we will pay for that resulting loss or damage.
- a. **Weather Conditions:** Weather conditions. But this exclusion only applies if weather conditions contribute in any way with a cause or event excluded in paragraph 1. above to produce the loss or damage.
  - b. **Acts or Decisions:** Acts or decisions, including the failure to act or decide, of any person, group, organization or governmental body.
  - c. **Negligent Work:** Faulty, inadequate or defective:
    - (1) Planning, zoning, development, surveying, siting;
    - (2) Design, specifications, workmanship, repair, construction, renovation, remodeling, grading, compaction;
    - (3) Materials used in repair, construction, renovation or remodeling; or
    - (4) Maintenance;
 of part or all of any property on or off the described premises.

#### 4. **Business Income and Extra Expense Exclusions.** We will not pay for:

- a. Any Extra Expense, or increase of Business Income loss, caused by or resulting from:
  - (1) Delay in rebuilding, repairing or replacing the property or resuming "operations", due to interference at the location of the rebuilding, repair or replacement by strikers or other persons; or
  - (2) Suspension, lapse or cancellation of any license, lease or contract. But if the suspension, lapse or cancellation is directly caused by the suspension of "operations", we will cover such loss that affects your Business Income during the "period of restoration".
- b. Any other consequential loss.

#### C. **LIMITS OF INSURANCE**

- 1. The most we will pay for loss or damage in any one occurrence is the applicable Limit of Insurance shown in the Declarations.
- 2. The most we will pay for loss of or damage to outdoor signs attached to buildings is \$1,000 per sign in any one occurrence.
- 3. The limits applicable to the Coverage Extensions and the Fire Department Service Charge and Pollutant Clean Up and Removal Additional Coverages are in addition to the Limits of Insurance.
- 4. **Building Limit - Automatic Increase**
  - a. The Limit of Insurance for Buildings will automatically increase by the annual percentage shown in the Declarations.
  - b. The amount of increase will be:
    - (1) The Building limit that applied on the most recent of the policy inception date, the policy anniversary date, or any other policy change amending the Building limit, times
    - (2) The percentage of annual increase shown in the Declarations, expressed as a decimal (example: 8% is .08), times

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

Example:

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

The amount of increase is  
 $\$100,000 \times .08 \times 146 \div 365 = \$3,200.$

#### 5. Business Personal Property Limit - Seasonal Increase

- a. The Limit of Insurance for Business Personal Property will automatically increase by 25% to provide for seasonal variations.
- b. This increase will apply only if the Limit of Insurance shown for Business Personal Property in the Declarations is at least 100% of your average monthly values during the lesser of:
  - (1) The 12 months immediately preceding the date the loss or damage occurs; or
  - (2) The period of time you have been in business as of the date the loss or damage occurs.

#### D. DEDUCTIBLES

- 1. We will not pay for loss or damage in any one occurrence until the amount of loss or damage exceeds the Deductible shown in the Declarations. We will then pay the amount of loss or damage in excess of the Deductible up to the applicable Limit of Insurance.
- 2. Regardless of the amount of the Deductible, the most we will deduct from any loss or damage under all of the following Optional Coverages in any one occurrence is \$250:
  - a. Money and Securities;
  - b. Employee Dishonesty;
  - c. Exterior Grade Floor Glass; and
  - d. Outdoor Signs.

But this \$250 deductible will not increase the deductible shown in the Declarations. This deductible will be used to satisfy the requirements of the deductible in the Declarations.

- 3. No deductible applies to the following Additional Coverages:

- a. Fire Department Service Charge;
- b. Business Income; and
- c. Extra Expense.

#### E. PROPERTY LOSS CONDITIONS

##### 1. Abandonment

There can be no abandonment of any property to us.

##### 2. Appraisal

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

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

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

##### 3. Duties In The Event Of Loss Or Damage

You must see that the following are done in the event of loss or damage to Covered Property:

- a. Notify the police if a law may have been broken.
- b. Give us prompt notice of the loss or damage. Include a description of the property involved.

- c. As soon as possible, give us a description of how, when and where the loss or damage occurred.
- d. Take all reasonable steps to protect the Covered Property from further damage by a Covered Cause of Loss. If feasible, set the damaged property aside and in the best possible order for examination. Also keep a record of your expenses for emergency and temporary repairs, for consideration in the settlement of the claim. This will not increase the limit of insurance.
- e. At our request, give us complete inventories of the damaged and undamaged property. Include quantities, costs, values and amount of loss claimed.
- f. Permit us to inspect the property and records proving the loss or damage.
- g. If requested, permit us to question you under oath at such times as may be reasonably required about any matter relating to this insurance of your claim, including your books and records. In such event, your answers must be signed.
- h. Send us a signed, sworn statement of loss containing the information we request to settle the claim. You must do this within 60 days after our request. We will supply you with the necessary forms.
- i. Cooperate with us in the investigation or settlement of the claim.
- j. Resume all or part of your "operations" as quickly as possible.

#### 4. Legal Action Against Us

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

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

#### 5. Limitation - Electronic Media and Records

We will not pay for any loss of Business Income caused by direct physical loss of or damage to Electronic Media and Records after the longer of:

- a. 60 consecutive days from the date of direct physical loss or damage; or
- b. The period, beginning with the date of direct physical loss or damage, necessary to repair, rebuild or replace with reasonable speed and similar quality, other property at the described premises due to loss or damage caused by the same occurrence.

Electronic Media and Records are:

- (1) Electronic data processing, recording or storage media such as films, tapes, discs, drums or cells;
- (2) Data stored on such media; or
- (3) Programming records used for electronic data processing or electronically controlled equipment.

#### Example No. 1:

A Covered Cause of Loss damages a computer on June 1. It takes until September 1 to replace the computer, and until October 1 to restore the data that was lost when the damage occurred. We will only pay for the Business Income Loss sustained during the period June 1 - September 1. Loss during the period September 2 - October 1 is not covered.

#### Example No. 2:

A Covered Cause of Loss results in the loss of data processing programming records on August 1. The records are replaced on October 15. We will only pay for the Business Income loss sustained during the period August 1 - September 29 (60 consecutive days). Loss during the period September 30 - October 15 is not covered.

#### 6. Loss Payment

In the event of loss or damage covered by this policy:

- a. We will not pay you more than your financial interest in the Covered Property.

**b. We will either:**

- (1)** Pay the value of lost or damaged property, as described in paragraph d. below;
- (2)** Pay the cost of repairing or replacing the lost or damaged property, plus any reduction in value of repaired items;
- (3)** Take all or any part of the property at an agreed or appraised value; or
- (4)** Repair, rebuild or replace the property with other property of like kind and quality.

**c. We will give notice of our intentions within 30 days after we receive the sworn statement of loss.****d. We will determine the value of Covered Property as follows:**

- (1)** At replacement cost (without deduction for depreciation), except as provided in (2) through (7) below.
  - (a)** You may make a claim for loss or damage covered by this insurance on an actual cash value basis instead of on a replacement cost basis. In the event you elect to have loss or damage settled on an actual cash value basis, you may still make a claim on a replacement cost basis if you notify us of your intent to do so within 180 days after the loss or damage.
  - (b)** We will not pay on a replacement cost basis for any loss or damage:
    - (i)** Until the lost or damaged property is actually repaired or replaced; and
    - (ii)** Unless the repairs or replacement are made as soon as reasonably possible after the loss or damage.
  - (c)** We will not pay more for loss or damage on a replacement cost basis than the least of:

- (i)** The cost to replace, on the same premises, the lost or damaged property with other property:
  - i.** Of comparable material and quality; and
  - ii.** Used for the same purpose; or
- (ii)** The amount you actually spend that is necessary to repair or replace the lost or damaged property.

**(2)** If the "Actual Cash Value Buildings" option applies, as shown in the Declarations, paragraph (1) above does not apply to Buildings. Instead, we will determine the value of Buildings at actual cash value.**(3)** The following property at actual cash value:

- (a)** Used or second-hand merchandise held in storage or for sale;
- (b)** Property of others;
- (c)** Household contents, except personal property in apartments or rooms furnished by you as landlord,
- (d)** Manuscripts;
- (e)** Works of art, antiques or rare articles, including etchings, pictures, statuary, marbles, bronzes, porcelains and bric-a-brac.

**(4)** Glass at the cost of replacement with safety glazing material if required by law.**(5)** Tenants' Improvements and Betterments at:

- (a)** Replacement cost if you make repairs promptly.
- (b)** A proportion of your original cost if you do not make repairs promptly. We will determine the proportionate value as follows:

(i) Multiply the original cost by the number of days from the loss or damage to the expiration of the lease; and

(ii) Divide the amount determined in (i) above by the number of days from the installation of improvements to the expiration of the lease.

If your lease contains a renewal option, the expiration of the renewal option period will replace the expiration of the lease in this procedure.

(c) Nothing if others pay for repairs or replacement.

(6) Valuable Papers and Records, including those which exist on electronic or magnetic media (other than prepackaged software programs), at the cost of:

(a) Blank materials for reproducing the records; and

(b) Labor to transcribe or copy the records.

(7) Applicable only to the Optional Coverages:

(a) Money at its face value; and

(b) Securities at their value at the close of business on the day the loss is discovered.

e. Our payment for loss of or damage to personal property of others will only be for the account of the owners of the property. We may adjust losses with the owners of lost or damaged property if other than you. If we pay the owners, such payments will satisfy your claims against us for the owners' property. We will not pay the owners more than their financial interest in the Covered Property.

f. We may elect to defend you against suits arising from claims of owners of property. We will do this at our expense.

g. We will pay for covered loss or damage within 30 days after we receive the sworn statement of loss, if:

(1) You have complied with all of the terms of this policy; and

(2) (a) We have reached agreement with you on the amount of loss; or

(b) An appraisal award has been made.

## 7. Recovered Property

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

## 8. Resumption of Operations

We will reduce the amount of your:

a. Business Income loss, other than Extra Expense, to the extent you can resume your "operations", in whole or in part, by using damaged or undamaged property (including merchandise or stock) at the described premises or elsewhere.

b. Extra Expense loss to the extent you can return "operations" to normal and discontinue such Extra Expense.

## 9. Vacancy

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

a. Not pay for any loss or damage caused by:

(1) Vandalism;

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

(3) Building glass breakage;

(4) Water damage;

(5) Theft; or

(6) Attempted Theft.

b. Reduce the amount we would otherwise pay for the loss or damage by 15%.



Buildings under construction are not considered vacant.

## F. PROPERTY GENERAL CONDITIONS

### 1. Control of Property

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

If you violate a condition of this policy, we will not pay for loss or damage at the involved location. But your coverage will continue for other locations at which the violation does not apply.

### 2. Mortgage Holders

- a. The term "mortgage holder" includes trustee.
- b. We will pay for covered loss of or damage to buildings or structures to each mortgage holder shown in the Declarations in their order of precedence, as interests may appear.
- c. The mortgage holder has the right to receive loss payment even if the mortgage holder has started foreclosure or similar action on the building or structure.
- d. If we deny your claim because of your acts or because you have failed to comply with the terms of this policy, the mortgage holder will still have the right to receive loss payment if the mortgage holder:
  - (1) Pays any premium due under this policy at our request if you have failed to do so;
  - (2) Submits a signed, sworn statement of loss within 60 days after receiving notice from us of your failure to do so; and
  - (3) Has notified us of any change in ownership, occupancy or substantial change in risk known to the mortgage holder.

All of the terms of this policy will then apply directly to the mortgage holder.

- e. If we pay the mortgage holder for any loss or damage and deny payment to you because of your acts or because you have failed to comply with the terms of this policy:

- (1) The mortgage holder's rights under the mortgage will be transferred to us to the extent of the amount we pay; and
- (2) The mortgage holder's right to recover the full amount of the mortgage holder's claim will not be impaired.

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

- f. If we cancel this policy, we will give written notice to the mortgage holder at least:
  - (1) 10 days before the effective date of cancellation if we cancel for your nonpayment of premium; or
  - (2) 30 days before the effective date of cancellation if we cancel for any other reason.
- g. If we do not renew this policy, we will give written notice to the mortgage holder at least 10 days before the expiration date of this policy.

### 3. No Benefit to Bailee

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

### 4. Policy Period, Coverage Territory

Under this form:

- a. We cover loss or damage commencing:
  - (1) During the policy period shown in the Declarations; and
  - (2) Within the coverage territory or, with respect to property in transit, while it is between points in the coverage territory.
- b. The coverage territory is:
  - (1) The United States of America (including its territories and possessions);
  - (2) Puerto Rico; and

(3) Canada.

## G. OPTIONAL COVERAGES

If shown as applicable in the Declarations, the following Optional Coverages also apply. These coverages are subject to the terms and conditions applicable to property coverage in this policy, except as provided below.

### 1. Outdoor Signs

- a. We will pay for direct physical loss of or damage to all outdoor signs at the described premises:
  - (1) Owned by you; or
  - (2) Owned by others but in your care, custody or control.
- b. Paragraph A.3., Covered Causes of Loss, and Section B., Exclusions, do not apply to this Optional Coverage, except for:
  - (1) Paragraph B.1.c., Governmental Action;
  - (2) Paragraph B.1.d., Nuclear Hazard; and
  - (3) Paragraph B.1.f., War and Military Action.
- c. We will not pay for loss or damage caused by or resulting from:
  - (1) Wear and tear;
  - (2) Hidden or latent defect;
  - (3) Rust;
  - (4) Corrosion; or
  - (5) Mechanical breakdown.
- d. The most we will pay for loss or damage in any one occurrence is the Limit of Insurance for Outdoor Signs shown in the Declarations.
- e. The provisions of this Optional Coverage supersede all other references to outdoor signs in this policy.

### 2. Exterior Grade Floor Glass

- a. We will pay for direct physical loss of or damage to all exterior grade floor and basement glass, including all lettering and ornamentation, located at the described premises and:
  - (1) Owned by you; or
  - (2) Owned by others but in your care, custody or control.
- b. We will also pay for necessary:
  - (1) Expenses incurred to put up temporary plates or board up openings;
  - (2) Repair or replacement of encasing frames; and
  - (3) Expenses incurred to remove or replace obstructions.
- c. Paragraph A.3., Covered Causes of Loss, and Section B., Exclusions, do not apply to this Optional Coverage, except for:
  - (1) Paragraph B.1.c., Governmental Action;
  - (2) Paragraph B.1.d., Nuclear Hazard; and
  - (3) Paragraph B.1.f., War and Military Action.
- d. We will not pay for loss or damage caused by or resulting from:
  - (1) Wear and tear;
  - (2) Hidden or latent defect;
  - (3) Corrosion; or
  - (4) Rust.
- e. This Optional Coverage supersedes all limitations in this policy that apply to exterior grade floor glass.

### 3. Money and Securities

- a. We will pay for loss of money and securities used in your business while at a bank or savings institution, within your living quarters or the living quarters of your partners or any employee having use and custody of the

property, at the described premises, or in transit between any of these places, resulting directly from:

- (1) Theft, meaning any act of stealing;
  - (2) Disappearance; or
  - (3) Destruction.
- b.** In addition to the Limitations and Exclusions applicable to property coverage, we will not pay for loss:
- (1) Resulting from accounting or arithmetical errors or omissions;
  - (2) Due to the giving or surrendering of property in any exchange or purchase; or
  - (3) Of property contained in any money-operated device unless the amount of money deposited in it is recorded by a continuous recording instrument in the device.
- c.** The most we will pay for loss in any one occurrence is:
- (1) The limit shown in the Declarations for Inside the Premises for money and securities while:
    - (a) In or on the described premises; or
    - (b) Within a bank or savings institution; and
  - (2) The limit shown in the Declarations for Outside the Premises for money and securities while anywhere else.
- d.** All loss:
- (1) Caused by one or more persons; or
  - (2) Involving a single act or series of related acts;
- is considered one occurrence.
- e.** You must keep records of all money and securities so we can verify the amount of any loss or damage.

#### 4. Employee Dishonesty

- a.** We will pay for direct loss of or damage to Business Personal Property, including money and securities, resulting from dishonest acts committed by any of your employees acting alone or in collusion with other persons (except you and your partner) with the manifest intent to:
- (1) Cause you to sustain loss or damage; and also
  - (2) Obtain financial benefit (other than salaries, commissions, fees, bonuses, promotions, awards, profit sharing, pensions or other employee benefits earned in the normal course of employment) for:
    - (a) Any employee; or
    - (b) Any other person or organization.
- b.** We will not pay for loss or damage:
- (1) Resulting from any dishonest or criminal act that you or any of your partners commit whether acting alone or in collusion with other persons.
  - (2) The only proof of which as to its existence or amount is:
    - (a) An inventory computation; or
    - (b) A profit and loss computation.
- c.** The most we will pay for loss or damage in any one occurrence is the Limit of Insurance for Employee Dishonesty shown in the Declarations.
- d.** All loss or damage:
- (1) Caused by one or more persons; or
  - (2) Involving a single act or series of related acts;
- is considered one occurrence.
- e.** We will pay only for loss or damage you sustain through acts committed or events occurring during the Policy Period.

Regardless of the number of years this policy remains in force or the number of premiums paid, no Limit of Insurance cumulates from year to year or period to period.

- f. This Optional Coverage does not apply to any employee immediately upon discovery by:

(1) You; or

(2) Any of your partners, officers or directors not in collusion with the employee;

of any dishonest act committed by that employee before or after being hired by you.

- g. We will pay only for covered loss or damage discovered no later than one year from the end of the Policy Period.

- h. If you (or any predecessor in interest) sustained loss or damage during the period of any prior insurance that you could have recovered under that insurance except that the time within which to discover loss or damage had expired, we will pay for it under this Optional Coverage, provided:

(1) This Optional Coverage became effective at the time of cancellation or termination of the prior insurance; and

(2) The loss or damage would have been covered by this Optional Coverage had it been in effect when the acts or events causing the loss or damage were committed or occurred.

- i. The insurance under paragraph h. above is part of, not in addition to, the Limit of Insurance applying to this Optional Coverage and is limited to the lesser of the amount recoverable under:

(1) This Optional Coverage as of its effective date; or

(2) The prior insurance had it remained in effect.

## 5. Mechanical Breakdown

- a. We will pay for direct damage to Covered Property caused by an Accident to an Object. The Object must be:

(1) Owned by you or in your care, custody or control; and

(2) At the described premises.

- b. Accident means a sudden and accidental breakdown of the Object or a part of the Object. At the time the breakdown occurs, it must manifest itself by physical damage to the Object that necessitates repair or replacement.

- c. None of the following is an Accident:

(1) Depletion, deterioration, corrosion or erosion;

(2) Wear and tear;

(3) Leakage at any valve, fitting, shaft seal, gland packing, joint or connection;

(4) Breakdown of any vacuum tube, gas tube or brush;

(5) Breakdown of any electronic computer or electronic data processing equipment;

(6) Breakdown of any structure or foundation supporting the Object or any of its parts;

(7) The functioning of any safety or protective device; or

(8) The explosion of gases or fuel within the furnace of any Object or within the flues or passages through which the gases of combustion pass.

- d. Object means any of the following equipment:

(1) Boiler and Pressure Vessels:

(a) Steam heating boilers and condensate return tanks used with them;

(b) Hot water heating boilers and expansion tanks used with them;

(c) Hot water supply boilers;

(d) Other fired or unfired vessels used for maintenance or service of the

discarded premises but not used for processing or manufacturing;

(e) Steam boiler piping, valves, fittings, traps and separators, but only if they:

(i) Are on your premises or between parts of your premises;

(ii) Contain steam or condensate of steam; and

(iii) Are not part of any other vessel or apparatus;

(f) Feed water piping between any steam boiler and a feed pump or injector.

(2) Air Conditioning Units - Any air conditioning unit that has a capacity of 60,000 Btu or more, including:

(a) Inductors, converters and coils that make use of a refrigerant and form part of a cooling, humidity control or space heating system;

(b) Interconnecting piping, valves and fittings containing only a refrigerant, water, brine or other solution;

(c) Vessels heated directly or indirectly that:

(i) Form part of an absorption type system; and

(ii) Function as a generator, refrigerator or concentrator;

(d) Compressors, pumps, fans and blowers used solely with the system together with their driving electric motors; and

(e) Control equipment used solely with the system.

e. Object does not mean:

(1) As Boiler and Pressure Vessels:

(a) Equipment that is not under internal vacuum or internal pressure other than weight of contents;

(b) Boiler settings;

(c) Insulating or refractory material; or

(d) Electrical, reciprocating or rotating apparatus within or forming a part of the boiler or vessel.

(2) As Air Conditioning Units, any:

(a) Vessel, cooling tower, reservoir or other source of cooling water for a condenser or compressor, or any water piping leading to or from that source; or

(b) Wiring or piping leading to or from the unit.

f. We will not pay for an Accident to any Object while being tested.

#### g. Suspension

Whenever an Object is found to be in, or exposed to, a dangerous condition, any of our representatives may immediately suspend the insurance against loss from an Accident to that Object. This can be done by delivering or mailing a written notice of suspension to:

(1) Your last known address; or

(2) The address where the object is located.

If we suspend your insurance, you will get a pro rata refund of premium. But the suspension will be effective even if we have not yet made or offered a refund.

#### H. PROPERTY DEFINITIONS

1. **"Operations"** means your business activities occurring at the described premises.

2. **"Period of Restoration"** means the period of time that:

a. Begins with the date of direct physical loss or damage caused by or resulting from any Covered Cause of Loss at the described premises; and

b. Ends on the date when the property at the described premises should be repaired,

rebuilt or replaced with reasonable speed and similar quality.

"Period of restoration" does not include any increased period required due to the enforcement of any law that:

- (1) Regulates the construction, use or repair, or requires the tearing down of any property; or
- (2) Regulates the prevention, control, repair, clean-up or restoration of environmental damage.

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

3. **"Pollutants"** means any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste. Waste includes materials to be recycled, reconditioned or reclaimed.
4. **"Specified Causes of Loss"** means the following:

Fire; lightning; explosion; windstorm or hail; smoke; aircraft or vehicles; riot or civil commo-

tion; vandalism; leakage from fire extinguishing equipment; sinkhole collapse; volcanic action; falling objects; weight of snow, ice or sleet; water damage.

- a. Sinkhole collapse means the sudden sinking or collapse of land into underground empty spaces created by the action of water on limestone or similar rock formations. It does not include the cost of filling sinkholes.
- b. Falling objects does not include loss of or damage to:
  - (1) Personal property in the open; or
  - (2) The interior of a building or structure, or property inside a building or structure, unless the roof or an outside wall of the building or structure is first damaged by a falling object.
- c. Water damage means accidental discharge or leakage of water or steam as the direct result of the breaking or cracking of any part of a system or appliance containing water or steam.

## BUSINESSOWNERS LIABILITY COVERAGE FORM

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

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

The word "insured" means any person or organization qualifying as such under SECTION C - WHO IS AN INSURED.

Other words and phrases that appear in quotation marks have special meaning. Refer to SECTION F - LIABILITY AND MEDICAL EXPENSES DEFINITIONS.

### A. COVERAGES

- 1. Business Liability** We will pay those sums that the insured becomes legally obligated to pay as damages because of "bodily injury", "property damage", "personal injury" or "advertising injury" to which this insurance applies. No other obligation or liability to pay sums or perform acts or services is covered unless explicitly provided for under COVERAGE EXTENSION SUPPLEMENTARY PAYMENTS.

**a.** This insurance applies only:

**(1)** To "bodily injury" or "property damage":

**(a)** That occurs during the policy period; and

**(b)** That is caused by an "occurrence". The "occurrence" must take place in the "coverage territory".

**(2)** To "personal injury" caused by an offense:

**(a)** Committed in the "coverage territory" during the policy period; and

**(b)** Arising out of the conduct of your business, excluding advertising, publishing, broadcasting or telecasting done by or for you.

**(3)** To "advertising injury" caused by an offense committed:

**(a)** In the "coverage territory" during the policy period; and

**(b)** In the course of advertising your goods, products or services.

**b.** We will have the right and duty to defend any "suit" seeking those damages. But

**(1)** The amount we will pay for damages is limited as described in Section D - Limits of Insurance;

**(2)** We may investigate and settle any claim or "suit" at our discretion; and

**(3)** Our right and duty to defend will end when we have used up the applicable limit of insurance in the payment of judgment or settlements or medical expenses.

**c.** Damages because of "bodily injury" include damages claimed by any person or organization for care, loss of services or death resulting at any time from the "bodily injury".

**d.** "Property damage" that is loss of use of tangible property that is not physically injured will be deemed to occur at the time of the "occurrence" that caused it.

**e. Coverage Extension - Supplementary Payments**

In addition to the Limit of Insurance, we will pay, with respect to any claim or "suit" we defend:

**(1)** All expenses we incur.

- (2) Up to \$250 for cost of bail bonds required because of accidents or traffic law violations arising out of the use of any vehicle to which Business Liability Coverage for "bodily injury" applies. We do not have to furnish these bonds.
- (3) The cost of bonds to release attachments, but only for bond amounts within our Limit of Insurance. We do not have to furnish these bonds.
- (4) All reasonable expenses incurred by the insured at our request to assist us in the investigation or defense of the claim or "suit", including actual loss of earnings up to \$100 a day because of time off from work.
- (5) All costs taxed against the insured in the "suit".
- (6) Prejudgment interest awarded against the insured on that part of the judgment we pay. If we make an offer to pay the Limit of Insurance, we will not pay any prejudgment interest based on that period of time after the offer.
- (7) All interest on the full amount of any judgment that accrues after entry of the judgment and before we have paid, offered to pay, or deposited in court the part of the judgment that is within our Limit of Insurance.

## 2. Medical Expenses

- a. We will pay medical expenses as described below for "bodily injury" caused by an accident:
  - (1) On premises you own or rent;
  - (2) On ways next to premises you own or rent; or
  - (3) Because of your operations;provided that:
  - (a) The accident takes place in the "coverage territory" and during the policy period;

- (b) The expenses are incurred and reported to us, within one year of the date of the accident; and
  - (c) The injured person submits to examination, at our expense, by physicians of our choice as often as we reasonably require.
- b. We will make these payments regardless of fault. These payments will not exceed the Limit of Insurance. We will pay reasonable expenses for:
    - (1) First aid at the time of an accident;
    - (2) Necessary medical, surgical, x-ray and dental services, including prosthetic devices; and
    - (3) Necessary ambulance, hospital, professional nursing and funeral services.

## B. EXCLUSIONS

### 1. Applicable to Business Liability Coverage -

This insurance does not apply to:

- a. "Bodily injury" or "property damage" expected or intended from the standpoint of the insured. This exclusion does not apply to "bodily injury" resulting from the use of reasonable force to protect persons or property.
- b. "Bodily injury" or "property damage" for which the insured is obligated to pay damages by reason of the assumption of liability in a contract or agreement. This exclusion does not apply to liability for damages:
  - (1) Assumed in a contract or agreement that is an "insured contract", or
  - (2) That the insured would have in the absence of the contract or agreement.
- c. "Bodily injury" or "property damage" for which any insured may be held liable by reason of:
  - (1) Causing or contributing to the intoxication of any person;



- (2) the furnishing of alcoholic beverages to a person under the legal drinking age or under the influence of alcohol; or
- (3) Any statute, ordinance 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, selling, serving or furnishing alcoholic beverages.

- d. Any obligation of the insured under a workers compensation, disability benefits or unemployment compensation law or any similar law.
- e. "Bodily injury" to:

- (1) An employee of the insured arising out of and in the course of employment by the insured; or
- (2) The spouse, child, parent, brother or sister of that employee as a consequence of (1) above.

This exclusion applies:

- (a) Whether the insured may be liable as an employer or in any other capacity; and
- (b) to any obligation to share damages with or repay someone else who must pay damages because of the injury.

This exclusion does not apply to liability assumed by the insured under an "insured contract".

- f. (1) "bodily injury" or "property damage" arising out of the actual, alleged or threatened discharge, dispersal, release or escape of pollutants:
  - (a) At or from premises you own, rent or occupy;
  - (b) At or from any site or location used by or for you or others for the handling, storage, disposal, processing or treatment of waste;
  - (c) That are at any time transported, handled, stored, treated, disposed of, or processed as waste by or for

you or any person or organization for whom you may be legally responsible; or

- (d) At or from any site or location on which you or any contractors or subcontractors working directly or indirectly on your behalf are performing operations:

- (i) If the pollutants are brought on or to the site or location in connection with such operations; or
- (ii) If the operations are to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize the pollutants.

- (2) Any loss, cost or expense arising out of any governmental direction or request that you test for, monitor, clean up, remove, contain, treat, detoxify or neutralize the pollutants.

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

Subparagraphs (a) and (d)(i) of paragraph (1) of this exclusion do not apply to "bodily injury" or "property damage" caused by heat, smoke or fumes from a hostile fire. As used in this exclusion, a hostile fire means one which becomes uncontrollable or breaks out from where it was intended to be.

- g. "Bodily injury" or "property damage" arising out of the ownership, maintenance, use or entrustment to others of any aircraft, "auto" or watercraft owned or operated by or rented or loaned to any insured. Use includes operation and "loading or unloading".

This exclusion does not apply to:

- (1) A watercraft while ashore on premises you own or rent;
- (2) A watercraft you do not own that is
  - (a) Less than 26 feet long; and

- (b) Not being used to carry persons or property for a charge;
- (3) Parking an "auto" on, or on the ways next to, premises you own or rent, provided the "auto" is not owned by or rented or loaned to you or the insured;
- (4) Liability assumed under any "insured contract" for the ownership, maintenance or use of aircraft or watercraft; or
- (5) "Bodily injury" or "property damage" arising out of the operation of any of the following equipment:
  - (a) Cherry pickers and similar devices mounted on automobile or truck chassis and used to raise or lower workers; and
  - (b) Air compressors, pumps and generators, including spraying, welding, building cleaning, geophysical exploration, lighting and well servicing equipment.
- h. "Bodily injury" or "property damage" arising out of:
  - (1) The transportation of "mobile equipment" by an "auto" owned or operated by or rented or loaned to any insured; or
  - (2) The use of "mobile equipment" in, or while in practice or preparation for, a prearranged racing, speed or demolition contest or in any stunting activity.
- i. "Bodily injury" or "property damage" due to war, whether or not declared, or any act or condition incident to war. War includes civil war, insurrection, rebellion or revolution. This exclusion applies only to liability assumed under a contract or agreement.
- j. "Bodily injury" or "property damage" due to rendering or failure to render any professional service. This includes but is not limited to:
  - (1) Legal, accounting or advertising services;
  - (2) Preparing, approving, or failing to prepare or approve maps, drawings, opinions, reports, surveys, change orders, designs or specifications;
- (3) Supervisory, inspection or engineering services;
- (4) Medical, surgical, dental, x-ray or nursing services or treatment;
- (5) Any health service or treatment;
- (6) Any cosmetic or tonsorial service or treatment;
- (7) Optometry or optical or hearing aid services including the prescribing, preparation, fitting, demonstration or distribution of ophthalmic lenses and similar products or hearing aid devices;
- (8) Ear piercing services; and
- (9) Services in the practice of pharmacy; but this exclusion does not apply to an insured whose operations include those of a retail druggist or drugstore.
- k. "Property damage" to:
  - (1) Property you own, rent or occupy;
  - (2) Premises you sell, give away or abandon, if the "property damage" arises out of any part of those premises;
  - (3) Property loaned to you;
  - (4) Personal property in your care, custody or control;
  - (5) That particular part of real property on which you or any contractor or subcontractor working directly or indirectly on your behalf is performing operations, if the "property damage" arises out of those operations; or
  - (6) That particular part of any property that must be restored, repaired or replaced because "your work" was incorrectly performed on it.

Paragraph (2) of this exclusion does not apply if the premises are "your work" and were never occupied, rented or held for rental by you.

Paragraphs (3), (4), (5) and (6) of this exclusion do not apply to liability assumed under a sidetrack agreement.

Paragraph (6) of this exclusion does not apply to "property damage" included in the "products-completed operations hazard."

- l.** "Property damage" to "your product" arising out of it or any part of it.
- m.** "Property damage" to "your work" arising out of it or any part of it and included in the "products-completed operations hazard."

This exclusion does not apply if the damaged work or the work out of which the damage arises was performed on your behalf by a subcontractor.

- n.** "Property damage" to "impaired property" or property that has not been physically injured, arising out of:

- (1)** A defect, deficiency, inadequacy or dangerous condition in "your product" or "your work", or
- (2)** A delay or failure by you or anyone acting on your behalf to perform a contract or agreement in accordance with its terms.

This exclusion does not apply to the loss of use of other property arising out of sudden and accidental physical injury to "your product" or "your work" after it has been put to its intended use.

- o.** Damages claimed for any loss, cost or expense incurred by you or others for the loss of use, withdrawal, recall, inspection, repair, replacement, adjustment, removal or disposal of:

- (1)** "Your product;"
- (2)** "Your work;" or
- (3)** "Impaired property;"

if such product, work or property is withdrawn or recalled from the market or from use by any person or organization because of a known or suspected defect, deficiency, inadequacy or dangerous condition in it.

- p.** "Personal injury" or "advertising injury:"

- (1)** Arising out of oral or written publication of material, if done by or at the direction of the insured with knowledge of its falsity;
- (2)** Arising out of oral or written publication of material whose first publication took place before the beginning of the policy period;
- (3)** Arising out of the willful violation of a penal statute or ordinance committed by or with the consent of the insured; or
- (4)** For which the insured has assumed liability in a contract or agreement. This exclusion does not apply to liability for damages that the insured would have in the absence of the contract or agreement.

- q.** "Advertising injury" arising out of:

- (1)** Breach of contract, other than misappropriation of advertising ideas under an implied contract;
- (2)** The failure of goods, products or services to conform with advertised quality or performance;
- (3)** The wrong description of the price of goods, products or services; or
- (4)** An offense committed by an insured whose business is advertising, broadcasting, publishing or telecasting.

Exclusions c., d., e., f., g., h., i., k., l., m., n. and o. do not apply to damage by fire or explosion to premises rented to you. A separate Limit of Insurance applies to this coverage as described in Section D., Limits of Insurance.

## **2. Applicable to Medical Expenses Coverage -**

We will not pay expenses for "bodily injury":

- a.** To any insured.
- b.** To a person hired to do work for or on behalf of any insured or a tenant of any insured.

- c. To a person injured on that part of premises you own or rent that the person normally occupies.
- d. To a person, whether or not an employee of any insured, if benefits for the "bodily injury" are payable or must be provided under a workers compensation or disability benefits law or a similar law.
- e. To a person injured while taking part in athletics.
- f. Included within the "products-completed operations hazard".
- g. Excluded under Business Liability Coverage.
- h. Due to war, whether or not declared, or any act or condition incident to war. War includes civil war, insurrection, rebellion or revolution.

**3. Applicable to both Business Liability Coverage and Medical Expenses Coverage - Nuclear Energy Liability Exclusion.**

This insurance does not apply:

- a. Under Business 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 Atomic Energy Liability Underwriters or Nuclear Insurance Association of Canada, 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 thereof; 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. Under Medical Expenses 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. Under Business Liability Coverage, to "bodily injury" or "property damage" resulting from the "hazardous properties" of the "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, processed, stored, 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 (3) applies only to "property damage" to such "nuclear facility" and any property thereat.

As used in this exclusion:

*"byproduct material"* has the meaning given it in the Atomic Energy Act of 1954 or in any law amendatory thereof;

*"hazardous properties"* include radioactive, toxic or explosive properties;

*"nuclear facility"* means::

- (a) Any "nuclear reactor";
- (b) Any equipment or device designed or used for:
  - (1) Separating the isotopes of uranium or plutonium;
  - (2) Processing or utilizing "spent fuel"; or
  - (3) Handling, processing or packaging "waste";
- (c) 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;
- (d) 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 site and all premises used for such operations;

*"nuclear material"* means "source material", "special nuclear material" or "byproduct material";

*"nuclear reactor"* means any apparatus designed or used to sustain nuclear fission in a self-supporting chain reaction or to contain a critical mass of fissionable material;

*"property damage"* includes all forms of radioactive contamination of property.

*"source material"* has the meaning given it in the Atomic Energy Act of 1954 or in any law amendatory thereof;

*"special nuclear material"* has the meaning given it in the Atomic Energy Act of 1954 or in any law amendatory thereof; *"spent fuel"* means any fuel element or fuel component, solid or liquid, which has been used or exposed to radiation in a "nuclear reactor"; *"waste"* means any waste material;

- (a) 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
- (b) Resulting from the operation by any person or organization of any "nuclear facility" included under paragraphs (a) and (b) of the definition of "nuclear facility"

## C. WHO IS AN INSURED

### 1. If you are designated in the Declarations as:

- a. An individual, you and your spouse are insureds, but only with respect to the conduct of a business of which you are the sole owner.
- b. A partnership or joint venture, you are an insured. Your members, your partners and their spouses are also insureds, but only with respect to the conduct of your business.
- c. An organization other than a partnership or joint venture, you are an insured. Your executive officers and directors are insureds, but only with respect to their duties as your officers or directors. Your stockholders are also insureds, but only with respect to their liability as stockholders.

### 2. Each of the following is also an insured:

- a. Your employees, other than your executive officers, but only for acts within the scope of their employment by you. However, none of these employees is an insured for:
  - (1) "Bodily injury" or "property damage" to you or to a co-employee while in the course of his or her employment;
  - (2) "Bodily Injury" or "personal injury" arising out of his or her providing or failing to provide professional health care services; or
  - (3) "Property damage" to property owned or occupied by or rented or loaned to that employee, any of your other employees, or any of your partners or members (if you are a partnership or joint venture).

- b. Any person (other than your employee), or any organization while acting as your real estate manager.
- c. Any person or organization having proper temporary custody of your property if you die, but only:
  - (1) With respect to liability arising out of the maintenance or use of that property; and
  - (2) Until your legal representative has been appointed.
- d. Your legal representative if you die, but only with respect to duties as such. That representative will have all your rights and duties under this policy.

- 3. With respect to "mobile equipment" registered in your name under any motor vehicle registration law, any person is an insured while driving such equipment along a public highway with your permission. Any other person or organization responsible for the conduct of such person is also an insured, but only with respect to liability arising out of the operation of the equipment, and only if no other insurance of any kind is available to that person or organization for this liability. However, no person or organization is an insured with respect to:
  - a. "Bodily injury" to a co-employee of the person driving the equipment; or
  - b. "Property damage" to property owned by, rented to, in the charge of or occupied by you or the employer of any person who is an insured under this provision.

No person or organization is an insured with respect to the conduct of any current or past partnership or joint venture that is not shown as a Named Insured in the Declarations.

#### **D. LIABILITY AND MEDICAL EXPENSES LIMITS OF INSURANCE**

- 1. The limits of Insurance shown in the Declarations and the rules below fix the most we will pay regardless of the number of:
  - a. Insureds;
  - b. Claims made or "suits" brought; or

- c. Persons or organizations making claims or bringing "suits".

- 2. The most we will pay for the sum of all damages because of all:
  - a. "Bodily injury", "property damage" and medical expenses arising out of any one "occurrence"; and
  - b. "Personal injury" and "advertising injury" sustained by any one person or organization;

is the Liability and Medical Expenses limit shown in the Declarations. But the most we will pay for all medical expenses because of "bodily injury" sustained by any one person is the Medical Expenses limit shown in the Declarations.

- 3. The most we will pay under Business Liability Coverage for damages because of "property damage" to premises rented to you arising out of any one fire or explosion is the Fire Legal Liability limit shown in the Declarations.

#### **4. Aggregate Limits**

The most we will pay for:

- a. Injury or damage under the "products-completed operations hazard" arising from all "occurrences" during the policy period is the Liability and Medical Expenses limit; and
- b. All other injury or damage, including medical expenses, arising from all "occurrences" during the policy period is twice the Liability and Medical Expenses limit. This limitation does not apply to "property damage" to premises rented to you arising out of fire or explosion.

The limits of this policy apply separately to each consecutive annual period and to any remaining period of less than 12 months, starting with the beginning of the policy period shown in the Declarations, unless the policy period is extended after issuance for an additional period of less than 12 months. In that case, the additional period will be deemed part of the last preceding period for purposes of determining the Limits of Insurance.

#### **E. LIABILITY AND MEDICAL EXPENSES GENERAL CONDITIONS**

**1. Bankruptcy**

Bankruptcy or insolvency of the insured or of the insured's estate will not relieve us of our obligations under this policy

**2. Duties in The Event Of Occurrence, Claim Or Suit**

- a. You must see to it that we are notified promptly of an "occurrence" that may result in a claim. Notice should include:
  - (1) How, when and where the "occurrence" took place; and
  - (2) The names and addresses of any injured persons and witnesses.
- b. If a claim is made or "suit" is brought against any insured, you must see to it that we receive prompt written notice of the claim or "suit".
- c. You and any other involved insured must:
  - (1) Immediately send us copies of any demands, notices, summonses or legal papers received in connection with the claim or "suit";
  - (2) Authorize us to obtain records and other information;
  - (3) Cooperate with us in the investigation, settlement or defense of the claim or "suit"; and
  - (4) Assist us, upon our request, in the enforcement of any right against any person or organization that may be liable to the insured because of injury or damage to which this insurance may also apply.
- d. No insureds will, except at their own cost, voluntarily make a payment, assume any obligation, or incur any expense, other than for first aid, without our consent.

**3. Financial Responsibility Laws**

- a. When this policy is certified as proof of financial responsibility for the future under the provisions of any motor vehicle financial responsibility law, the insurance provided by the policy for "bodily injury" liability and

"property damage" liability will comply with the provisions of the law to the extent of the coverage and limits of insurance required by that law.

- b. With respect to "mobile equipment" to which this insurance applies, we will provide any liability, uninsured motorists, underinsured motorists, no-fault or other coverage required by any motor vehicle law. We will provide the required limits for those coverages.

**4. Legal Action Against Us**

No person or organization has a right under this policy:

- a. To join us as a party or otherwise bring us into a "suit" asking for damages from an insured; or
- b. To sue us on this policy unless all of its terms have been fully complied with.

A person or organization may sue us to recover on an agreed settlement or on a final judgment against an insured obtained after an actual trial; but we will not be liable for damages that are not payable under the terms of this policy or that are in excess of the applicable limit of insurance. An agreed settlement means a settlement and release of liability signed by us, the insured and the claimant or the claimant's legal representative.

**5. Separation Of Insureds**

Except with respect to the Limits of Insurance, and any rights or duties specifically assigned in this policy to the first Named Insured, this insurance applies:

- a. As if each named Insured were the only Named Insured; and
- b. Separately to each insured against whom claim is made or "suit" is brought.

**F. LIABILITY AND MEDICAL EXPENSES DEFINITIONS**

- 1. **"Advertising Injury"** means injury arising out of one or more of the following offenses:
  - a. Oral or written publication of material that slanders or libels a person or organization or

disparages a person's or organization's goods, products or services;

- b. Oral or written publication of material that violates a person's right of privacy;
- c. Misappropriation of advertising ideas or style of doing business; or
- d. Infringement of copyright, title or slogan.

2. **"Auto"** means a land motor vehicle, trailer or semitrailer designed for travel on public roads, including any attached machinery or equipment. But "auto" does not include "mobile equipment".

3. **"Bodily injury"** means bodily injury, sickness or disease sustained by a person, including death resulting from any of these at any time.

4. **"Coverage Territory"** means:

- a. The United States of America (including its territories and possessions), Puerto Rico and Canada;
- b. International waters or airspace, provided the injury or damage does not occur in the course of travel or transportation to or from any place not included in a. above; or
- c. All parts of the world if:
  - (1) The injury or damage arises out of:
    - (a) Goods or products made or sold by you in the territory described in a. above; or
    - (b) The activities of a person whose home is in the territory described in a. above, but is away for a short time on your business; and
  - (2) The insured's responsibility to pay damages is determined in a "suit" on the merits in the territory described in a. above or in a settlement we agree to.

5. **"Impaired Property"** means tangible property, other than "your product" or "your work", that cannot be used or is less useful because:

- a. It incorporates "your product" or "your work" that is known or thought to be defective, deficient, inadequate or dangerous; or

- b. You have failed to fulfill the terms of a contract or agreement;

if such property can be restored to use by:

- (1) The repair, replacement, adjustment or removal of "your product" or "your work"; or
- (2) Your fulfilling the terms of the contract or agreement.

6. **"Insured Contract"** means:

- (a) A lease of premises;
- (b) A sidetrack agreement;
- (c) An easement or license agreement in connection with vehicle or pedestrian private railroad crossings at grade;
- (d) Any other easement agreement, except in connection with construction or demolition operations on or within 50 feet of a railroad;
- (e) An indemnification of a municipality as required by ordinance, except in connection with work for a municipality;
- (f) An elevator maintenance agreement; or
- (g) That part of any other contract or agreement pertaining to your business under which you assume the tort liability of another to pay damages because of "bodily injury" or "property damage" to a third person or organization, if the contract or agreement is made prior to the "bodily injury" or "property damage". Tort liability means a liability that would be imposed by law in the absence of any contract or agreement.

An "insured contract" does not include that part of any contract or agreement:

- (a) That indemnifies an architect, engineer or surveyor for injury or damage arising out of:
  - (1) Preparing, approving or failing to prepare or approve maps, drawings, opinions, reports, surveys, change orders, designs or specifications; or
  - (2) Giving directions or instructions, or failing to give them, if that is the primary cause of injury or damage;



(b) 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 (a) above and supervisory, inspection or engineering services; or

(c) That indemnifies any person or organization for damage by fire or explosion to premises rented or loaned to you.

**7. "Loading or Unloading"** means the handling of property:

- a. After it is moved from the place where it is accepted for movement into or onto an aircraft, watercraft or "auto";
- b. While it is in or on an aircraft, watercraft or "auto"; or
- c. While it is being moved from an aircraft, watercraft or "auto" to the place where it is finally delivered;

but "loading or unloading" does not include the movement of property by means of a mechanical device, other than a hand truck, that is not attached to the aircraft, watercraft or "auto".

**8. "Mobile Equipment"** means any of the following types of land vehicles, including any attached machinery or equipment:

- a. Bulldozers, farm machinery, forklifts and other vehicles designed for use principally off public roads;
- b. Vehicles maintained for use solely on or next to premises you own or rent;
- c. Vehicles that travel on crawler treads;
- d. Vehicles, whether self-propelled or not, on which are permanently mounted:
  - (1) Power cranes, shovels, loaders, diggers or drills; or
  - (2) Road construction or resurfacing equipment such as graders, scrapers or rollers;
- e. Vehicles not described in a., b., c. or d. above that are not self-propelled and are maintained primarily to provide mobility to

permanently attached equipment of the following types:

- (1) Air compressors, pumps and generators, including spraying, welding, building cleaning, geophysical exploration, lighting and well servicing equipment; or
- (2) Cherry pickers and similar devices used to raise or lower workers;

**f. Vehicles not described in a., b., c. or d. above maintained primarily for purposes other than the transportation of persons or cargo. However, self-propelled vehicles with the following types of permanently attached equipment are not "mobile equipment" but will be considered "autos":**

**(1) Equipment designed primarily for:**

- (a) Snow removal;
- (b) Road maintenance, but not construction or resurfacing;
- (c) Street cleaning;

**(2) Cherry pickers and similar devices mounted on automobile or truck chassis and used to raise or lower workers; and**

**(3) Air compressors, pumps and generators, including spraying, welding, building cleaning, geophysical exploration, lighting and well servicing equipment.**

**9. "Occurrence"** means an accident, including continuous or repeated exposure to substantially the same general harmful conditions.

**10. "Personal Injury"** means injury, other than "bodily injury", arising out of one or more of the following offenses:

- a. False arrest, detention or imprisonment;
- b. Malicious prosecution;
- c. Wrongful entry into, or eviction of a person from, a room, dwelling or premises that the person occupies;
- d. Oral or written publication of material that slanders or libels a person or organization or

disparages a person's or organization's goods, products or services; or

- e. Oral or written publication of material that violates a person's right of privacy.

**11. a. "Products - Completed Operations Hazard"** includes all "bodily injury" and "property damage" arising out of "your product" or "your work" except:

- (1) Products that are still in your physical possession; or
- (2) Work that has not yet been completed or abandoned.

The "bodily injury" or "property damage" must occur away from premises you own or rent, unless your business includes the selling, handling or distribution of "your product" for consumption on premises you own or rent.

- b. "Your work" will be deemed completed at the earliest of the following times:
  - (1) When all of the work called for in your contract has been completed.
  - (2) When all of the work to be done at the site has been completed if your contract calls for work at more than one site.
  - (3) When that part of the work done 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 that may need service, maintenance, correction, repair or replacement, but which is otherwise complete, will be treated as completed.

- c. This hazard does not include "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 created by the "loading or unloading" of it; or
  - (2) The existence of tools, uninstalled equipment or abandoned or unused materials.

**12. "Property Damage" means:**

- a. Physical injury to tangible property, including all resulting loss of use of that property; or
- b. Loss of use of tangible property that is not physically injured.

**13. "Suit"** means a civil proceeding in which damages because of "bodily injury", "property damage", "personal injury" or "advertising injury" to which this insurance applies are alleged. "Suit" includes an arbitration proceeding alleging such damages to which you must submit or submit with our consent.

**14. "Your Product" means:**

- a. Any goods or products, other than real property, manufactured, sold, handled, distributed or disposed of by:
  - (1) You;
  - (2) Others trading under your name; or
  - (3) A person or organization whose business or assets you have acquired; and
- b. Containers (other than vehicles), materials, parts or equipment furnished in connection with such goods or products.

"Your product" includes warranties or representations made at any time with respect to the fitness, quality, durability or performance of any of the items included in a. and b. above.

"Your product" does not include vending machines or other property rented to or located for the use of others but not sold.

**15. "Your Work" means:**

- a. Work or operations performed by you or on your behalf; and
- b. Materials, parts or equipment furnished in connection with such work or operations.

"Your work" includes warranties or representations made at any time with respect to the fitness, quality, durability or performance of any of the items included in a. or b. above.

## BUSINESSOWNERS COMMON POLICY CONDITIONS

All coverages of this policy are subject to the following conditions.

### A. CANCELLATION

1. The first Named Insured shown in the Declarations may cancel this policy by mailing or delivering to us advance written notice of cancellation.
  2. We may cancel this policy by mailing or delivering to the first Named Insured written notice of cancellation at least:
    - a. 5 days before the effective date of cancellation if any one of the following conditions exists at any building that is Covered Property in this policy.
      - (1) The building has been vacant or unoccupied 60 or more consecutive days. This does not apply to:
        - (a) Seasonal unoccupancy; or
        - (b) Buildings in the course of construction, renovation or addition.

Buildings with 65% or more of the rental units or floor area vacant or unoccupied are considered unoccupied under this provision.
      - (2) After damage by a covered cause of loss, permanent repairs to the building:
        - (a) Have not started, and
        - (b) Have not been contracted for,within 30 days of initial payment of loss.
      - (3) The building has:
        - (a) An outstanding order to vacate;
        - (b) An outstanding demolition order; or
        - (c) Been declared unsafe by governmental authority.
    - b. 10 days before the effective date of cancellation if we cancel for nonpayment of premium.
    - c. 30 days before the effective date of cancellation if we cancel for any other reason.
  3. We will mail or deliver our notice to the first Named Insured's last mailing address known to us.
  4. Notice of cancellation will state the effective date of cancellation. The policy period will end on that date.
  5. If this policy is cancelled, we will send the first Named Insured any premium refund due. If we cancel, the refund will be pro rata. If the first Named Insured cancels, the refund may be less than pro rata. The cancellation will be effective even if we have not made or offered a refund.
  6. If notice is mailed, proof of mailing will be sufficient proof of notice.
- (4) Fixed and salvageable items have been or are being removed from the building and are not being replaced. This does not apply to such removal that is necessary or incidental to any renovation or remodeling.
  - (5) Failure to:
    - (a) Furnish necessary heat, water sewer service or electricity for 30 consecutive days or more, except during a period of seasonal unoccupancy; or
    - (b) Pay property taxes that are owing and have been outstanding for more than one year following the date due, except that this provision will not apply where you are in a bona fide dispute with the taxing authority regarding payment of such taxes.

**B. CHANGES**

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

**C. CONCEALMENT, MISREPRESENTATION OR FRAUD**

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

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

**D. EXAMINATION OF YOUR BOOKS AND RECORDS**

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

**E. INSPECTIONS AND SURVEYS**

We have the right but are not obligated to:

1. Make inspections and surveys at any time;
2. Give you reports on the conditions we find; and
3. Recommend changes.

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

1. Are safe or healthful; or
2. Comply with laws, regulations, codes or standards.

This condition applies not only to us, but also to any rating, advisory, rate service or similar organization,

which makes insurance inspections, surveys, reports or recommendations.

**F. INSURANCE UNDER TWO OR MORE COVERAGES**

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

**G. LIBERALIZATION**

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

**H. OTHER INSURANCE**

1. If there is other insurance covering the same loss or damage, we will pay only for the amount of covered loss or damage in excess of the amount due from that other insurance, whether you can collect on it or not. But we will not pay more than the applicable Limit of Insurance.
2. Business Liability Coverage is excess over any other insurance that insures for direct physical loss or damage.
3. When this insurance is excess, we will have no duty under Business Liability Coverage to defend any claim or "suit" that any other insurer has a duty to defend. If no other insurer defends, we will undertake to do so, but we will be entitled to the insured's rights against all those other insurers.

**I. PREMIUMS**

1. The first named Insured shown in the Declarations:
  - a. Is responsible for the payment of all premiums; and
  - b. Will be the payee for any return premiums we pay.
2. The premium shown in the Declarations was computed based on rates in effect at the time the policy was issued. On each renewal, continuation or anniversary of the effective date of this policy, we will compute the premium in accordance with our rates and rules then in effect.

3. With our consent, you may continue this policy in force by paying a continuation premium for each successive one-year period. The premium must be:

- a. Paid to us prior to the anniversary date; and
- b. Determined in accordance with paragraph 2. above.

Our forms then in effect will apply. If you do not pay the continuation premium, this policy will expire on the first anniversary date that we have not received the premium.

4. Undeclared exposures or change in your business operation, acquisition or use of locations may occur during the policy period that are not shown in the Declarations. If so, we may require an additional premium. That premium will be determined in accordance with our rates and rules then in effect.

#### **J. TRANSFER OF RIGHTS OF RECOVERY AGAINST OTHERS TO US**

1. Applicable to Businessowners Property coverage:

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

- a. Prior to a loss to your Covered Property.
- b. After a loss to your Covered Property only if, at time of loss, that party is one of the following:

- (1) Someone insured by this insurance;
- (2) A business firm:
  - (a) Owned or controlled by you; or
  - (b) That owns or controls you; or
- (3) Your tenant.

You may also accept the usual bills of lading or shipping receipts limiting the liability of carriers.

This will not restrict your insurance.

2. Applicable to Businessowners Liability coverage:

If the insured has rights to recover all or part of any payment we have made under this policy, those rights are transferred to us. The insured must do nothing after loss to impair them. At our request, the insured will bring "suit" or transfer those rights to us and help us enforce them. This condition does not apply to Medical Expenses Coverage.

#### **K. TRANSFER OF YOUR RIGHTS AND DUTIES UNDER THIS POLICY**

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

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

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**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

## **ORDINANCE OR LAW**

This endorsement modifies insurance under the following:

BUSINESSOWNERS STANDARD PROPERTY COVERAGE FORM  
BUSINESSOWNERS SPECIAL PROPERTY COVERAGE FORM

Under **A. COVERAGE, 5. Additional Coverages**, the following Additional Coverage is added:

### **Ordinance or Law**

#### **A. Coverage**

##### **1. Coverage A - Coverage For Loss to the Undamaged Portion of the Building.**

If a Covered Cause of Loss occurs to Covered Building Property and a Limit of Insurance is shown in the Declarations under:

- a.** ORDINANCE OR LAW - COVERAGE A, B AND C COMBINED; or
- b.** ORDINANCE OR LAW - COVERAGE A

we will pay for loss to the undamaged portion of the building caused by enforcement of any ordinance or law that:

- a.** Requires the demolition of parts of the same property not damaged by a Covered Cause of Loss;
- b.** Regulates the construction or repair of buildings, or establishes zoning or land use requirements at the described premises; and
- c.** Is in force at the time of loss.

When ORDINANCE OR LAW - COVERAGE A is shown in the Declarations, Coverage A is included within the Limit of Insurance applicable to the Covered Building Property shown in the Declarations.

This is not an additional amount of insurance.

##### **2. Coverage B - Demolition Cost Coverage.**

If a Covered Cause of Loss occurs to Covered Building Property and a Limit of Insurance is shown in the Declarations under:

- a.** ORDINANCE OR LAW - COVERAGE A, B AND C COMBINED; or
- b.** ORDINANCE OR LAW - COVERAGE B

we will pay the cost to demolish and clear the site of undamaged parts of the property caused by enforcement of building, zoning or land use ordinance or law in force at the time of the loss.

##### **3. Coverage C - Increased Cost of Construction Coverage.**

If a Covered Cause of Loss occurs to Covered Building Property and a Limit of Insurance is shown in the Declarations under:

- a.** ORDINANCE OR LAW - COVERAGE A, B AND C COMBINED; or
- b.** ORDINANCE OR LAW - COVERAGE C

we will pay for the increased cost to repair, rebuild or construct the property caused by enforcement of building, zoning or land use ordinance or law in force at the time of the loss. If the property is repaired or rebuilt, it must be intended for similar occupancy as the current property, unless otherwise required by zoning or land use ordinance or law in force at the time of the loss.

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However, we will not pay for the increased cost of construction if the building is not repaired or replaced.

## B. Exclusion

The following exclusion applies only to the coverage provided by this endorsement.

We will not pay, under this endorsement for:

- a. Enforcement of any ordinance or law which requires the demolition, repair, replacement, reconstruction, remodeling or remediation of property due to contamination by "pollutants" or due to the presence, growth, proliferation, spread of any activity of "fungi", wet rot, dry rot or bacteria; or
- b. The costs associated with the enforcement of any ordinance or law which requires any insured or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of "pollutants", "fungi", wet rot, dry rot or bacteria.

## C. Limit of Insurance

When a Limit of Insurance is shown in the Declarations for:

1. ORDINANCE OR LAW - COVERAGE A, B AND C COMBINED, the most we shall pay for the total of all covered loss caused by the enforcement of any ordinance or law under Coverage A, Coverage B and Coverage C combined, is such limit.
2.
  - a. ORDINANCE OR LAW - COVERAGE A;
  - b. ORDINANCE OR LAW - COVERAGE B; or
  - c. ORDINANCE OR LAW - COVERAGE C

the most we shall pay for covered loss caused by the enforcement of any ordinance or law under each coverage is the applicable limit shown.

Subject to C.1 and C.2 above the following loss payment provisions apply.

### 1. Under Coverage A - Coverage for Loss to the Undamaged Portion of the Building:

- a. If the Replacement Cost option applies and the property is repaired or replaced, on the same or another premises, we will not pay more for loss or damage to Covered Building Property caused by enforcement of an ordinance or law, than the lesser of:

- (1) The amount you actually spend to repair, rebuild or reconstruct the building, but not for more than the amount it would cost to restore the building on the same premises and to the same height, floor area, style and comparable quality of the original property insured; or
- (2) The Limit of Insurance applicable to the Covered Building Property.

- b. If the Replacement Cost option applies and the property is not repaired or replaced or if the Replacement Cost option does not apply, we will not pay more for loss or damage to Covered Building Property caused by enforcement of an ordinance or law, than the lesser of:

- (1) The actual cash value of the building at the time of loss;
- (2) The Limit of Insurance shown in the Declarations under:

- (a) ORDINANCE OR LAW - COVERAGE A;
- (b) ORDINANCE OR LAW - COVERAGE A, B AND C COMBINED; or
- (c) ORDINANCE OR LAW - COVERAGE A and ORDINANCE OR LAW - COVERAGE A, B AND C COMBINED;

- (3) The Limit of Insurance applicable to the Covered Building Property.

### 2. Coverage B - Demolition Cost Coverage

We will not pay more under Coverage B - Demolition Cost Coverage than the lesser of the following:

- a. The amount you actually spend to demolish and clear the site of the described premises; or
- b. The Limit of Insurance shown in the Declarations under:
  - (a) ORDINANCE OR LAW - COVERAGE B;
  - (b) ORDINANCE OR LAW - COVERAGE A, B AND C COMBINED; or
  - (c) ORDINANCE OR LAW - COVERAGE B and ORDINANCE OR LAW - COVERAGE A, B AND C COMBINED.

### 3. Coverage C - Increased Cost of Construction Coverage

- a. We will not pay under Coverage C - Increased Cost of Construction Coverage:
  - (1) Until the property is actually repaired or replaced, at the same or another premises; and
  - (2) Unless the repairs or replacement are made as soon as reasonably possible after the loss or damage, not to exceed two years. We may, at our option, extend this period in writing during the two years.
- b. If the building is repaired or replaced at the same premises, or if you elect to rebuild at another premises, the most we will pay under Coverage C is the lesser of:
  - (1) The increased cost of construction at the same premises; or
  - (2) The Limit of Insurance shown in the Declarations under:
    - (a) ORDINANCE OR LAW - COVERAGE C;
    - (b) ORDINANCE OR LAW - COVERAGE A, B AND C COMBINED; or

(c) ORDINANCE OR LAW - COVERAGE C and ORDINANCE OR LAW - COVERAGE A, B AND C COMBINED.

- c. If the ordinance or law requires relocation to another premises, the most we will pay under Coverage C is the lesser of:

- (1) The increased cost of construction at the new premises; or
- (2) The Limit of Insurance shown in the Declarations under:

(a) ORDINANCE OR LAW - COVERAGE C;

(b) ORDINANCE OR LAW - COVERAGE A, B AND C COMBINED; or

(c) ORDINANCE OR LAW - COVERAGE C and ORDINANCE OR LAW - COVERAGE A, B AND C COMBINED.

- 4. When a Limit of Insurance is shown in the Declarations for ORDINANCE OR LAW - COVERAGE A, B AND C COMBINED and in the event the total amount paid under Coverage A, Coverage B and Coverage C combined does not exceed such Limit of Insurance, you may at your option, apply the remainder of such Limit of Insurance to your actual loss of Business Income or necessary Extra Expense, if any, subject to the terms and conditions of the BUSINESS INCOME AND EXTRA EXPENSE endorsement.

D. Under SECTION B., EXCLUSIONS, 1. a. does not apply to the coverage provided by this endorsement only.

E. When a covered Cause of Loss occurs to Covered Building Property shown in the Declarations and coverage is subsequently provided by this endorsement, the definition of "Period of Restoration" contained in SECTION H. PROPERTY DEFINITIONS is deleted and replaced by the following:

"Period of Restoration" means the period of time that:

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1. Begins with the date of direct physical loss or damage caused by or resulting from any Covered Cause of Loss at the described premises; and
2. Ends on the date when the property at the described premises should be repaired, rebuilt or replaced with reasonable speed and similar quality.

"Period of restoration" does not include any increased period required due to the enforcement of any law that regulates the prevention, control, repair, clean-up or restoration of environmental damage.

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

- F. The terms of this endorsement apply separately to each building to which this endorsement applies.
- G. Under **H. PROPERTY DEFINITIONS**, the following definition is added:

"Fungi" means any type or form of fungus, including but not limited to mold, mildew, mycotoxins, spores, scents or byproducts produced or released by any type or form of fungus.

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**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

## **BUSINESS INCOME AND EXTRA EXPENSE**

This endorsement modifies insurance provided under the BUSINESSOWNERS SPECIAL PROPERTY COVERAGE FORM.

1. Under **A. COVERAGE, 5. Additional Coverages, f. Business Income** and **g. Extra Expense** are deleted and replaced by the following:

**f. Business Income**

Subject to the Limit of Insurance provisions of this endorsement, we will pay for the actual loss of Business Income you sustain due to the necessary suspension of your "operations" during the "period of restoration". The suspension must be caused by direct physical loss of or damage to property at the described premises, including personal property in the open (or in a vehicle) within the distance shown in the Declarations under BUSINESS PERSONAL PROPERTY - EXPANDED COVERAGE, caused by or resulting from any Covered Cause of Loss.

Business Income means the:

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

**g. Extra Expense**

Subject to the Limit of Insurance provisions of this endorsement, we will pay necessary Extra Expense you incur during the "period of restoration" that you would not have incurred if there had been no direct physical loss or damage to property at the described premises, including personal property in the open (or in a vehicle) within the distance shown in the Declarations under BUSINESS PERSONAL PROPERTY - EXPANDED COVERAGE, caused by or resulting from a Covered Cause of Loss.

Extra Expense means expense incurred:

- (1) To avoid or minimize the suspension of business and to continue "operations":
  - (a) At the described premises; or
  - (b) At replacement premises or at temporary locations, including:
    - 1) Relocation expenses; and
    - 2) Costs to equip and operate the replacement or temporary locations.
- (2) To minimize the suspension of business if you cannot continue "operations".
- (3) (a) To repair or replace any property; or  
(b) To research, replace or restore the lost information on damaged valuable papers and records:

to the extent it reduces the amount of loss that otherwise would have been payable under this Additional Coverage or the Additional Coverage, f. Business Income.

**2. Limit of Insurance**

Under **C. LIMITS OF INSURANCE**, the following provisions are added and apply only to the Additional Coverages, Business Income and Extra Expense.

- a. In the event of loss or damage to Covered Property which is covered by the following Additional Coverages:
  - (1) WATER BACK-UP FROM SEWERS OR DRAINS;

- (2) REFRIGERATED PRODUCTS;
- (3) OFF-PREMISES UTILITY SERVICE FAILURE; or
- (4) ORDINANCE OR LAW;

and you sustain actual loss of Business Income due to the necessary suspension of your "operations" during the "period of restoration" or incur necessary Extra Expense during the "period of restoration", we shall not pay more than the applicable Limit of Insurance shown in the Declarations for:

- (1) WATER BACK-UP FROM SEWERS OR DRAINS;
- (2) REFRIGERATED PRODUCTS;
- (3) OFF-PREMISES UTILITY SERVICE FAILURE; or
- (4) ORDINANCE OR LAW;

for all loss or damage including Business Income and Extra Expense.

This provision does not apply to the Additional Coverage, ORDINANCE OR LAW, only when a

Limit of Insurance is shown in the Declarations for one or more of the following:

- (1) ORDINANCE OR LAW - COVERAGE A;
- (2) ORDINANCE OR LAW - COVERAGE B; or
- (3) ORDINANCE OR LAW - COVERAGE C.

- b. In the event loss of or damage to Covered Property is not covered by the following Additional Coverages:

- (1) WATER BACK-UP FROM SEWERS OR DRAINS;
- (2) REFRIGERATED PRODUCTS;
- (3) OFF-PREMISES UTILITY SERVICE FAILURE; or
- (4) ORDINANCE OR LAW;

we will only pay for loss of Business Income and Extra Expense that occurs within 12 consecutive months after the date of direct physical loss of or damage. This Additional Coverage is not subject to the Limits of Insurance.

All other policy terms and conditions apply.

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY**

## **ELECTRONIC EQUIPMENT**

This endorsement modifies insurance under the following:

BUSINESSOWNERS STANDARD PROPERTY COVERAGE FORM  
BUSINESSOWNERS SPECIAL PROPERTY COVERAGE FORM

It is agreed:

Under **A. COVERAGE, 5. Additional Coverages**, the following Additional Coverage is added:

### **Electronic Equipment**

#### **1. COVERAGE**

##### **Covered Property**

##### **(1) Scheduled Equipment**

When scheduled in the Declarations, we will pay for direct physical loss of or damage to:

- (a)** Electronic equipment, component parts of such equipment and air conditioning equipment necessary for the operation of the electronic equipment which you own, which is leased or rented to you, or which is in your care, custody or control while located at the premises described in the Declarations.
- (b)** "Laptop computers", component parts of such equipment and "media" designated for use with a covered "laptop computer" which you own, which is leased or rented to you or which is in your care, custody or control.

Direct physical loss of or damage to Covered Property must be caused by a Covered Cause of Loss.

##### **(2) Unscheduled Equipment**

- (a)** When a limit of insurance is shown in the Declarations under ELECTRONIC EQUIPMENT, EQUIPMENT-UNSCHEDULED, for unscheduled equipment, we will pay for direct physical loss of or damage to electronic equipment, component parts of such equipment and air conditioning equipment necessary for the operation of the electronic equipment which you own, which is leased or rented to you or which is in your care, custody or control while located at the premises described in the Declarations.

We do not cover unscheduled laptop computers.

- (b)** When a limit of insurance is shown in the Declarations under ELECTRONIC EQUIPMENT, MEDIA, we will pay for direct physical loss of or damage to "media" which you own, which is leased or rented to you or which is in your care, custody or control while located at the premises described in the Declarations. We will pay for your costs to research, replace or restore information on "media" which has incurred direct physical loss or damage by a Covered Cause of Loss.

Direct physical loss of or damage to Covered Property must be caused by a Covered Cause of Loss.

#### **2. EXCLUSIONS**

Under B. EXCLUSIONS, of the COVERAGE FORM, the following exclusions are added to apply to this Additional Coverage.

- a.** Wear and tear, inherent vice, hidden or latent defect, gradual deterioration, insects, vermin, rodents, depreciation, or by processing or any work on the property. We will cover accidental direct physical loss from fire or explosion which is caused by any of these.
- b.** Loss or damage caused by:
  - (1)** Corrosion or rusting;

(2) Dryness or dampness of atmosphere; or

(3) Extremes of temperature

unless directly resulting from accidental direct physical damage to the electronic equipment system's air conditioning equipment caused by a peril not excluded by this endorsement.

c. Any dishonest, fraudulent or criminal act by:

(1) You;

(2) Your partners; or

(3) Any of your officers, directors or trustees

whether acting alone or in collusion with others.

d. "Electrical disturbance" unless caused by lightning.

e. Loss or damage caused by:

(1) Data processing "media" failure; or

(2) Breakdown or malfunction of the data processing equipment and component parts

while the "media" is being run through the system. We will cover loss, damage or expense caused directly by ensuing fire or explosion.

f. Actual work upon, installation or testing of Covered Property. We will cover loss caused by ensuing fire or explosion.

g. Faulty construction or error in the design of the Covered Property. We will cover loss, damage or expense caused directly by ensuing fire or explosion.

h. Delay or loss of market.

i. Loss or damage caused by or resulting from improper operation of Covered Property.

j. Breakage, marring, scratching, tearing or denting of any "laptop computer" unless caused by: fire or lightning; aircraft; theft and/or attempted theft; earthquake; flood; explosion; malicious damage or collision, derailment or overturn of a transporting conveyance.

k. Loss or damage to any "laptop computer" not scheduled in the Declarations.

### 3. LIMIT OF INSURANCE

Accidental direct physical loss of or damage to Covered Property shall be adjusted on the basis of:

a. Actual cash value; or

b. Replacement cost

whichever is indicated in the Declarations as applying to the damaged Covered Property. Actual cash value includes deduction for depreciation.

a. When loss to Covered Property is settled at the actual cash value of the property at the time of loss, we shall pay no more than the lesser of the following:

(1) The cost to repair or replace the damaged Covered Property with property of like kind and quality; or

(2) The Limit of Insurance shown in the Declarations for the Covered Property.

b. When loss to Covered Property is settled at replacement cost of the Covered Property at the time of loss, we shall pay no more than the lesser of the following:

(1) The full cost to repair the Covered Property;

(2) The full cost to replace the Covered Property with property of like kind and quality even if the property has technological advantages, provided such Covered Property is capable of performing the same function as the equipment being replaced; or

(3) The Limit of Insurance shown in the Declarations for the Covered Property.

c. We shall pay no more for "media" than the lesser of the following:

(1) The actual cost to repair, replace or reproduce the "media";

(2) If the "media" is not repaired, replaced or reproduced, the value of blank "media" of the same type; or

(3) The Limit of Insurance shown in the Declarations for "media".

The Limit of Insurance shown in the Declarations for Covered Property is the total limit of our liability for loss or damage to all Covered Property in any one occurrence at one location. With respect to Covered Property you do not own, we will pay no more than the amount for which you are legally liable.

### 4. COVERAGE EXTENSIONS

#### a. Property At Newly Acquired Or Temporary Locations

We will pay for accidental direct physical loss or damage to Covered Property caused by a Covered Cause of Loss at:

(1) Any location you acquire for similar occupancy or warehousing purposes; or

(2) Any temporary location, other than fairs or exhibitions, you acquire for similar occupancy or warehousing purposes other than at the premises shown in the Declarations, but within territorial limits.

The most we will pay for loss or damage under this extension is the Limit of Insurance shown in the Declarations under ELECTRONIC EQUIPMENT, EQUIPMENT - UNSCHEDULED.

This coverage extension will stop:

- (1) 60 days from your acquisition of such property; or
  - (2) On the date values of Covered Property at such locations are reported to us; or
  - (3) On the expiration date of the policy
- whichever comes first.

Additional premium for the values reported shall be due and payable from the date the property arrives at such locations.

**b. Newly Acquired Property**

We will pay for accidental direct physical loss or damage, caused by a Covered Cause of Loss, to additional property you acquire of the same type as the Covered Property described in a. COVERED PROPERTY above while at any one location.

The most we will pay for loss or damage under this extension is the Limit of Insurance shown in the Declarations under ELECTRONIC EQUIPMENT, EQUIPMENT - UNSCHEDULED.

This coverage extension will stop:

- (1) 60 days from your acquisition of such property; or
  - (2) On the date values of such property are reported to us; or
  - (3) On the expiration date of the policy
- whichever comes first.

Additional premium for the values reported shall be due and payable from the date the property is acquired.

**5. ADDITIONAL COVERAGES**

**a. Transportation**

We will pay for accidental direct physical loss of or damage to Covered Property caused by:

- (1) Fire, lightning, explosion, smoke, riot and civil commotion, and vandalism and malicious mischief;
  - (2) The overturning, upset or collision of the vehicle, transporting the covered property, with another vehicle or object other than the road bed; or
  - (3) Theft of an entire case or package from a vehicle:
    - (a) While such property is in a fully enclosed and securely locked body or compartment; and
    - (b) Theft results from forcible entry, evidenced by visible marks
- that occurs during transportation by motor vehicles you own, lease or operate.

We do not cover property held as samples, held for rental or sale, or that you rent to others while in the care, custody or control of salespersons.

Our liability in any one occurrence shall not exceed the Limit of Insurance shown in the Declarations under ELECTRONIC EQUIPMENT, TRANSPORTATION.

**b. Business Income and Extra Expense**

**(1) Business Income**

- (a) We will pay for the actual loss of Business Income you sustain due to the necessary, suspension of your "operations" during the "period of restoration". The suspension must be the direct result of interruption of your business caused by accidental direct physical loss of or damage to:
  - 1) The electronic equipment or "media" covered by this Additional Coverage;
  - 2) The building housing the electronic equipment or "media" that prevents access to and use of the electronic equipment or "media"; or

- 3) The air conditioning or electrical systems that are required to operate the electronic equipment, provided such damage or destruction is inside the building or outside within 100 feet of the building caused by the perils insured against and subject to (4) EXCLUSIONS below.
- (b) We will also pay expenses you incur to reduce the covered loss. We will not pay for expenses:
  - 1) You incur to extinguish a fire; or
  - 2) Expenses that exceed the amount by which the covered loss is reduced.

Business Income means the:

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

**(2) Extra Expense**

- (a) We will pay necessary Extra Expense, other than loss of Business Income, you incur during the "period of restoration" that you would not have incurred following accidental direct physical loss of or damage to:
  - 1) The electronic equipment or "media" covered by this Additional Coverage;
  - 2) The building housing the electronic equipment or "media" that prevents access to and use of the equipment or "media"; or
  - 3) The air conditioning or electrical systems that are required to operate the electronic equipment, provided such damage or destruction is inside the building or outside within 100 feet of the building caused by the perils insured against and subject to (4) EXCLUSIONS below.
- (b) We will also cover the cost to repair, replace or restore:
  - 1) Books of accounts, abstracts, drawings;
  - 2) Card index systems; or
  - 3) Other records or data such as film, tape, disks, drum, cell or other magnetic storage or recording "media" for electronic data processing
 that have been damaged or destroyed by perils we insure against, if such cost:
  - 1) Exceeds the normal cost for such repair, replacement or restoration; and
  - 2) Was incurred to reduce loss under this Additional Coverage.

However, we will cover no more of such excess cost than the amount by which the total extra expense payable under this coverage was reduced.

Extra Expense means expense incurred to avoid or minimize the suspension of business and continue "operations":

- (a) At the described premises; or
- (b) At replacement premises or at temporary locations, including:
  - 1) Relocation expenses.
  - 2) Costs to equip and operate the replacement or temporary locations.
  - 3) Costs to minimize the suspension of business if you cannot continue "operations".
  - 4) (a) Costs to expedite repair or replace any Covered Property; or
  - (b) Costs to expedite research, replace or restore the lost information on damaged valuable papers and records:
 to the extent it reduces the amount of loss that otherwise would have been payable under the Additional Coverage, Business Income, of this endorsement.

**(3) Coverage Extension**

We extend Business Income and Extra Expense to include the actual loss or damage sustained by you which is a direct result of an interruption of the business covered by this policy because access to the described business premises is prohibited by order of civil authority because of damage or destruction of property adjacent to the described premises by the perils insured against. Coverage applies while access is denied, but no longer than two consecutive weeks.

**(4) Exclusions**

The following exclusions apply only to the Business Income and Extra Expense provisions of this Additional Coverage above, in addition to those contained in B. EXCLUSIONS:

- (a) We will not pay for any Extra Expense or increase of Business Income loss, caused by any of the following, whether or not any other cause or happening contributes concurrently or in any sequence to the loss or damage:
  - 1) Enforcement of any local or state ordinance or law regulating construction, repair or demolition of buildings or structures;

- 2) Interference at the described premises by strikers or other persons with:
  - a) Rebuilding, repairing or replacing the property; or
  - b) Resumption or continuation of business; or
- 3) The suspension, lapse, or cancellation of any lease, license, contract or order beyond the "period of restoration".
- (b) We will not cover loss or damage caused directly or indirectly by any of the following, whether or not any other cause or happening contributes concurrently or in any sequence to the loss or damage:
  - 1) Theft of any property, which is not an integral part of a building or structure at the time of loss. We will cover direct loss that ensues from a peril not excluded in this policy. We will cover direct loss by pillage and looting which occurs during and at the immediate place of riot or civil commotion.
  - 2) Any other consequential or remote loss.
- (5) Limit of Insurance**
  - (a) Business Income  
Subject to (c) below, we will pay only for loss of your business income that occurs during the "period of restoration", but not exceeding 12 consecutive months after the date of accidental direct physical loss of or damage to Covered Property, resulting from a Covered Cause of Loss.
  - (b) Extra Expense  
Subject to (c) below, we will pay only for necessary extra expense during the "period of restoration" starting with the date of damage or destruction. Payments under this coverage shall not be limited by the expiration of the policy.
  - (c) Our total payment for both Business Income and Extra Expense for any one occurrence shall not exceed the Limit of Insurance shown in the Declarations under ELECTRONIC EQUIPMENT, BUSINESS INCOME and EXTRA EXPENSE.
- (6) Loss Determination**
  - (a) The amount of Business Income loss will be determined based on:
    - 1) The Net Income of the business if no loss or damage occurred;
    - 2) The continuing normal operating expenses, including payroll expenses, necessary to resume "operations" with the same quality of service that existed just before the direct physical loss or damage; and
    - 3) Other relevant sources of information, including:
      - a) Your financial records and accounting procedures;
      - b) Bills, invoices and other vouchers; and
      - c) Deeds, liens or contracts.
  - (b) The amount of Extra Expense will be determined based on:
    - 1) All expenses that exceed the normal operating expenses that would have been incurred by "operations" during the "period of restoration" if no direct physical loss or damage had occurred. We will deduct from the total of such expenses:
      - a) The salvage value that remains of any property bought for temporary use during the "period of restoration" once "operations" are resumed; and
      - b) Any Extra Expense that is paid for by other insurance, except for insurance that is written subject to the same plan, terms, conditions and provisions as this insurance; and
    - 2) All necessary expenses that reduce the Business Income loss that otherwise would have been incurred.
  - (c) Resumption Of Operations  
We will reduce the amount of your:
    - 1) Business Income loss, other than Extra Expense, to the extent you can resume your "operations," in whole or in part, by using damaged or undamaged property (including merchandise or stock) at the described premises or elsewhere.
    - 2) Extra Expense loss to the extent you can return "operations" to normal and discontinue such Extra Expense.
  - (d) If you do not resume "operations", or do not resume "operations" as quickly as possible, we will pay based on the length of time it would have taken to resume "operations" as quickly as possible.
- (7) Loss Payment - Business Income and Extra Expense**

We will pay for covered loss within 30 days after we receive the sworn proof of loss, if:

  - (1) You have complied with all of the terms of this policy; and
  - (2) (a) We have reached agreement with you on the amount of loss; or



(b) An appraisal award has been made.

## **6. DEDUCTIBLE**

We will not pay for loss or damage to Covered Property in any one occurrence until the loss or damage exceeds the deductible shown in the Declarations. We will then pay the amount of loss that exceeds the deductible. This deductible applies only once per occurrence regardless of the number of buildings in which covered property is located.

## **7. OTHER INSURANCE**

The insurance provided by this endorsement is primary. If there is other insurance provided on a primary basis, we will pay only our share. Our share will be the ratio of the amount of this insurance to the total amount of insurance.

## **8. OPTIONAL COVERAGES**

### **a. Mechanical Breakdown Coverage**

(1) When a Limit of Insurance for MECHANICAL BREAKDOWN is shown in the Declarations under Electronic Equipment, we will pay loss or damage to covered property caused by "mechanical breakdown". This provision supersedes any other policy provision that may exclude loss or damage caused by or resulting from "mechanical breakdown".

(2) Under 2. EXCLUSIONS above exclusion e. is deleted and replaced by the following:

e. Loss or damage caused by data processing "media" failure while the "media" is being run through the system. We will cover loss, damage or expense caused directly by ensuing fire or explosion.

(3) We will not pay for loss or damage to Covered Property in any one occurrence until the loss or damage exceeds the deductible shown in the Declarations. We will then pay the amount of loss that exceeds the deductible. This deductible applies only once per occurrence.

### **b. Electrical Disturbance Coverage**

(1) When a limit of insurance for ELECTRICAL DISTURBANCE is shown in the Declarations under Electronic Equipment, we will pay for loss or damage to Covered Property caused by:

(a) "Electrical disturbance"; or

(b) "Power supply disturbance".

(2) Under 2. EXCLUSIONS above, exclusion d. does not apply.

(3) The deductible for this coverage shall be:

(a) \$1,000; or

(b) 5% of the combined unscheduled equipment and scheduled equipment limits shown in the Declarations whichever is greater.

## **9. DEFINITIONS**

a. "Electrical disturbance" means electrical or magnetic damage, disturbance or erasure of electronic recordings.

b. "Laptop computer" means portable data collectors, notebook (laptop) computers, subnote book computers, palmtop computers, handheld computers and portable or any similar computer. "Laptop computer" does not mean cellular phone, wireless phone or pager.

c. "Mechanical breakdown" means component failure or mechanical malfunction, breakdown or failure.

d. "Media" means materials on which information is recorded such as film, magnetic tape, paper tape, disks, drums, and cards. "Media" includes computer software and reproduction of data contained on covered media.

e. "Power Supply Disturbance" means blackout, brownout, power surge or interruption of power supply.

All other policy terms and conditions apply.

BUSINESSOWNERS  
54244 (5-07)

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

## **AMENDMENT OF LIABILITY INSURING AGREEMENT - KNOWN INJURY OR DAMAGE**

This endorsement modifies insurance provided under the following:

BUSINESSOWNERS LIABILITY COVERAGE FORM

It is agreed:

Under **A. COVERAGES, 1. Business Liability**, is deleted and replaced by the following:

### **1. Business Liability.**

- a. We will pay those sums that the insured becomes legally obligated to pay as damages because of "bodily injury", "property damage", "personal injury" or "advertising injury" to which this insurance applies. We will have the right and duty to defend the insured against any "suit" seeking those damages. We may, at our discretion, investigate any "occurrence" and settle any claim or "suit" that may result. But:

- (1) The amount we will pay for damages is limited as described in D. LIABILITY AND MEDICAL EXPENSES LIMITS OF INSURANCE; and
- (2) Our right and duty to defend end when we have used up the applicable limit of insurance in the payment of judgments or settlements or medical expenses.

No other obligation or liability to pay sums or perform acts or services is covered unless explicitly provided for under COVERAGE EXTENSION - SUPPLEMENTARY PAYMENTS.

- b. This insurance applies:

- (1) To "bodily injury" and "property damage" only if:

(a) The "bodily injury" or "property damage" is caused by an "occurrence" that takes place in the "coverage territory";

(b) The "bodily injury" or "property damage" occurs during the policy period; and

(c) Prior to the policy period, no insured listed under Paragraph 1. of C. WHO IS AN INSURED and no employee authorized by you to give or receive notice of an "occurrence" or claim, knew that the "bodily injury" or "property damage" had occurred, in whole or in part. If such a listed insured or authorized employee knew prior to the policy period, that the "bodily injury" or "property damage" occurred, then any continuation, change or resumption of such "bodily injury" or "property damage" during or after the policy period will be deemed to have been known prior to the policy period.

- (2) To "personal injury" and "advertising injury" caused by an offense arising out of your business, but only if the offense was committed in the "coverage territory" during the policy period.

- c. "Bodily injury" or "property damage" will be deemed to have been known to have occurred at the earliest time when any insured listed under Paragraph 1. of C. WHO IS AN INSURED or any employee authorized by you to give or receive notice of an "occurrence" or claim:
- (1) Reports all, or any part, of the "bodily injury" or "property damage" to us or any other insurer;
  - (2) Receives a written or verbal demand or claim for damages because of the "bodily injury" or "property damage"; or
  - (3) Becomes aware by any other means that "bodily injury" or "property damage" has occurred or has begun to occur.
- d. Damages because of "bodily injury" include damages claimed by any person or organization for care, loss of services or death resulting at any time from the "bodily injury".

**e. Coverage Extension - Supplementary Payments**

In addition to the Limit of Insurance, we will pay, with respect to any claim or "suit" we defend:

- (1) All expenses we incur.
- (2) Up to \$250 for cost of bail bonds required because of accidents or traffic law violations arising out of the use of any vehicle to which Business Liability Coverage for "bodily injury" applies. We do not have to furnish these bonds.
- (3) The cost of bonds to release attachments, but only for bond amounts within our Limit of Insurance. We do not have to furnish these bonds.
- (4) All reasonable expenses incurred by the insured at our request to assist us in the investigation or defense of the claim or "suit", including actual loss of earnings up to \$100 a day because of time off from work.
- (5) All costs taxed against the insured in the "suit".
- (6) Prejudgment interest awarded against the insured on that part of the judgment we pay. If we make an offer to pay the Limit of Insurance, we will not pay any prejudgment interest based on that period of time after the offer.
- (7) All interest on the full amount of any judgment that accrues after entry of the judgment and before we have paid, offered to pay, or deposited in court the part of the judgment that is within our Limit of Insurance.

All other policy terms and conditions apply.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

## CONDITIONAL EXCLUSION OF TERRORISM INVOLVING NUCLEAR, BIOLOGICAL OR CHEMICAL TERRORISM (RELATING TO DISPOSITION OF FEDERAL TERRORISM RISK INSURANCE ACT)

This endorsement modifies insurance provided under the following:

### BUSINESSOWNERS POLICY

#### A. Applicability Of This Endorsement

1. The provisions of this endorsement will apply if and when one of the following situations occurs:
  - a. The federal Terrorism Risk Insurance Program ("Program"), established by the Terrorism Risk Insurance Act of 2002 (including ensuing Congressional actions pursuant to the Act), terminates; or
  - b. The Program is renewed, extended or otherwise continued in effect without a requirement by the Program to make terrorism coverage available to you and with revisions that increase insurers' statutory percentage deductible or decrease the federal government's statutory percentage share in potential terrorism losses above such deductible, or that results in a change in the level or terms or conditions of coverage.
2. When this endorsement becomes applicable in accordance with the terms of A.1.a. or A.1.b., above, it supersedes any terrorism endorsement already endorsed to this policy that addresses "certified acts of terrorism".
3. If this endorsement does NOT become applicable, then any terrorism endorsement already endorsed to this policy, that addresses "certified acts of terrorism", will remain in effect. However, if the Program is renewed, extended or otherwise continued in effect with revisions that change the level or terms or conditions of coverage, and we are required to offer you the revised coverage or to provide revised coverage to those who

**previously accepted coverage under the Program, then we will take the appropriate steps in response to the federal requirements.**

- B. The following definition is added and applies under this endorsement wherever the term terrorism is enclosed in quotation marks.  
"Terrorism" means activities against persons, organizations or property of any nature:
  1. That involve the following or preparation for the following:
    - a. Use or threat of force or violence; or
    - b. Commission or threat of a dangerous act; or
    - c. Commission or threat of an act that interferes with or disrupts an electronic, communication, information, or mechanical system; and
  2. When one or both of the following applies:
    - a. The effect is to intimidate or coerce a government or the civilian population or any segments thereof, or to disrupt any segment of the economy; or
    - b. It appears that the intent is to intimidate or coerce a government or the civilian population, or to further political, ideological, religious, social or economic objectives or to express (or express opposition to) a philosophy or ideology.
- C. If the BUSINESSOWNERS STANDARD PROPERTY COVERAGE FORM or the BUSINESSOWNERS SPECIAL PROPERTY COVERAGE FORM is included in this policy, then under **B. EXCLUSIONS**, the following exclusion is added:  
**Exclusion Of "Terrorism"**  
We will not pay for loss or damage caused directly or indirectly by "terrorism", including action in

hindering or defending against an actual or expected incident of "terrorism". Such loss or damage is excluded regardless of any other cause or event that contributes concurrently or in any sequence to the loss. **But this exclusion applies only when one or more of the following are attributed to an incident of "terrorism":**

1. The "terrorism" is carried out by means of the dispersal or application of radioactive material, or through the use of a nuclear weapon or device that involves or produces a nuclear reaction, nuclear radiation or radioactive contamination;
  2. Radioactive material is released, and it appears that one purpose of the "terrorism" was to release such material;
  3. The "terrorism" is carried out by means of the dispersal or application of pathogenic or poisonous biological or chemical materials; or
  4. Pathogenic or poisonous biological or chemical materials are released, and it appears that one purpose of the "terrorism" was to release such materials.
- D.** Under the BUSINESSOWNERS LIABILITY COVERAGE FORM, the following exclusion is added: We will not pay for "bodily injury", "property damage", "personal injury", "advertising injury", or any loss or damage caused directly or indirectly by "terrorism", including action in hindering or defending against an actual or expected incident of "terrorism".

All "bodily injury", "property damage", "personal injury", "advertising injury", or such loss or damage is excluded regardless of any other cause or event that contributes concurrently or in any sequence to such injury or damage. **But this exclusion applies only when one or more of the following are attributed to an incident of "terrorism":**

1. The "terrorism" is carried out by means of the dispersal or application of radioactive material, or through the use of a nuclear weapon or device that involves or produces a nuclear reaction, nuclear radiation or radioactive contamination;
  2. Radioactive material is released, and it appears that one purpose of the "terrorism" was to release such material;
  3. The "terrorism" is carried out by means of the dispersal or application of pathogenic or poisonous biological or chemical materials; or
  4. Pathogenic or poisonous biological or chemical materials are released, and it appears that one purpose of the "terrorism" was to release such materials.
- E.** The terms and limitations of any terrorism exclusion, or the inapplicability or omission of a terrorism exclusion, do not serve to create coverage for loss or damage that is otherwise excluded under this Policy.

All other policy terms and conditions apply.

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

## **LIMITED COVERAGE FOR FUNGI, WET ROT OR DRY ROT**

This endorsement modifies insurance provided under the following:

### **BUSINESSOWNERS SPECIAL PROPERTY COVERAGE FORM**

- A. A. COVERAGE, 5. Additional Coverages** is amended. The following additional coverage is added.

#### **Limited Coverage For "Fungi", Wet Rot or Dry Rot**

- (1)** The coverage described in paragraphs (2) and (6) immediately below, only applies when the "fungi", wet rot or dry rot are the result of a "specified cause of loss" other than fire or lightning that occurs during the policy period and only if all reasonable means were used to save and preserve the property from further damage at the time of and after that occurrence.
- (2)** We will pay for loss or damage by "fungi", wet rot or dry rot. As used in this Limited Coverage, the term loss or damage means:
  - (a)** Direct physical loss or damage to Covered Property caused by "fungi", wet rot or dry rot including the cost of removal of the "fungi", wet rot or dry rot;
  - (b)** The cost to tear out and replace any part of the building or other property as needed to gain access to the "fungi", wet rot or dry rot; and
  - (c)** The cost of testing performed after removal, repair, replacement or restoration of the damaged property is completed, provided there is a reason to believe that "fungi", wet rot or dry rot are present.
- (3)** The coverage described under this Limited Coverage is limited to 10% of the building or business personal property limit of insurance, whichever is greater, subject to a maximum of \$100,000 and a minimum of \$15,000. This is the most we shall pay for the total of all loss or damage arising out of all occurrences of a "specified cause of loss" (other than fire or lightning) which take place in a 12-month period (starting with the beginning of the present

annual policy period) regardless of the number of locations covered by this policy or claims made. With respect to a particular occurrence of loss which results in "fungi", wet rot or dry rot, we will not pay more than this limit even if "fungi", wet rot or dry rot continue to be present or active, or recurs, in a later policy period.

- (4)** The coverage provided under this Limited Coverage does not increase the applicable Limit of Insurance on any Covered Property. If a particular occurrence results in loss or damage by "fungi", wet rot or dry rot, and other loss or damage, we will not pay more, for the total of all loss or damage, than the applicable Limit of Insurance on the affected Covered Property. If there is covered loss or damage to Covered Property, not caused by "fungi", wet rot or dry rot, loss payment will not be limited by the terms of this Limited Coverage, except to the extent that "fungi", wet rot or dry rot causes an increase in the loss. Any such increase in the loss will be subject to the terms of this Limited Coverage.
- (5)** The terms of this Limited Coverage do not increase or reduce the coverage provided under the Water Damage Additional Coverage.
- (6)** The following applies only if Business Income and/or Extra Expense Coverage applies to the described premises and only if the suspension of "operations" satisfies all the terms and conditions of the applicable Business Income and/or Extra Expense Additional Coverage.
  - (a)** If the loss which resulted in "fungi", wet rot or dry rot does not in itself necessitate a suspension of "operations", but such suspension is necessary due to loss or damage to property caused by "fungi", wet rot or dry rot, then our payment under the Business Income and/or Extra Expense is

limited to the amount of loss and/or expense sustained in a period of not more than 45 days. The days need not be consecutive.

- (b) If a covered suspension of "operations" was caused by loss or damage other than "fungi", wet rot or dry rot, but remediation of "fungi", wet rot or dry rot prolongs the "period of restoration", we will pay for loss and/or expense sustained during the delay (regardless of when such a delay occurs during the "period of restoration"), but such coverage is limited to 45 days. The days need not be consecutive.

**B. B. EXCLUSIONS** is amended. **2.d.(2)** is deleted and replaced by the following exclusion.

- (2) Rust, corrosion, decay, deterioration, hidden or latent defect or any quality in property that causes it to damage itself;

**C. B. EXCLUSIONS** is amended. The following exclusion is added.

**"Fungi"**

Presence, growth, proliferation, spread or any activity of "fungi", wet rot or dry rot. This exclusion does not apply to loss or damage to covered property:

- (1) If "fungi", wet rot or dry rot results from fire or lightning;
- (2) If the ensuing loss not otherwise excluded results directly or indirectly from "fungi", wet rot or dry rot; or
- (3) As provided under the Additional Coverage, **Limited Coverage For "Fungi", Wet Rot or Dry Rot.**

**D. H. PROPERTY DEFINITIONS** is amended. The following definition is added.

**"Fungi"** means any type or form of fungus, including but not limited to, any mold, mildew mycotoxins, spores, scents or byproducts produced or released by any type or form of fungus.

All other policy terms and conditions apply.

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

## **FINE ARTS, COLLECTIBLES AND MEMORABILIA - BLANKET COVERAGE**

This endorsement modifies insurance under the following:

BUSINESSOWNERS SPECIAL PROPERTY COVERAGE FORM

1. Under **A. COVERAGE, 5. Additional Coverages**, the following Additional Coverage is added:

### **Fine Arts, Collectibles and Memorabilia - Blanket Coverage**

#### **a. Coverage**

We will pay for direct physical loss or damage to fine arts, collectibles and memorabilia owned by you while located within the United States of America and Canada.

#### **b. Exclusions**

Under **B. EXCLUSIONS**, the following exclusions are added to apply only to this Additional Coverage.

- (1) An action committed by you or at your direction with the intent to cause loss or damage.
- (2) Damage caused by any repairing, restoration or retouching process.
- (3) Breakage of art glass windows, statuary, marble, glassware, bric-a-brac, porcelains and similar fragile articles unless caused by:
  - (a) Fire or lightning;
  - (b) Aircraft;
  - (c) Theft or attempted theft;
  - (d) Earthquake;
  - (e) Flood or storm surge;
  - (f) Malicious damage; or
  - (g) Collision, derailment or overturn of conveyance;except as we may state otherwise.
- (4) Loss to fine arts, collectibles or memorabilia on exhibition at any premises other than described in the Declarations.
- (5) Mysterious disappearance unless the loss is a direct result of a forcible entry of which there is visible evidence.

#### **c. Limit Of Insurance**

We will pay no more than the smallest of either:

- (1) The cost to replace damaged property with new property of similar quality and features reduced by the amount of decrease in value because of age, wear, obsolescence or market value applicable to the damaged property immediately prior to the loss; or
- (2) The Limit of Insurance shown in the Declarations for FINE ARTS, COLLECTIBLES OR MEMORABILIA - BLANKET INSURANCE.



In no event shall our payment for all items in any one loss exceed the Limit of Insurance shown in the Declarations for FINE ARTS, COLLECTIBLES OR MEMORABILIA - BLANKET INSURANCE.

This is an additional amount of insurance.

**d. Deductible**

No deductible applies to this Additional Coverage.

**e. Conditions**

- (1) In case of loss of or damage to any part of a pair or set, we may:
  - (a) repair or replace any part of the pair or set to restore it to its value before the loss; or
  - (b) pay the difference between the actual cash value of the property before and after the loss.
- (2) In case of loss or damage to any part of property covered, consisting of several parts when complete, we shall pay only for the value of the part loss or damaged.

**2. Under A. COVERAGE, b. Business Personal Property, 2. Property Not Covered, the following property is added:**

Fine arts, collectibles and memorabilia.

**3. Under 4. LIMITATIONS, paragraph c. does not apply to this Additional Coverage.**

**4. The following Definitions apply to this endorsement only:**

- a. Fine arts** mean paintings, etchings, pictures, tapestries, art glass windows and other bona fide works of art of rarity, historical value or artistic merit.
- b. Collectibles** mean objects collected as a hobby, for display or as an investment whose value may appreciate.
- c. Memorabilia** means objects valued for their connection to historical events, culture, entertainment or experiences worthy of remembrance.

All other policy terms and conditions apply.

BUSINESSOWNERS  
54353 (10-08)**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

# BUSINESSOWNERS LIABILITY PLUS ENDORSEMENT

This endorsement modifies insurance provided under the following:

BUSINESSOWNERS LIABILITY COVERAGE FORM  
BUSINESSOWNERS COMMON POLICY CONDITIONS

## 1. EXTENDED WATERCRAFT COVERAGE

Under **B. EXCLUSIONS, 1. Applicable to Business Liability Coverage, g.** exclusion (2) is deleted and is replaced by the following:

(2) A watercraft you do not own that is:

(a) Less than 50 feet long; and

(b) Not being used to carry persons or property for a charge;

## 2. HIRED AUTO AND NON-OWNED AUTO LIABILITY COVERAGE

Coverage for "bodily injury" and "property damage" liability provided under **A. COVERAGES, 1. Business Liability**, is extended as follows under this item, but only if you do not have any other insurance available to you which affords the same or similar coverage.

### Coverage

We will pay those sums the insured becomes legally obligated to pay as damages because of "bodily injury" or "property damage" arising out of the maintenance or use of an "auto":

- a. You do not own;
- b. Which is not registered in your name; or
- c. Which is not leased or rented to you for more than ninety consecutive days

and which is used in your business.

## Exclusions

With respect to only **HIRED AUTO AND NON-OWNED AUTO LIABILITY COVERAGE**, the exclusions which apply to **A. COVERAGES, 1. Business Liability**, other than exclusion **3. Nuclear Energy Liability Exclusion**, do not apply. The following exclusions apply to this coverage:

This coverage does not apply to:

- a. "Bodily injury" or "property damage" expected or intended from the standpoint of the insured. This exclusion does not apply to "bodily injury" resulting from the use of reasonable force to protect persons or property.
- b. Any obligation of the insured under a workers compensation, disability benefits or unemployment compensation law or any similar law.
- c. (1) "Bodily injury" or "property damage" arising out of the actual, alleged or threatened discharge, dispersal, seepage, migration, release or escape of "pollutants":
  - (a) That are, or are contained in any property that is:
    - 1) Being transported or towed by, handled or prepared for placement into or upon, or taken from the "auto";
    - 2) Otherwise in the course of transit by you or on your behalf; or
    - 3) Being disposed of, stored, treated or processed into or upon the "auto";

**(b)** Before such "pollutants" or property containing "pollutants" are moved from the place they are accepted by you or anyone acting on your behalf for placement into or onto the "auto"; or

**(c)** After such "pollutants" or property containing "pollutants" are removed from the "auto" to where they are delivered, disposed of or abandoned by you or anyone acting in your behalf.

**c.(1)(a)** above does not apply to "pollutants" that are needed or result from the normal mechanical, electrical or hydraulic functioning of the "auto" or its parts, if the discharge, release, escape, seepage, migration or dispersal of such "pollutants" is directly from a part of the "auto" designed to hold, store, receive or dispose of such "pollutants" by the "auto" manufacturer.

**c.(1)(b)** and **c.(1)(c)** above do not apply, if as a direct result of maintenance or use of the "auto", "pollutants" or property containing "pollutants" which are not in or upon the "auto", are upset, overturned or damaged at any premises not owned by or leased to you. The discharge, release, escape, seepage, migration or dispersal of the "pollutants" must be directly caused by such upset, overturn or damage.

**(2)** Any loss, cost or expense arising out of any:

**(a)** Request, demand or order that any insured or others test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of "pollutants"; or

**(b)** Claim or "suit" by or on behalf of a governmental authority for damages because of testing for, monitoring, cleaning up, removing, containing, treating, detoxifying or neutralizing, or in any way responding to, or assessing the effects of "pollutants".

**d.** "Bodily injury" or "property damage" however caused, arising directly or indirectly, out of:

**(1)** War, including undeclared or civil war;

**(2)** Warlike action by a military force, including action in hindering or defending against an actual or expected attack, by any government, sovereign or other authority using military personnel or other agents; or

**(3)** Insurrection, rebellion, revolution, usurped power, or action taken by governmental authority in hindering or defending against any of these.

**e.** "Bodily injury" or "property damage" for which the insured is obligated to pay damages by reason of the assumption of liability in a contract or agreement. This exclusion does not apply to liability for damages:

**(1)** Assumed in a contract or agreement that is an "insured contract", provided the "bodily injury" or "property damage" occurs subsequent to the execution of the contract or agreement. However, if the insurance under this policy does not apply to the liability of the insured, it also does not apply to such liability assumed by the insured under an "insured contract".

**(2)** That the insured would have in the absence of the contract or agreement.

**f.** "Property damage" to:

**(1)** Property owned or being transported by, or rented or loaned to any insured; or

**(2)** Property in the care, custody or control of any insured

other than "property damage" to a residence or a private garage by a private passenger "auto" covered by this coverage.

**g.** "Bodily injury" to:

**(1)** An "employee" of the insured arising out of and in the course of employment by the insured; or

**(2)** The spouse, child, parent, brother or sister of that "employee" as a consequence of Paragraph **(1)** above.

This exclusion applies:

- (1) Whether the insured may be liable as an employer or in any other capacity; and
- (2) To any obligation to share damages with or repay someone else who must pay damages because of the injury.

This exclusion does not apply to:

- (1) Liability assumed by the insured under an "insured contract".
- (2) "Bodily injury" to any "employee" of the insured arising out of and in the course of his domestic employment by the insured unless benefits for such injury are in whole or in part either payable or required to be provided under any workers compensation law.

### Who Is An Insured

With respect to only this coverage, **C. WHO IS AN INSURED**, is deleted and replaced by the following:

#### C. WHO IS AN INSURED

Each of the following is an insured with respect to this coverage:

- a. You.
- b. Your partners if you are designated in the Declarations as a partnership or a joint venture.
- c. Your members if you are designated in the Declarations as a limited liability company.
- d. Your executive officers if you are designated in the Declarations as an organization other than a partnership, joint venture or limited liability company.
- e. Any person using the "auto" and any person or organization legally responsible for the use of an "auto" not owned by such person or organization, provided the actual use is with your permission.

None of the following is an insured:

- a. Any person engaged in the business of his or her employer with respect to "bodily injury" to any co-"employee" of such person injured in the course of employment.

- b. Any person using the "auto" and any person other than you, legally responsible for its use with respect to an "auto" owned or registered in the name of:

- (1) Such person; or
- (2) Any partner or executive officer of yours or a member of his or her household; or
- (3) Any "employee" or agent of yours who is granted an operating allowance of any sort for the use of such "auto".

- c. Any person while employed in or otherwise engaged in duties in connection with an "auto business", other than an "auto business" you operate.
- d. The owner or lessee (of whom you are a sublessee) of a hired "auto" or the owner of an "auto" you do not own or which is not registered in your name which is used in your business or any agent or employee of any such owner or lessee.
- e. Any person or organization with respect to the conduct of any current or past partnership or joint venture that is not shown as a Named Insured in the Declarations.

### Additional Definitions

The following definition applies to only this coverage:

"Auto business" means the business or occupation of selling, repairing, servicing, storing or parking "autos".

### Limits of Insurance

**D. LIABILITY AND MEDICAL EXPENSES LIMITS OF INSURANCE**, is deleted and replaced by the following:

#### D. LIABILITY AND MEDICAL EXPENSES LIMITS OF INSURANCE

- 1. The Limits of Insurance shown in the Declarations and the rules below fix the most we will pay regardless of the number of:
  - (1) Insureds;
  - (2) Claims made or "suits" brought; or

(3) Persons or organizations making claims or bringing "suits".

2. Except as provided in paragraph 4. immediately below, the most we will pay for the sum of all damages because of all:

- a. "Bodily injury", "property damage" and medical expenses arising out of any one "occurrence"; and
- b. "Personal injury" and "advertising injury" sustained by any one person or organization

is the Liability and Medical Expenses limit shown in the Declarations. But the most we will pay for all medical expenses because of "bodily injury" sustained by any one person is the Medical Expenses limit shown in the Declarations.

3. The most we will pay under Business Liability Coverage for damages because of "property damage" to premises rented to you or temporarily occupied by you with permission of the owner arising out of or caused by fire, lightning, explosion, smoke and water damage is the amount shown in the Declarations under Fire, Lightning, Explosion, Smoke and Water Damage Legal Liability.

4. We will pay damages for "bodily injury" or "property damage" up to the limits of liability stated in the Declarations for Hired Auto and Non-Owned Liability coverage. Such limit is the total amount of coverage and the most we will pay for all damages because of or arising out of all "bodily injury" and "property damage" in any one "occurrence".

## 5. Aggregate Limits

The most we will pay for:

- a. Injury or damage under the "products/completed operations hazard" arising from all "occurrences" during the policy period is the Products-Completed Operations Aggregate limit shown in the Declarations; and
- b. All other injury or damage, including medical expenses, arising from all "occurrences" during the policy period is

the Aggregate Limit (Other than Products-Completed Operations) shown in the Declarations. This limitation does not apply to:

- (1) "Property damage" to premises rented to you arising out of fire or explosion.
- (2) Hired Auto And Non-owned Auto Liability Coverage provided under this endorsement.

The limits of this policy apply separately to each consecutive annual period and to any remaining period of less than 12 months, starting with the beginning of the policy period shown in the Declarations, unless the policy period is extended after issuance for an additional period of less than 12 months. In that case, the additional period will be deemed part of the last preceding period for purposes of determining the Limits of Insurance.

## 3. BROADENED SUPPLEMENTARY PAYMENTS COVERAGE

Under **A. COVERAGES, 1. Business Liability, e. Coverage Extension - Supplementary Payments:**

Paragraph (2.), the amount we will pay for bail bonds is increased from \$250 to \$2,000.

Paragraph (4.), the amount we will pay for the actual loss of earnings is increased from \$100 per day to \$400 per day.

## 4. PERSONAL INJURY EXTENSION COVERAGE

- a. If Personal Injury is shown as "EXCLUDED" in the Declarations, then this provision, **4. PERSONAL INJURY EXTENSION COVERAGE** does not apply.
- b. If a limit is shown in the Declarations for Personal Injury, then under **F. LIABILITY AND MEDICAL EXPENSES DEFINITIONS, 10.** "Personal injury" is deleted and replaced by the following:
  - 10.** "Personal injury" means, other than "bodily injury", arising out of one or more of the following offenses:
    - a. False arrest, detention or imprisonment;

- b. Malicious prosecution;
- c. The wrongful eviction from, wrongful entry into, or invasion of the right of private occupancy of a room, dwelling or premises that a person occupies by or on behalf of its owner, landlord or lessor;
- d. Oral or written publication of material that slanders or libels a person or organization or disparages a person's or organization's goods, products or services;
- e. Oral or written publication of material that violates a person's right of privacy; or
- f. Discrimination, humiliation, sexual harassment and any violation of civil rights caused by such discrimination, humiliation or sexual harassment.

## 5. BROADENED KNOWLEDGE OF OCCURRENCE

Under **E. LIABILITY AND MEDICAL EXPENSES GENERAL CONDITIONS, 2. Duties In The Event Of Occurrence, Offense, Claim Or Suit**, the following paragraph is added:

Paragraphs **a.** and **b.** of this condition will not serve to deny any claim for failure to provide us with notice as soon as practicable after an "occurrence" or an offense which may result in a claim:

- a. If the notice of a new claim is given to your "employee"; and
- b. That "employee" fails to provide us with notice as soon as practicable.

This exception shall not apply:

- a. To you; or
- b. To any officer, director, partner, risk manager or insurance manager of yours.

## 6. FIRE, LIGHTNING, EXPLOSION, SMOKE AND WATER DAMAGE LEGAL LIABILITY

- a. **Fire, Lightning, Explosion, Smoke and Water Damage Legal Liability Coverage**

Under **SECTION B - EXCLUSIONS**, the last paragraph is deleted and replaced by the following:

Exclusions **c., d., e., f., g., h., i., k., l., m., n.,** and **o.** do not apply to damage by fire, lightning, explosion, smoke or water damage to premises rented to you or temporarily occupied by you with permission of the owner. A separate limit of insurance applies to this coverage as described in **6. FIRE, LIGHTNING, EXPLOSION, SMOKE AND WATER DAMAGE LEGAL LIABILITY, b. Limits of Insurance.**

The following additional exclusions apply to "property damage" arising out of Water Damage to premises rented to you or temporarily occupied by you with permission of the owner:

### (1) "Property damage" to:

- (a) The interior of the premises caused by or resulting from rain or snow, whether driven by wind or not; or
- (b) Heating, air conditioning, plumbing or fire protection systems, or other equipment or appliances.

### (2) "Property damage" caused by or resulting from any of the following:

- (a) Mechanical breakdown, including bursting or rupture caused by centrifugal force;
- (b) Cracking, settling, expansion or shrinking;
- (c) Smoke or smog;
- (d) Birds, insects, rodents or other animals;
- (e) Wear and tear;
- (f) Corrosion, rust, decay, fungus, deterioration, hidden or latent defect or any quality in property that causes such property to destroy or damage itself; or
- (g) Water that flows or leaks from any heating, air conditioning, plumbing or fire protection system caused by or resulting from freezing, unless:

- 1) You make a reasonable effort to maintain heat in the building or structure; or
  - 2) You drain the equipment and shut off the water supply if the heat is not maintained.
- (3) "Property damage" caused directly or indirectly by any of the following:
- (a) Water that backs up from a drain or sewer;
  - (b) Mud flow or mudslide;
  - (c) Volcanic eruption, explosion or effusion;
  - (d) Any earth movement, such as earthquake, landslide, mine subsidence, earth sinking, earth rising or earth shifting;
  - (e) Regardless of the cause, flood, surface water, waves, tides, tidal waves, storm surge, overflow of any body of water, or their spray, all whether wind driven or not;
  - (f) Water under the ground surface pressing on, or seeping or flowing through:
    - 1) Walls, foundations, floors or paved surfaces;
    - 2) Basements, whether paved or not; or
    - 3) Doors, windows or other openings.
- (4) "Property damage" for which the insured is obligated to pay as damages by reason of the assumption of liability in a contract or agreement. This exclusion does not apply to liability for damages that the insured would have in the absence of this contract or agreement.

**b. Limits of Insurance**

**D. LIABILITY AND MEDICAL EXPENSES LIMIT OF INSURANCE**, is deleted and replaced by the following:

**D. LIABILITY AND MEDICAL EXPENSES LIMITS OF INSURANCE**

1. The Limits of Insurance shown in the Declarations and the rules below fix the most we will pay regardless of the number of:
  - a. Insureds;
  - b. Claims made or "suits" brought; or
  - c. Persons or organizations making claims or bringing "suits".
2. The most we will pay for the sum of all damages because of all:
  - a. "Bodily injury", "property damage" and medical expenses arising out of any one "occurrence"; and
  - b. "Personal injury" and "advertising injury" sustained by any one person or organization

is the Liability and Medical Expenses limit shown in the Declarations. But the most we will pay for all medical expenses because of "bodily injury" sustained by any one person is the Medical Expenses limit shown in the Declarations.

3. The most we will pay under Business Liability Coverage for damages because of "property damage" to premises rented to you or temporarily occupied by you with permission of the owner arising out of or caused by fire, lightning, explosion, smoke and water damage is the amount shown in the Declarations under Fire, Lightning, Explosion, Smoke and Water Damage Legal Liability.

**4. Aggregate Limits**

The most we will pay for:

- a. Injury or damage under the "products/completed operations hazard" arising from all "occurrences" during the policy period is the Products-Completed Operations Aggregate limit shown in the Declarations; and

- b. All other injury or damage, including medical expenses, arising from all "occurrences" during the policy period is the Aggregate Limit (Other than Products-Completed Operations) shown in the Declarations. This limitation does not apply to "property damage" to premises rented to you arising out of fire, lightning, explosion, smoke or water damage.

The limits of this policy apply separately to each consecutive annual period and to any remaining period of less than 12 months, starting with the beginning of the policy period shown in the Declarations, unless the policy period is extended after issuance for an additional period of less than 12 months. In that case, the additional period will be deemed part of the last preceding period for purposes of determining the Limits of Insurance.

#### 7. BLANKET ADDITIONAL INSURED - LESSOR OF LEASED EQUIPMENT

- a. **C. WHO IS AN INSURED** is amended to include as an additional insured any person or organization with whom you have agreed:

- (1) In a written contract or agreement, executed prior to loss, to name as an additional insured; or
- (2) In an oral contract or agreement, executed prior to loss, to name as an additional insured only if a Certificate of Insurance was issued prior to loss indicating that the person or organization was an additional insured

but only to the extent that the liability for:

- (1) "Bodily injury";
- (2) "Property damage";
- (3) "Personal injury"; or
- (4) "Advertising injury"

caused in whole or in part, by your maintenance, operation or use of equipment leased to you by such person or organization.

- b. With respect to the insurance afforded to an additional insured, this insurance does not apply to any "occurrence" which takes place after the equipment lease expires.

- c. The following is added to **D. LIABILITY AND MEDICAL EXPENSES LIMITS OF INSURANCE**:

The Limits of Insurance for the additional insured are those specified in the written contract or agreement between the insured and the lessor, not to exceed the limits provided in this policy. These limits are inclusive of and not in addition to the Limits of Insurance shown in the Declarations.

#### 8. BLANKET ADDITIONAL INSURED - MANAGERS OR LESSORS OF PREMISES

- a. **C. WHO IS AN INSURED** is amended to include as an additional insured any person or organization with whom you have agreed:

- (1) In a written contract or agreement, executed prior to loss, to name as an additional insured; or
- (2) In an oral contract or agreement, executed prior to loss, to name as an additional insured only if a Certificate of Insurance was issued prior to loss indicating that the person or organization was an additional insured

but only with respect to liability arising out of the ownership, maintenance or use of that part of the premises leased to you.

- b. This provision is subject to the following additional exclusions, applicable to this provision only:

- (1) Any "occurrence" which takes place after you cease to be a tenant in that premises.
- (2) Structural alterations, new construction or demolition operations performed by or on behalf of the additional insured.

- c. The Limits of Insurance for the additional insured are those specified in the written contract or agreement between the insured and the manager or lessor of the premises, not to exceed the limits provided in this policy. These limits are



inclusive of and not in addition to the Limits of Insurance shown in the Declarations.

## 9. BLANKET WAIVER OF SUBROGATION

The following is added to **BUSINESSOWNERS COMMON POLICY CONDITIONS, J. TRANSFER OF RIGHTS OF RECOVERY AGAINST OTHERS TO US, 2.**

When you have agreed to waive your right of subrogation in a written contract, executed prior to loss, with any person or organization, we waive any right of recovery we may have against such person or organization because of payments we make for injury or damage arising out of your ongoing operations or "your work" done under a contract with that person or organization and included in the "products-completed operations hazard".

## 10. NEWLY FORMED OR ACQUIRED ORGANIZATIONS

The following provision is added to **C. WHO IS AN INSURED.**

Any organization you newly acquire or form, other than a partnership, joint venture or limited liability

company, and over which you maintain ownership or majority interest, will qualify as a Named Insured if there is no other similar insurance available to that organization. However:

- a. Coverage under this provision is afforded only until the 180th day after you acquire or form the organization or the end of the policy period, whichever is earlier; and
- b. **A. COVERAGES** does not apply to:
  - (1) "Bodily injury" or "property damage" that occurred before you acquired or formed the organization; and
  - (2) "Personal injury" or "advertising injury" arising out of an offense committed before you acquired or formed the organization.

No person or organization is an insured with respect to the conduct of any current or past partnership, joint venture or limited liability company that is not shown as a Named Insured in the Declarations.

All other policy terms and conditions apply.

54499 (4-13)

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

## **ACCOUNTS RECEIVABLE COVERAGE**

This endorsement modifies insurance provided under the following:

BUSINESSOWNERS SPECIAL PROPERTY COVERAGE FORM

### **SCHEDULE\***

<b>Prem. No.</b>	<b>Bldg. No.</b>	<b>Additional Premium</b>	<b>Limit of Insurance</b>
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If additional premium for Accounts Receivable is shown in the Declarations or in the Schedule above, the following coverage applies. This coverage is subject to the provisions applicable to the Businessowners Property Coverage Form of this policy including the deductible, except as provided below.

#### **A. COVERAGE**

Under Businessowners Special Property Coverage Form, subparts **1.**; **2.**; **4.**; **5.**; and **6.** are deleted as applied to this endorsement and replaced by the following:

##### **1. We will pay:**

- a.** All amounts due from your customers that you are unable to collect;
- b.** Interest charges on any loan required to offset amounts you are unable to collect pending our payment of these amounts;
- c.** Collection expenses in excess of your normal collection expenses that are made necessary by loss or damage; and
- d.** Other reasonable expenses that you incur to re-establish your records of accounts receivable

that result from direct physical loss or damage by any Covered Causes of Loss to your records of accounts receivable.

##### **2. PROPERTY NOT COVERED**

Covered property does not include contraband, or property in the course of illegal transportation or trade.

##### **3. COVERAGE EXTENSION**

Removal

If you give us written notice within 10 days of removal of your records of accounts receivable because of imminent danger of loss or damage, we will pay for loss or damage while they are:

- a.** At a safe place away from the described premises; or
- b.** Being taken to and returned from that place.

This Coverage Extension is included within the Limit of Insurance applicable to the premises from which the Covered Property is removed.

#### **4. EXCLUSIONS**

Under Section B. EXCLUSIONS, the following exclusions are added to apply only to this endorsement:

- a.** We will not pay for loss or damage caused by or resulting from any of the following:
  - (1)** Dishonest acts by you, anyone else with an interest in the property, or your or their employees or authorized representatives, or anyone entrusted with the property, whether or not acting alone or in collusion with other persons or occurring during the hours of employment.

But this exclusion does not apply to a carrier for hire.

- (2) Alteration, falsification, concealment or destruction of records of accounts receivable done to conceal the wrongful giving, taking or withholding of money, securities or other property.

This exclusion applies only to the extent of the wrongful giving, taking, or withholding.

- (3) Bookkeeping, accounting or billing errors or omissions.
- (4) Electrical or magnetic injury, disturbance or erasure of electronic recordings. But we will pay for direct loss or damage caused by lightning.
- (5) Voluntary parting with any property by you or anyone entrusted with the property if induced to do so by any fraudulent scheme, trick, device or false pretense.
- (6) Unauthorized instructions to transfer property to any person or to any place.
- b. We will not pay for loss or damage that requires any audit of records or any inventory computation to prove its factual existence.
- c. We will not pay for loss or damage caused by or resulting from any of the following. But if loss or damage by a Covered Cause of Loss results, we will pay for that resulting loss or damage.
- (1) Weather conditions. But this exclusion only applies if weather conditions contribute in any way with a cause or event excluded in paragraph a.(1), (2) or (3) above to produce the loss or damage.
- (2) Acts or decisions, including the failure to act or decide, of any person, group, organization or governmental body.
- (3) Faulty, inadequate or defective:
- (a) Planning, zoning, development, surveying, siting;
- (b) Design, specifications, workmanship, repair, construction, renovation, remodeling, grading, compaction;
- (c) Materials used in repair, construction, renovation or remodeling; or

- (d) Maintenance of part or all of any property on or off the described premises.

## B. LIMIT OF INSURANCE

This section is replaced by the following:

The most we will pay for loss or damage in any one occurrence is the Limit of Insurance for accounts receivable shown in the Schedule above or in the Declarations.

For accounts receivable not at the described premises, the most we will pay is:

1. \$2,500; or
2. 25% of the accounts receivable limit whichever is less.

## C. ADDITIONAL CONDITIONS

The following is added to paragraph E.6.d. of the Loss Payment Condition:

1. If you cannot accurately establish the amount of accounts receivable outstanding as of the time of loss or damage, the following method will be used:
  - a. Determine the total of the average monthly amounts of accounts receivable for the 12 months immediately preceding the month in which the loss or damage occurs; and
  - b. Adjust that total for any normal fluctuations in the amount of accounts receivable for the month in which the loss or damage occurred or for any demonstrated variance from the average for that month.
2. The following will be deducted from the total amount of accounts receivable, however that amount is established:
  - a. The amount of the accounts for which there is no loss or damage;
  - b. The amount of the accounts that you are able to re-establish or collect;
  - c. An amount to allow for probable bad debts that you are normally unable to collect; and
  - d. All unearned interest and service charges.

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**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

## VALUABLE PAPERS AND RECORDS COVERAGE

This endorsement modifies insurance provided under the following:

BUSINESSOWNERS SPECIAL PROPERTY COVERAGE FORM

### SCHEDULE

Prem. No.	Bldg. No.	Additional Premium	Limit of Insurance
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If additional premium for Valuable Papers and Records is shown in the Declarations or in the Schedule above, the following coverage applies. This coverage is subject to the provisions applicable to the Businessowners Property Coverage Form of this policy including the deductible, except as provided below.

#### A. COVERAGE

Under Businessowners Special Property Coverage Form, subparts 1.; 2.; 4.; 5.; and 6. are deleted as applied to this endorsement and replaced by the following:

- 1. COVERED PROPERTY**, as used in this endorsement, means the following type of property that is your property or property of others in your care, custody or control.

Valuable papers and records, meaning inscribed, printed or written:

- a. Documents;
  - b. Manuscripts; and
  - c. Records
- including abstracts, books, deeds, drawings, films, maps, or mortgages.

But valuable papers and records does not mean:

- i. "Money" or "Securities";
- ii. Converted Data;
- iii. Programs or instructions used in your data processing operations, including the materials on which the data is recorded.

#### 2. PROPERTY NOT COVERED

Covered Property does not include:

- a. Property held as samples or for delivery after sale;

- b. Property in storage away from the premises shown in the Declarations or in the Schedule; or
- c. Contraband, or property in the course of illegal transportation or trade.

#### 3. COVERAGE EXTENSION Removal

If you give us written notice within 10 days of removal of your valuable papers and records because of imminent danger of loss or damage, we will pay for loss or damage while it is:

- a. At a safe place away from the described premises; or
- b. Being taken to and returned from that place.

This Coverage Extension is included within the Limits of Insurance applicable to the premises from which the Covered Property is removed.

- 4. The VALUABLE PAPERS AND RECORDS Coverage Extension in the Businessowners Property Coverage Form does not apply at any premises where this endorsement applies.
- 5. The PERSONAL PROPERTY OFF PREMISES Coverage Extension in the Businessowners Property Coverage Form does not apply to valuable papers and records.

**B. EXCLUSIONS**

Under Section B. EXCLUSIONS, the following exclusions are added to apply only to this endorsement:

1. We will not pay for loss or damage caused by or resulting from any of the following:
  - a. Dishonest acts by you, anyone else with an interest in the property, or your or their employees or authorized representatives, or anyone entrusted with the property, whether or not acting alone or in collusion with other persons or occurring during the hours of employment.  
But this exclusion does not apply to a carrier for hire.
  - b. Errors or omissions in processing or copying.  
But we will pay for direct loss or damage caused by resulting fire or explosion if these causes of loss would be covered by this endorsement.
  - c. Electrical or magnetic injury, disturbance or erasure of electronic recordings.  
But we will pay for direct loss or damage caused by lightning.
  - d. Voluntary parting with any property by you or anyone entrusted with the property if induced to do so by any fraudulent scheme, trick, device or false pretense.
  - e. Unauthorized instructions to transfer property to any person or to any place.
2. We will not pay for loss or damage caused by or resulting from any of the following. But if loss or damage by a Covered Cause of Loss results, we will pay for that resulting loss or damage.
  - a. Weather conditions. But this exclusion only applies if weather conditions contribute in any way with a cause or event excluded in paragraph 1.a., 1.b. and 1.c. above to produce the loss or damage.
  - b. Acts or decisions, including the failure to act or decide, of any person, group, organization or governmental body.
  - c. Faulty, inadequate or defective:

- (1) Planning, zoning, development, surveying, siting;
- (2) Design, specifications, workmanship, repair, construction, renovation, remodeling, grading, compaction;
- (3) Materials used in repair, construction, renovation or remodeling; or
- (4) Maintenance  
of part or all of any property on or off the described premises.

**C. LIMIT OF INSURANCE**

This section is replaced by the following:

The most we will pay for loss or damage in any one occurrence is the Limit of Insurance for valuable papers and records shown in the Schedule above or in the Declarations.

For valuable papers and records not at the described premises, the most we will pay is:

1. \$2,500; or
2. 25% of the valuable papers and records limit whichever is less.

**D. PROPERTY LOSS CONDITIONS**

Paragraph d.(6) of the LOSS PAYMENT Loss Condition does not apply to valuable papers and records that are actually replaced or restored.

**E. ADDITIONAL DEFINITIONS**

1. "Money" means:
  - a. Currency, coins and bank notes whether or not in current use; and
  - b. Travelers checks, register checks and money orders held for sale to the public.
2. "Securities" means negotiable and nonnegotiable instruments or contracts representing either "money" or other property and includes:
  - a. Tokens, tickets, revenue and other stamps whether or not in current use; and
  - b. Evidences of debt issued in connection with credit or charge cards, which are not of your own issue  
but does not include "money".

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**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

## **HIRED AUTO AND NON-OWNED AUTO LIABILITY**

This endorsement modifies insurance provided under the BUSINESSOWNERS POLICY.

- A.** Insurance is provided only for those coverages for which a specific premium charge is shown in the Declarations.

### **1. HIRED AUTO LIABILITY**

The insurance provided under the Business-owners Liability Coverage Form, Paragraph A.1. Business Liability, applies to "bodily injury" or "property damage" arising out of the maintenance or use of a "hired auto" by you or your employees in the course of your business.

### **2. NON-OWNED AUTO LIABILITY**

The insurance provided under the Business-owners Liability Coverage Form, Paragraph A.1. Business Liability, applies to "bodily injury" or "property damage" arising out of the use of any "non-owned auto" in your business by any person.

- B.** For insurance provided by this endorsement only:

- 1.** The exclusions, under the Businessowners Liability Coverage Form, Paragraph B.1. Applicable to Business Liability Coverages, other than exclusions a., b., d., f. and i. and the Nuclear Energy Liability Exclusion, are deleted and replaced by the following:

"Bodily injury":

- a.** To an employee of the insured arising out of and in the course of employment by the insured; or
- b.** To the spouse, child, parent, brother or sister of that employee as a consequence of **a.** above.

This exclusion applies:

- a.** Whether the insured may be liable as an employee or in any other capacity; and
- b.** To any obligation to share damages with or repay someone else who must pay damages because of injury.

This exclusion does not apply to:

- a.** Liability assumed by the insured under an "insured contract"; or
- b.** "Bodily injury" arising out of and in the course of domestic employment by the insured unless benefits for such injury are in whole or in part either payable or required to be provided under any workers compensation law.

"Property damage" to:

- a.** Property owned or being transported by, or rented or loaned to the insured; or
- b.** Property in the care, custody or control of the insured.

- 2.** With respect to only the coverage extended by this endorsement, WHO IS AN INSURED in the Businessowners Liability Coverage Form, Paragraph C, is replaced by the following:

Each of the following is an insured under this endorsement to the extent set forth below:

- a.** You.
- b.** Your partners if you are designated in the Declarations as a partnership or a joint venture.
- c.** Your members if you are designated in the Declarations as a limited liability company.

- d. Your executive officers if you are designated in the Declarations as an organization other than a partnership, joint venture or limited liability company.
- e. Any person using the "auto" and any person or organization legally responsible for the use of an "auto" not owned by such person or organization, provided the actual use is with your permission.

None of the following is an insured:

- a. Any person engaged in the business of his or her employer for "bodily injury" to any co-employee of such person injured in the course of employment;
- b. Any partner or executive officer for any "auto" owned by such partner or officer or a member of his or her household;
- c. Any person while employed in or otherwise engaged in duties in connection with an "auto business", other than an "auto business" you operate;
- d. the owner or lessee (of whom you are a sublessee) of a hired auto or the owner of a "non-owned auto" or any agent or employee of any such owner or lessee;
- e. Any person or organization for the conduct of any current or past partnership or joint venture that is not shown as a Named Insured in the Declarations.

**3. LIABILITY AND MEDICAL EXPENSES LIMITS OF INSURANCE** in the Businessowners Liability Coverage Form, Paragraph D, is replaced by the following:

- a. The Limits of Insurance shown in the Declarations and the rule below fix the most we will pay regardless of the number of:

- (1) Insureds;
- (2) Claims made or "suits" brought; or
- (3) Persons or organizations making claims or bringing "suits".

- b. The most we will pay for the sum of all damages because of "bodily injury" and "property damage" arising out of any one "occurrence" is the Hired Auto and Non-Owned Auto Liability Limit shown in the Declarations.

**C. The following additional definitions apply:**

- 1. **"Auto Business"** means the business or occupation of selling, repairing, servicing, storing or parking "autos".
- 2. **"Hired Auto"** means any "auto" you:
  - a. lease or rent for ninety consecutive days or less;
  - b. hire; or
  - c. borrow;

which is used in connection with your business. This does not include any "auto" you lease, rent, hire or borrow from any of your employees or members of their households, or from any partner or executive officer.

- 3. **"Non-Owned Auto"** means any "auto" you do not own, lease, rent, hire or borrow which is used in connection with your business. However, if you are a partnership, a "non-owned auto" does not include any "auto" owned by any partner.

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

## **EQUIPMENT BREAKDOWN COVERAGE**

This endorsement modifies insurance provided under the following:

BUSINESSOWNERS STANDARD PROPERTY COVERAGE FORM  
BUSINESSOWNERS SPECIAL PROPERTY COVERAGE FORM

1. **A. COVERAGE** is amended.
  - a. BUSINESSOWNERS SPECIAL PROPERTY COVERAGE FORM, **4. Limitations**, paragraph a. is amended. Subparagraphs (1) and (2) are deleted and replaced by the following for purposes of this endorsement only.
    - (1) Steam boilers, steam pipes, steam engines or steam turbines caused by or resulting from any condition or event inside such equipment. However, we will pay for loss of or damage to such equipment caused by or resulting from an explosion of gases or fuel within the furnace of any fired vessel or within the flues or passages through which the gases of combustion pass.
    - (2) Hot water boilers or other water heating equipment caused by or resulting from any condition or event inside such boilers or equipment, other than an explosion.
  - b. **Additional Coverages** is amended.
    - (1) **Pollutant Clean Up and Removal** is deleted and replaced by the following for purposes of this endorsement only.

**Pollutant Clean Up and Removal**  
We will pay for the pollutant clean up, removal, repair or replacement of damaged Covered Property resulting from an "Equipment Breakdown". The amount we pay is subject to the Limits of Insurance section of this endorsement. This coverage does not include contamination of perishable stock by a refrigerant.
    - (2) The following **Additional Coverages** are added.
      - (a) **Expediting Expenses**  
We will pay for the expediting expense loss resulting from an "Equipment Breakdown" with respect to your damaged Covered Property. We will pay the "reasonable extra cost" to:
        - 1) Make temporary repairs;
        - 2) Expedite permanent repairs; or
        - 3) Expedite permanent replacement."Reasonable extra cost" shall mean "the extra cost of temporary repair and of expediting the repair of such damaged equipment of the insured, including overtime and the extra cost of express or other rapid means of transportation". The amount we pay is subject to the Limits of Insurance section of this endorsement.
    - (b) **Refrigerant Contamination**  
We will pay for loss to your Covered Property that is damaged by contamination by a refrigerant used in refrigerating, cooling or humidity control equipment at the described premises as a result of an "Equipment Breakdown". The amount we pay is subject to the Limits of Insurance section of this endorsement.
    - (c) **Spoilage Coverage**
      - 1) We will pay for loss of "perishable goods" caused by spoilage resulting from lack of power, light, heat, steam or refrigeration caused by an "Equipment Breakdown" to types of property covered by this policy, that are:
        - a) Located on or within 1,000 feet of your described premises; and
        - b) Owned by you, the building owner (if you are a tenant), or owned by a public utility, or other supplier with whom you have a contract to supply you with any of the following services: electrical power, waste disposal, air conditioning, refrigeration, heating, natural gas,



compressed air, water, steam, internet access, telecommunications services, wide area networks or data transmission.

- 2) However, we will not pay for any physical loss or damage caused by or resulting from any of the causes of loss listed below, unless loss or damage not otherwise excluded results, then we will pay for such resulting damage:

- a) Fire, lightning, combustion explosion, windstorm or hail, weight of snow, ice or sleet, falling objects, smoke, aircraft or vehicles, riot or civil commotion, vandalism, sinkhole collapse, volcanic action, leakage from fire extinguishing equipment, water damage, earth movement; or
- b) Flood, unless an "Equipment Breakdown" ensues.

Our payment will be based upon the actual replacement cost of the "perishable goods" at the time of loss. The amount we pay is subject to the Limits of Insurance section of this endorsement.

**(d) CFC Refrigerants**

We will pay for the "additional costs" to repair or replace Covered Property because of the use or presence of a refrigerant containing CFC (chlorofluorocarbon) substances.

"Additional costs" mean those in excess of what would have been required to repair or replace Covered Property, had no CFC refrigerant been involved. We will also pay for additional loss as described under Spoilage Coverage or loss of Business Income Coverage provided by this endorsement, caused by the presence of a refrigerant containing CFC substances.

We will pay no more than the least of the following:

- 1) The cost to repair the damaged property and replace any lost CFC refrigerant;
- 2) The cost to repair the damaged property, retrofit the system to accept a non-CFC refrigerant, and charge the system with a non-CFC refrigerant; or
- 3) The cost to replace the system with one using a non-CFC refrigerant.

The amount we pay is subject to the Limits of Insurance section of this endorsement.

**(e) Computer Equipment**

We will pay for direct physical loss or damage to your computers as a result of an "Equipment Breakdown". The amount we pay is subject to the Limits of Insurance section of this endorsement.

**(f) Business Interruption, Extra Expense, Data Restoration and Service Interruption**

Any insurance provided for Business Income, Extra Expense or Data Restoration is extended to apply to your loss, damage or expense caused by an "Equipment Breakdown" to equipment that is owned by a utility, landlord or other supplier with whom you have a contract to supply you with any of the following services: electrical power, waste disposal, air conditioning, refrigeration, heating, natural gas, compressed air, water, steam, internet access, telecommunications services, wide area networks, data transmission or "cloud computing". The equipment must meet the definition of "Equipment Breakdown" except that it is not Covered Property.

We will pay:

- 1) Your actual loss sustained from a total or partial interruption of business; and
- 2) The reasonable extra expense you sustain to run your business during the interruption, caused solely by an "Equipment Breakdown", including an "Equipment Breakdown" to any transformer, electrical apparatus, or any covered equipment that is:
  - a) Located on or within 1,000 feet of your described premises;
  - b) Owned by you, the building owner (if you are a tenant), or owned by a public utility company; and
  - c) Used to supply electrical power, waste disposal, air conditioning, refrigeration, heating, natural gas, compressed air, water, steam, internet access, telecommunications services, wide area networks or data transmission.

The amount we pay is subject to the Limits of Insurance section of this endorsement.

**(g) Data Restoration**

We will pay for your reasonable and necessary cost to research, replace and restore the lost information on electronic media and records as a result of an "Equipment Breakdown". The amount we pay is subject to the Limits of Insurance section of this endorsement.

**(h) Temperature Fluctuation**

We will pay for loss of "perishable goods" only caused by or resulting from any condition or event to Covered Property that can be resolved by calibrating, resetting, tightening, adjusting or cleaning.

However, we will not pay for loss of "perishable goods" as a result of resetting the power supply to the Covered Property containing the "perishable goods".

The amount we pay is subject to the Limits of Insurance section of this endorsement.

**(i) Unauthorized Instruction**

We will pay for loss or damage to your "computer equipment" caused by an "unauthorized instruction" which results in an "Equipment Breakdown".

"Computer equipment" means Covered Property that is electronic computer or other data processing equipment, including peripherals used in conjunction with such equipment and electronic media and records.

"Unauthorized instruction" means a virus, harmful code or similar instruction introduced into or enacted on a computer system or a network to which it is connected, designed to damage or destroy any part of the system or disrupt its normal operation.

The amount we pay is subject to the Limits of Insurance section of this endorsement.

**(j) Risk Improvement**

If Covered Property suffers direct physical loss or damage caused by an "Equipment Breakdown", we will pay for the insured to improve the "power quality" of the electrical system or equipment at the loss location where the "Equipment Breakdown" occurred. "Power quality" means the conditions that allow

the electrical systems or equipment to operate as intended by limiting voltage fluctuations and other power influences that would adversely affect the operational performance and/or reduce the reliability, or the life span of the electrical system.

We will pay the reasonable extra cost to improve "power quality" for the following electrical systems and/or equipment improvements:

- 1) Installation of surge protection devices (SPD's) which are installed at the loss location's line disconnect, load disconnect, or on specific pieces of equipment and that are certified by Underwriter Laboratories (UL) or has an equivalent certification.  
However SPD's do not include any SPD's which are cord-connected surge strips, direct plug-in SPD's or receptacle SPD's;
- 2) An upgrade and/or replacement of electrical panels, switchgear and/or circuit breakers; or
- 3) Electrical wire and wiring improvements which include installation of flexible conduit, junction boxes and/or ground wiring.

An invoice for implementation of this Additional Coverage must be sent to us within 180 days after the payment of the loss is received.

The amount we pay is subject to the Limits of Insurance section of this endorsement.

**(k) Off-Premises Coverage**

We will pay for loss or damage to Covered Property resulting from a covered "Equipment Breakdown" while temporarily at a premises or location that is not a described premises.

The amount we pay is subject to the Limits of Insurance section of this endorsement.

**(3) The following provision is added to Coverage Extensions.**

**Replacement Cost Coverage**

We will pay you the amount you actually spend to repair or replace your damaged property with new property of like kind, capacity, size and quality, whichever is less except for the following.

If any damaged property is not repaired or replaced, then we will pay only the actual

cash value at the time of the "Equipment Breakdown".

**2. EXCLUSIONS** is amended.

BUSINESSOWNERS STANDARD PROPERTY COVERAGE FORM is amended. The following exclusions are deleted for purposes of this endorsement only.

**a. Electrical Apparatus:**

Artificially generated electrical current, including electric arcing, that disturbs electrical devices, appliances or wires. But if loss or damage by fire results, we will pay for that resulting loss or damage.

**d. Steam Apparatus:**

Explosion of steam boilers, steam pipes, steam engines or steam turbines owned or leased by you, or operated under your control. But if loss or damage by fire or combustion explosion results, we will pay for that resulting loss or damage.

**e. Mechanical Breakdown:**

Mechanical Breakdown, including rupture or bursting caused by centrifugal force. But if loss or damage by a Covered Cause of Loss results, we will pay for that resulting loss or damage.

BUSINESSOWNERS SPECIAL PROPERTY COVERAGE FORM is amended. The following exclusions are deleted for purposes of this endorsement only.

**a. Electrical Apparatus:**

Artificially generated electric current, including electric arcing, that disturbs electrical devices, appliances or wires. But if loss or damage by fire results, we will pay for that resulting loss or damage.

**d. (6) Mechanical breakdown, including rupture or bursting caused by centrifugal force; or**

**e. Steam Apparatus:**

Explosion of steam boilers, steam pipes, steam engines or steam turbines owned or leased by you, or operated under your control. But if loss or damage by fire or combustion explosion results, we will pay for that resulting loss or damage. We will also pay for loss or damage caused by or resulting from the explosion of gases or fuel within the furnace of any fire vessel or within the flues or passages through which the gases of combustion pass.

**3. C. LIMITS OF INSURANCE** is deleted and replaced by the following for purposes of this endorsement only.

**C. LIMITS OF INSURANCE**

1. The most we will pay for "Equipment Breakdown" for one or more coverages in any one occurrence at any one location is the amount equal to the "total insured value" at

each location where "Equipment Breakdown" is shown in the Declarations. This provision does not apply to paragraph C.4.

**2. The limit of insurance for Pollutant Clean Up and Removal, Refrigerant Contamination, Spoilage Coverage, Data Restoration, Temperature Fluctuation, Risk Improvement and Off-Premises Coverage**

are not additional limits of insurance, but are included in the "total insured value". We will pay the lesser of "total insured value" or:

- a. For Pollutant Clean Up and Removal, the greater of \$250,000 or the limit shown in an endorsement that is attached to the property form;
- b. For Refrigerant Contamination, up to \$750,000 for loss or damage;
- c. For Spoilage Coverage, up to \$750,000 for loss or damage;
- d. For Data Restoration, up to \$100,000 for loss, damage or expense including actual loss of Business Income you sustain and necessary Extra Expense you incur;
- e. For Temperature Fluctuation, up to \$5,000 for loss including actual loss of Business Income you sustain and necessary Extra Expense you incur;
- f. For Risk Improvement, 10% of the loss amount paid, up to a maximum limit of \$10,000; and
- g. For Off-Premises Coverage, up to \$25,000 for loss or damage.

**3. In no event will we pay more than the "total insured value" for each location where "Equipment Breakdown" is shown in the Declarations.**

**4. As regards Business Interruption, Extra Expense and Service Interruption, our limit of liability for any one "Equipment Breakdown" is equal to twelve (12) consecutive months of actual loss sustained for a total or partial interruption of your business. The twelve (12) consecutive months begin on the date of the "Equipment Breakdown".**

**4. PROPERTY GENERAL CONDITIONS** is amended. The following conditions are added for purposes of this endorsement only.

**a. Suspension**

Whenever Covered Property is found to be in, or exposed to, a dangerous condition, any of our representatives may immediately suspend the insurance against loss to that Covered Property for the perils covered by this endorsement. Coverage can be suspended and possibly

reinstated by delivering or mailing a written notice of suspension or coverage reinstatement to:

- (1) Your last known address; or
  - (2) The address where the property is located.
- If we suspend your insurance, you will get a pro rata refund of premium. However, the suspension will be effective even if we have not yet made or offered a refund.

**b. Jurisdictional Inspections**

If any Covered Property under this endorsement requires inspection to comply with state or municipal boiler and pressure vessel regulations, we agree to perform such inspection on your behalf. We do not warrant that conditions are safe or healthful.

**c. Environmental, Safety and Efficiency Improvements**

If Covered Property requires replacement caused by an "Equipment Breakdown", we will pay your additional cost to replace with equipment that is better for the environment, safer, or more efficient than the equipment being replaced.

However, we will not pay more than 150% of what the cost would have been to repair or replace with like kind and quality. This condition does not apply to any property to which Actual Cash Value applies.

**d. Green Environmental and Efficiency Improvements**

(1) If Covered Property requires repair or replacement caused by an "Equipment Breakdown", we will pay:

- (a) The lessor of the reasonable and necessary additional cost incurred by you to repair or replace physically damaged Covered Property with equipment of like kind and quality which qualifies as "Green". Like kind and quality includes similar size and capacity.
- (b) The additional reasonable and necessary fees incurred by you for an accredited professional certified by a "Green Authority" to participate in the repair or replacement of physically damaged Covered Property as "Green".
- (c) The additional reasonable and necessary cost incurred by you for certification or recertification of the repaired or replaced Covered Property as "Green".
- (d) The additional reasonable and necessary cost incurred by you for "Green" in the removal, disposal or recycling of damaged Covered Property.
- (e) The business interruption (if coverage is provided by the policy to which this

endorsement is attached) loss during the additional time required for repair or replacement of Covered Property, consistent with "Green", in the coverages above.

We will not pay more than 150%, up to a maximum limit of \$100,000, of what the cost would have been to repair or replace with equipment of like kind and quality inclusive of fees, costs and any business interruption loss incurred as stated above.

**(2) Green Environmental and Efficiency Improvements** does not cover any of the following:

- (a) Covered Property does not include stock, raw materials, finished goods, "production machinery", merchandise, electronic data processing equipment not used in the functional support of the real property, process water, molds and dies, property in the open, property of others for which you are legally liable, or personal property of others.
- (b) Any loss adjusted on any valuation basis other than a repair or replacement cost basis as per E. PROPERTY LOSS CONDITIONS, **6. Loss Payment**.
- (c) Any loss covered under any other section of this policy.
- (d) Any cost incurred because of any law or ordinance with which you were legally obligated to comply with prior to the time of the "Equipment Breakdown".

**e. Other Insurance Issued By Us**

If this policy provides coverage for Data Processing Equipment Coverages, Electronic Data Processing Equipment, Refrigerated Products or Mechanical Breakdown where two or more of this policy's coverages apply to the same loss or damage, the Coverage of this endorsement shall supersede any coverages provided outside of this endorsement for the loss or damage that arises out of an "Equipment Breakdown" loss. This Condition supersedes any similar Condition when provided by us in this policy.

**5. G. OPTIONAL COVERAGES** is amended.

- a. **1.c.(5)** Mechanical breakdown is deleted for purposes of this endorsement only.
- b. The provisions of this endorsement supersede **G. OPTIONAL COVERAGES, 5. Mechanical Breakdown**.

**6. H. PROPERTY DEFINITIONS** is amended.

- a. **BUSINESSOWNERS SPECIAL PROPERTY COVERAGE FORM, "Specified Causes of Loss"** is amended to include "Equipment Breakdown" for purposes of this endorsement only.

- b. **BUSINESSOWNERS SPECIAL PROPERTY COVERAGE FORM** and **BUSINESSOWNERS STANDARD PROPERTY COVERAGE FORM** are amended. The following definitions are added for purposes of this endorsement only.

**"Cloud computing"** means on-demand network access to a shared pool of computing resources via networks, servers, storage, applications and services provided by an organization with whom you have a contract with using the following service models: Software as a Service (SaaS), Platform as a Service (PaaS) and Infrastructure as a Service (IaaS) on the following deployment models: public cloud, community cloud, hybrid cloud and private cloud.

**"Electronic equipment"** means devices which operate using many small electrical parts such as, but not limited to, microchips, transistors or circuits.

**"Electronic equipment deficiency"** means the quality or condition inside of "electronic equipment" which renders this equipment unexpectedly inoperable and which is operable again once a piece of "electronic equipment" has been replaced.

However, "electronic equipment deficiency" will not include replacement of "electronic equipment" for any condition that could have been resolved without replacement of the "electronic equipment" including but not limited to "computer equipment" maintenance or the reinstallation or incompatibility of software.

**"Equipment Breakdown"** means:

- (1) Physical loss or damage both originating within:
  - (a) Boilers, fired or unfired pressure vessels, vacuum vessels, and pressure piping, all normally subject to vacuum or internal pressure other than static pressure of contents, excluding:
    - 1) Waste disposal piping;
    - 2) Any piping forming part of a fire protective system;
    - 3) Furnaces; and
    - 4) Any water piping other than:
      - a) Boiler feed water piping between the feed pump and the boiler;
      - b) Boiler condensate return piping; or
      - c) Water piping forming part of a refrigerating or air conditioning system.
  - (b) All mechanical, electrical, "electronic equipment" or fiber optic equipment; and
- (2) Caused by, resulting from, or consisting of:

- (a) Mechanical breakdown;
- (b) Electrical or electronic breakdown and "electronic equipment deficiency"; or
- (c) Rupture, bursting, bulging, implosion, or steam explosion.

- (3) However, "Equipment Breakdown" does not mean:

Physical loss or damage caused by or resulting from any of the following; however, if loss or damage not otherwise excluded results, then we will pay for such resulting damage:

- (a) Wear and tear;
- (b) Rust or other corrosion, decay, deterioration, hidden or latent defect, "fungi", wet rot, dry rot, bacteria or any other quality in property that causes it to damage or destroy itself;
- (c) Smog;
- (d) Settling, cracking, shrinking or expansion;
- (e) Nesting or infestation, or discharge or release of waste products or secretions, by insects, birds, rodents or other animals;
- (f) Any accident, loss, damage, cost, claim, or expense, whether preventive, remedial, or otherwise, directly or indirectly arising out of or relating to the recognition, interpretation, calculation, comparison, differentiation, sequencing, or processing of data by any computer system including any hardware, programs or software;
- (g) Scratching or marring; and
- (h) Loss, damage, cost or expense directly caused by, contributed to by, resulting from or arising out of the following causes of loss:
  - 1) Fire, lightning, combustion explosion, windstorm or hail, weight of snow, ice or sleet, falling objects, smoke, aircraft or vehicles, riot or civil commotion, vandalism, sinkhole collapse, volcanic action, leakage from fire extinguishing equipment, water damage, earth movement; or
  - 2) Flood, unless an "Equipment Breakdown" ensues.

**"Total insured value"** means:

The sum of the limits for the following coverages if shown at the location where "Equipment Breakdown" is shown in the Declarations:

- (1) Building;
- (2) Business Personal Property;
- (3) Stock;

- (4) Personal Property of Others;
- (5) Tenants Improvements and Betterments;
- (6) Improvements and Alterations;
- (7) Furniture;
- (8) Fixtures;
- (9) Machinery and Equipment;
- (10) Personal Property in the Open;
- (11) Legal Liability Real Property;
- (12) Business Income and Extra Expense (when Business Income and Extra Expense - 12 months - Actual Loss Sustained is shown, Business Income and Extra Expense applies at 25% of the sum of the building and business personal property limits at that location);
- (13) Business Income (Without Extra Expense); and
- (14) Extra Expense.

**"Green"** means products, materials, methods and processes certified by a "Green Authority" that conserve natural resources, reduce energy

or water consumption, avoid toxic or other polluting emissions or otherwise minimize environmental impact.

**"Green Authority"** means an authority on "Green" buildings, products, materials, methods or processes certified and accepted by Leadership in Energy and Environmental Design (LEED®), "Green" Building Initiative Green Globes®, Energy Star Rating System or any other recognized "Green" rating system.

**"Perishable goods"** means stock preserved and maintained under controlled conditions and susceptible to loss or damage if the controlled conditions change.

**"Production machinery"** means any machine which processes, forms, shapes, or transports raw materials, materials in process, waste materials or finished products.

All other policy terms and conditions apply.

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

## **CONDOMINIUM ASSOCIATION COVERAGE**

This endorsement modifies insurance provided under the following:

### **BUSINESSOWNERS POLICY**

**A. Paragraph A.1.a. Buildings** in the Businessowners Standard Property Coverage Form and Businessowners Special Property Coverage Form is deleted and replaced by the following:

- a. Buildings**, meaning the buildings and structures at the premises described in the Declarations, including:
- (1) Completed additions;
  - (2) Permanently installed fixtures, machinery and equipment;
  - (3) Outdoor fixtures;
  - (4) Personal property owned by you that is used to maintain or service the buildings or structures or the premises, including:
    - (a) Fire extinguishing equipment;
    - (b) Outdoor furniture;
    - (c) Floor coverings; and
    - (d) Appliances used for refrigerating, ventilating, cooking, dishwashing or laundering that are not contained within individual units;
  - (5) If not covered by other insurance:
    - (a) Additions under construction, alterations and repairs to the buildings or structures; 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 buildings or structures; and
  - (6) Any of the following types of property contained within a unit, regardless of ownership, if your Condominium Association Agreement requires you to insure it:
    - (a) Fixtures, improvements and alterations that are part of the buildings or structures; and
    - (b) Appliances, such as those used for refrigerating, ventilating, cooking, dishwashing, laundering, security or house-keeping.

However, Buildings do not include personal property owned by, used by or in the care, custody or control of a unit-owner except for personal property listed in Paragraph **A.1.a.(6)** above.

**B. Paragraph A.1.b. Business Personal Property** in the Businessowners Standard Property Coverage Form and Businessowners Special Property Coverage Form is deleted and replaced by the following:

- b. Business Personal Property** located in or on the buildings at the described premises in the Declarations or in the open (or in a vehicle) within 100 feet of the described premises, consisting of the following:
- (1) Personal property owned by you or owned indivisibly by all unit-owners;
  - (2) Your interest in the labor, materials or services furnished or arranged by you on personal property of others;
  - (3) Leased personal property which you have a contractual responsibility to insure, unless otherwise provided for under personal property of others.

Business Personal Property does not include personal property owned only by a unit-owner, unless it is in your care, custody or control as covered below.

This also includes similar property of others that is in your care, custody or control; however, this property is not covered for more than the amount for which you are legally liable, plus the cost of labor, materials or services furnished or arranged by you on personal property of others.

**C. Paragraph E. PROPERTY LOSS CONDITIONS** in the Businessowners Standard Property Coverage Form and Businessowners Special Property Coverage Form is amended as follows:

1. The following is added to **6. Loss Payment** Condition:

If you name an insurance trustee, we will adjust losses with you, however, we will pay the insurance trustee. If we pay the trustee, the payments will satisfy your claims against us.

2. The following is added:

**Unit-Owner's Insurance**

A unit-owner may have other insurance covering the same property as this insurance. This insurance is intended to be primary, and not to contribute with such other insurance.

D. The following is added to Paragraph **C. Who Is An Insured** in the Businessowners Liability Coverage Form:

Each individual unit-owner of the insured condominium, however, only for liability arising out of the maintenance or repair of that portion of the premises which is not reserved for that unit-owner's exclusive use or occupancy.

E. The following is added to Paragraph **J. TRANSFER OF RIGHTS OF RECOVERY AGAINST OTHERS TO US** in the Businessowners Common Policy Conditions:

**Waiver Of Rights Of Recovery**

We waive our rights to recover payment from any unit-owner of the condominium that is shown in the Declarations.

All other policy terms and conditions apply.

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**CAP ON LOSSES FROM CERTIFIED ACTS OF TERRORISM  
AND  
IMPORTANT INFORMATION REGARDING TERRORISM RISK  
INSURANCE COVERAGE**

It is agreed:

1. With respect to any one or more certified acts of terrorism, we will not pay any amounts for which we are not responsible because of the application of any provision which results in a cap on our liability for payments for terrorism losses in accordance with the terms of the federal Terrorism Risk Insurance Act of 2002 (including ensuing Congressional actions pursuant to the Act).
2. Certified act of terrorism means any act certified by the Secretary of the Treasury, in consultation with:
  - a. the Secretary of Homeland Security; and
  - b. the Attorney General of the United Statesto be an act of terrorism as defined and in accordance with the federal Terrorism Risk Insurance Act of 2002 (including ensuing Congressional actions pursuant to the Act).
3. Under the federal Terrorism Risk Act of 2002 (including ensuing Congressional actions pursuant to the Act) a terrorist act may be certified:
  - a. if the aggregate covered commercial property and casualty insurance losses resulting from the terrorist act exceed \$5 million; and
  - b. (1) if the act of terrorism is:
    - a) a violent act; or
    - b) an act that is dangerous to human life, property or infrastructure; and(2) if the act is committed:
    - a) by an individual or individuals as part of an effort to coerce the civilian population of the United States; or
    - b) to influence the policy or affect the conduct of the United States government by coercion.

All other policy terms and conditions apply.

## IMPORTANT INFORMATION REGARDING TERRORISM RISK INSURANCE COVERAGE

The Terrorism Risk Insurance Act of 2002 was signed into law on November 26, 2002. The Act (including ensuing Congressional actions pursuant to the Act) defines an act of terrorism, to mean any act that is certified by the Secretary of the Treasury, in consultation with the Secretary of Homeland Security and the Attorney General of the United States to be (i) an act of terrorism; (ii) to be a violent act or an act that is dangerous to human life, property or infrastructure; (iii) to have resulted in damage within the United States or outside the United States in the case of certain air carriers or vessels or the premises of a United States mission; and (iv) to have been committed by an individual or individuals as part of an effort to coerce the civilian population of the United States or to influence the policy or affect the conduct of the United States government by coercion.

Subject to the policy terms and conditions, this policy provides insurance coverage for acts of terrorism as defined in the Act.

Any coverage for certain commercial lines of property and casualty insurance provided by your policy for losses caused by certified acts of terrorism are partially paid by the federal government under a formula established by federal law. Under this formula, the government will reimburse us for 85% of such covered losses that exceed the statutory deductible paid by us. However, beginning January 1, 2016 the share will decrease 1% per calendar year until it equals 80%. **You should also know that in the event aggregate insured losses exceed \$100 billion during any year the Act is in effect, then the federal government and participating United States insurers that have met their insurer deductible shall not be liable for the payment of any portion of that amount of the loss that exceeds \$100 billion. In the event that aggregate insured losses exceed \$100 billion annually, no additional claims will be paid by the federal government or insurers.** This formula is currently effective through December 31, 2020 unless extended.

The premium charge, if any, for this coverage is shown separately on the attached Declarations page. In the event of a certified act of terrorism, future policies also may include a government assessed terrorism loss risk-spreading premium in accordance with the provisions of the Act.

Please contact us if you would like to reject coverage for certified acts of terrorism.

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

## **OFF-PREMISES UTILITY SERVICE FAILURE**

This endorsement modifies insurance under the BUSINESSOWNERS SPECIAL PROPERTY COVERAGE FORM.

1. Under **A. COVERAGE, 5. Additional Coverages**, the following Additional Coverage is added:

### **Off-Premises Utility Service Failure**

In the event of the interruption of utility service to the premises described in the Declarations, we shall pay for loss of or damage to Covered Property, actual loss of "Business Income" and necessary "Extra Expense". The interruption must result from direct physical damage by a Covered Cause of Loss to property of your "local utility service".

2. The most we shall pay for all loss or damage to Covered Property, actual loss of "Business Income" and necessary "Extra Expense" in any one loss is the Limit of Insurance shown in the Declarations for OFF-PREMISES UTILITY SERVICE FAILURE. Payment for your actual loss of "Business Income" and necessary "Extra Expense", if any, will be subject to the necessary suspension of your "operation" during the "period of restoration" and the following terms and conditions:

- a. Under **A. COVERAGE, 5. Additional Coverages, f. Business Income** and **g. Extra Expense** do not apply to this endorsement.

- b. **"Operation"**, means your business activities occurring at the described premises.

- c. **"Period of Restoration"**, means the period of time that:

- (1) Begins with the interruption of utility service to the premises described in the Declarations caused by direct physical loss or damage by a Covered Cause of Loss to the property of your "local utility service"; and
- (2) Ends on the date when the interruption of utility service to the premises described in the Declarations is restored.

"Period of Restoration" does not include any increased period required due to the enforcement of any law that:

- (1) Regulates the construction, use or repair, or requires the tearing down of any property; or
- (2) Regulates the prevention, control, repair, clean-up or restoration of environmental damage.

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

- d. **"Business Income"**, means the:

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

- e. **"Extra Expense"**, means expense incurred:

- (1) To avoid or minimize the suspension of business and to continue "operations":
  - (a) At the described premises; or
  - (b) At replacement premises or at temporary locations, including:
    - 1) Relocation expenses; and
    - 2) Costs to equip and operate the replacement or temporary locations.
- (2) To minimize the suspension of business if you cannot continue "operations".
- (3) (a) To repair or replace any property; or
  - (b) To research, replace or restore the loss information on damaged valuable papers and records to the extent it reduces the amount of loss that otherwise would have been payable under this Additional Coverage.

### 3. Exclusions

The following exclusions apply only to this endorsement:

#### a. Perishable Stock

We will not pay for loss or damage to "perishable stock".

#### b. Power or Other Utility Grid Failure

Under **B. EXCLUSIONS, 1.e. Power Failure**, is deleted and replaced by the following exclusion for this endorsement only:

We shall not pay for loss or damage caused by or resulting from the failure to supply "communication supply services", "power supply services" or "water supply services" from any regional or national grid.

### 4. Definitions

The following definitions apply only to this Additional Coverage:

- a. **"Communication Supply Services"**, meaning property supplying communication services, including telephone, radio, microwave or television services, to the described premises, that are not located on a described premises and not rented, leased or owned by any insured, such as:
  - (1) Communication transmission lines, including optic fiber transmission lines;
  - (2) Coaxial cables; and
  - (3) Microwave radio relays except satellites.
- b. **"Local Utility Service"**, means your billing entity, repair entity or service entity directly supplying your "communication supply services", "power supply services" or "water supply services" to the premises described in the Declarations.
- c. **"Perishable Stock"**, means merchandise held in storage or for sale that is refrigerated for preservation and is susceptible to loss or damage if the refrigeration fails.

- d. **"Power Supply Services"**, means the following types of property supplying electricity, steam or gas to the described premises, that are located on a described premises and not rented, leased or owned by any insured:
- (1) Utility generating plants;
  - (2) Switching stations;
  - (3) Substations;
  - (4) Transformers; and
  - (5) Transmission lines.
- e. **"Water Supply Services"**, means the following types of property supplying water to the described premises, that are not located on a described premises and not rented, leased or owned by any insured:
- (1) Pumping stations; and
  - (2) Water mains.

All other policy terms and conditions apply.

43-0083-00  
 SENTRY WEST INSURANCE SERVICES  
 PO BOX 9289  
 SALT LAKE CITY UT 84109

# ***Auto-Owners*** **INSURANCE**

LIFE • HOME • CAR • BUSINESS

PO BOX 30660 • LANSING, MI 48909-8160

**Agency phone: 801.272.8468**

03-03-2025

AUTO-OWNERS INSURANCE COMPANY

HILLCREST OWNERS ASSOCIATION INC  
 PO BOX 3063  
 HAILEY ID 83333-3063

This is not a bill. The premium can be paid before a bill is sent using any of the following methods:

Pay Online  
[www.auto-owners.com](http://www.auto-owners.com)  
 Pay My Bill

Pay by Mail  
 AUTO-OWNERS INSURANCE  
 PO BOX 740312  
 CINCINNATI, OH 45274-0312

Pay by Phone  
 1.800.288.8740

RE: Policy 53-179-860-02

Billing Account 103122282

Thank you for selecting Auto-Owners Insurance Group to service your insurance needs!

Auto-Owners and its affiliate companies offer a full complement of policies, each of which has its own eligibility requirements, coverages, and rates. Please take this opportunity to review your insurance needs with your Auto-Owners agent **801.272.8468**, and discuss which company and program might be appropriate for you. After talking with your agent, if there are any unanswered questions, please contact us at 517.323.1200.

Auto-Owners Insurance Company was formed in 1916. Our A+ (Superior) rating by AM Best signifies that we have the financial strength to provide the insurance protection you need. The Auto-Owners Insurance Group is comprised of five property and casualty companies and a life insurance company.

***Serving Our Policyholders and Agents Since 1916***

## NOTICE OF PRIVACY PRACTICES

### What We Do To Protect Your Privacy

At Auto-Owners Insurance Group\*, we value your business and we want to retain your trust. In the course of providing products and services, we may obtain nonpublic personal information about you. We assure you that such information is used only for the purpose of providing our products and services to you.

### Protecting Confidentiality

Our agents and Company associates may have access to nonpublic personal information only for the purpose of providing our products or services to you. We maintain physical, electronic and procedural safeguards against unauthorized use of your nonpublic personal information.

### Information We Obtain

To assist in underwriting and servicing your policy, we may obtain nonpublic personal information about you. For example, we routinely obtain information through applications, forms related to our products or services, from visiting [www.auto-owners.com](http://www.auto-owners.com), and your transactions with us. We may obtain such information from our affiliates, independent insurance agents, governmental agencies, third parties, or consumer reporting agencies.

The type of information that we collect depends on the product or service requested, but may include your name, address, contact information, social security number, credit history, claims history, information to properly investigate and resolve any claims, or billing information. We may obtain your medical history with your permission. The nature and extent of the information we obtain varies based on the nature of the products and services you receive.

### The Internet and Your Information

If you would like to learn about how we gather and protect your information over the Internet, please see our online privacy statement at [www.auto-owners.com/privacy](http://www.auto-owners.com/privacy).

Generally, Auto-Owners may use cookies, analytics, and other technologies to help us provide users with better service and a more customized web experience. Our business partners may use tracking services, analytics, and other technologies to monitor visits to [www.auto-owners.com](http://www.auto-owners.com). The website may use web beacons in addition to cookies. You may choose to not accept cookies by changing the settings in your web browser.

Information obtained on our websites may include IP address, browser and platform types, domain names, access times, referral data, and your activity while using our site; who should use our web site; the security of information over the Internet; and links and co-branded sites.

### Limited Disclosure

Auto-Owners Insurance Group companies do not disclose any nonpublic personal information about their customers or former customers except as permitted by law. We do not sell your personal information to anyone. We do not offer an opportunity for you to prevent or "opt out of" information sharing since we only share personal information with others as allowed by law.

When sharing information with third parties to help us conduct our business, we require them to protect your personal information. We do not permit them to use or share your personal information for any purpose other than the work they are doing on our behalf or as required by law.

The types of information disclosed may include personal information we collect as necessary to service your policy or account, investigate and pay claims, comply with state and federal regulatory requests or demands, and process other transactions that you request. Third parties that receive disclosures may include your independent agent, regulators, reinsurance companies, fraud prevention agencies, or insurance adjusters.

## **How Long We Retain Your Information**

We generally retain your information as long as reasonably necessary to provide you services or to comply with applicable law and in accordance with our document retention policy. We may retain copies of information about you and any transactions or services you have used for a period of time that is consistent with applicable law, applicable statute of limitations or as we believe is reasonably necessary to comply with applicable law, regulation, legal process or governmental request, to detect or prevent fraud, to collect fees owed, to resolve disputes, to address problems with our services, to assist with investigations, to enforce other applicable agreements or policies or to take any other actions consistent with applicable law.

In some circumstances we may anonymize your personal information (so that it can no longer be associated with you) for research or statistical purposes, in which case we may use this information indefinitely without further notice to you. This allows the specific information collected (name, email, address, phone number, etc.) to become anonymous, but allows Auto-Owners to keep the transaction or engagement data.

## **Changes to the Privacy Policy**

We will provide a notice of our privacy policy as required by law. This policy may change from time to time, but you can always review our current policy by visiting our website at [www.auto-owners.com/privacy](http://www.auto-owners.com/privacy) or by contacting us.

## **Contact Us**

Auto-Owners Insurance Company  
Phone: 844-359-4595 (toll free)  
Email: [privacyrequest@aoins.com](mailto:privacyrequest@aoins.com)

\*Auto-Owners Insurance Group includes, Auto-Owners Insurance Company, Auto-Owners Life Insurance Company, Home-Owners Insurance Company, Owners Insurance Company, Property-Owners Insurance Company and Southern-Owners Insurance Company.



## NOTIFICATION OF POSSIBLE CHANGES IN COVERAGE FOR TERRORISM

Dear Policyholder:

The Terrorism Risk Insurance Act (including ensuing Congressional actions pursuant to the Act) will expire on December 31, 2027 unless the Federal government extends the Act. What this means to you is the following:

1. Subject to policy terms and conditions, the enclosed policy will provide insurance coverage for certified acts of terrorism as defined in the Act only until December 31, 2027.
2. A conditional endorsement entitled, Conditional Exclusion Of Terrorism Involving Nuclear, Biological Or Chemical Terrorism (Relating To Disposition Of Federal Terrorism Risk Insurance Act) is enclosed. This conditional endorsement will only apply if the Act is not extended or if the Act is revised to increase statutory deductibles, decrease the federal government's share in potential losses above the statutory deductibles, change the levels, terms or conditions of coverage and we are no longer required to make terrorism coverage available and elect not to do so. It will not apply if the Act is simply extended.
3. The conditional endorsement will provide coverage for an incident of terrorism pursuant to the terms and conditions of the policy only if the incident does not involve nuclear, biological or chemical material.
4. A premium charge for the conditional endorsement will be applied effective January 1, 2028. The premium will be pro rated for the remainder of the policy term and is one-half of the current premium charge appearing in the Declarations for TERRORISM - CERTIFIED ACTS. However, it will only be made if the Terrorism Risk Insurance Act (including ensuing Congressional actions pursuant to the Act) is not extend. Revised Declarations will be mailed to you after January 1, 2028.
5. If the Act is extended without any revision, the enclosed policy will continue to provide coverage for certified acts of terrorism. The conditional endorsement will not be activated and the changes in coverage or premium referenced above will not apply.
6. If the Act is extended with revisions or is replaced, and we are required or elect to continue to offer coverage for certified acts of terrorism, we may amend this policy in accordance with the provisions of the revised Act or its replacement.

This notice is for informational purposes only.

If you have any questions concerning your policy or this notice, please contact your Auto-Owners agency.

***Businessowners  
Insurance Policy***

***Auto-Owners Insurance Company***

### **POLICY NON-ASSESSABLE**

This policy is non-assessable and the premium stated in the Declarations is the only premium you will be asked to pay.

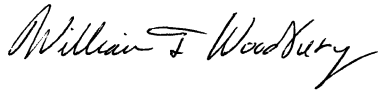
### **PARTICIPATING**

You will be entitled to an equitable participation in Company funds in excess of the amount required to pay expenses and all the losses or claims or other policy obligations incurred, together with the reserve and surplus funds required or permitted by law. A distribution will be made only in accordance with the decision of our Board of Directors acting under the insurance laws and under our charter.

### **NOTICE OF MEMBERSHIP AND ANNUAL MEETING**

Because we are a mutual company, this policy makes you a member of the Auto-Owners Insurance Company. You are entitled to vote, in person or by proxy, at all meetings. Our annual policyholder's meetings are held at our home office at Lansing, Michigan on the second Monday in May in each year at 10:00 A.M.

In witness whereof, we, the Auto-Owners Insurance Company, have caused this policy to be issued and to be duly signed by our President and Secretary.



Secretary



President



**COMMUNITY ASSOCIATION POLICY  
DECLARATIONS**

**NOTICE:**

THE LIABILITY COVERAGE PARTS PROVIDE CLAIMS MADE COVERAGE, WHICH APPLIES ONLY TO CLAIMS FIRST MADE AGAINST THE INSUREDS DURING THE POLICY PERIOD. THE LIMIT OF LIABILITY TO PAY JUDGMENTS OR SETTLEMENT AMOUNTS SHALL BE REDUCED AND MAY BE EXHAUSTED BY PAYMENT OF DEFENSE COSTS. PLEASE READ THIS POLICY CAREFULLY.

NAMED INSURED AND ADDRESS		NAMED ENTITY AND PHYSICAL ADDRESS	
Item 1. Hillcrest Owners Association Inc. c/o Boulder Mountain Property Management P.O. Box 3063 Hailey, ID 83333		120 Latigo Lane Ketchum, ID 83340	
POLICY NUMBER		INSURER	
768647653		Continental Casualty Company CNA Center, 151 North Franklin Street Chicago, IL 60606	
Policy Premium:	\$1,527.00		
Surcharge/Tax/Assessment:			
Total Amount Due:	\$1,527.00		

Item 2. **Policy period:** 03/01/2025 to 03/01/2026 12:01 a.m. local time per address Item 1.

Item 3. Notices:

**Claims** or Circumstance:

CNA – Claims Reporting  
P.O. Box 8317  
Chicago, IL 60680-8317  
Email: [nfpnewloss@cna.com](mailto:nfpnewloss@cna.com)  
Fax Number: 866-773-7504

**All other notices:**

Ian H. Graham Insurance  
P.O. Box 19640  
Irvine, CA 92623

Item 4. **Extended reporting period**

- |    |         |            |                                 |
|----|---------|------------|---------------------------------|
| a. | Period: | One Year   | Premium: 100% of Policy Premium |
| b. | Period: | Two Year   | Premium: 175% of Policy Premium |
| c. | Period: | Three Year | Premium: 225% of Policy Premium |

Item 5. **Liability coverage parts:** Association Liability Coverage Part

**Non-liability coverage parts:** Commercial Crime Coverage Part



**COMMUNITY ASSOCIATION POLICY  
DECLARATIONS**

Item 6. COVERAGE PARTS – Limits of Liability Retentions and Sublimits

**Association Liability Coverage Part**

Maximum Aggregate Limit of Liability:	\$1,000,000
Retention:	per <b>claim</b> : \$5,000
Pending or Prior Litigation Date:	03/01/2025
Wage and Hour Defense Costs Sublimit of Liability (part of Aggregate Limit of Liability):	\$100,000
Immigration Claims Defense Costs of Sublimit of Liability (part of Aggregate Limit of Liability):	\$100,000
Additional Defense Costs Aggregate Limit of Liability:	Defense Costs Outside the Limit of Liability

**Commercial Crime Coverage Part**

	Limit of Liability	Retention
A. Fidelity Coverage		
1. Employee Theft	\$25,000	\$250
2. Client	\$25,000	\$250
3. ERISA Plan	\$25,000	\$0
B. Forgery or Alteration Coverage	\$25,000	\$250
C. Inside and Outside Premises Coverage		
1. Money or Securities	\$25,000	\$0
2. Property	\$25,000	\$0
3. Damage	\$25,000	\$0
D. Transfer Coverage		
1. Computer	\$25,000	\$250
2. Funds	\$25,000	\$250
3. Social Engineering Fraud	\$25,000	\$250
E. Counterfeit Coverage	\$250,000	\$0

Commercial Crime Coverage Part Coverage Extensions	Sublimit of Liability	
1 Proof of Loss Costs Sublimit	\$5,000	
2 Computer Restoration Costs Sublimit	\$25,000	
3 Record Recovery Costs Sublimit	\$25,000	



COMMUNITY ASSOCIATION POLICY  
DECLARATIONS

Item 7. ENDORSEMENTS:

CNA-81758-XX (1/21)	Notice - Offer of Terrorism Coverage Disclosure of Premium
CNA-103300-XX (10/22)	Community Association Policy General Terms and Conditions
CNA-103302-XX (10/22)	Community Association Policy Association Liability Coverage Part
CNA-103304-XX (10/22)	Privacy Event Expense Endorsement
CNA-103305-XX (10/22)	Network Security and Privacy Regulation Proceeding Endorsement
CNA-103420-XX (10/22)	Defense Costs Outside the Limits Endorsement
CNA-103432-XX (10/22)	Public Relations Event Expenses Endorsement
CNA-81751-XX (3/15)	Cap on Losses from Certified Acts of Terrorism Endorsement
CNA-103435-XX (10/22)	Workplace Violence Act Expenses Sublimited Coverage Endorsement
CNA-103440-XX (10/22)	Sublimited Breach of Contract Defense Costs Endorsement
CNA-108397-XX (3/24)	Defense Costs Applicable to Retention Endorsement
CNA-103303-XX (10/22)	Community Association Policy Commercial Crime Coverage Part
CNA-103441-XX (10/22)	Telephone Toll Fraud Endorsement
CNA-88892-ID (6/17)	Conditional Renewal Endorsement - Idaho

These Declarations, along with the completed and signed **application**, the policy, and any written endorsements attached shall constitute the contract between the **insureds** and the Insurer.

Authorized Representative:

Date: 02/24/2025



## COMMUNITY ASSOCIATION POLICY GENERAL TERMS AND CONDITIONS

In consideration of the premium, and in reliance upon the **application**, we agree to provide you with the following coverage subject to the terms and conditions of this policy:

### I. PREFACE

A Coverage Part is included within this policy and affords coverage only if the Coverage Part is purchased as indicated by a corresponding limit of liability in the Declarations.

The terms and conditions in each Coverage Part apply only to such Coverage Part and will not apply to any other Coverage Part.

If any provision in the General Terms and Conditions is inconsistent with the terms and conditions of any applicable Coverage Part, the terms and conditions of such Coverage Part will control.

Bolded terms in the policy will have the special meaning set forth in the definitions. The terms “we”, “us”, and “our” mean the Insurer named on the Declarations; the terms “you”, “your”, and “yours” mean any **insured**.

### II. SUPPLEMENTARY BENEFITS

#### A. Mediation Retention Reduction

If, prior to, or within sixty (60) days of the service of suit or the institution of arbitration proceedings, we and the **named insured** agree to use a non-binding alternative dispute resolution process to resolve any **claim** reported to us, and such **claim** is entirely resolved through such process, then we will reduce the Retention applicable to such **claim** by the lesser amount of fifty percent (50%) of such Retention or ten thousand (\$10,000) dollars.

#### B. Proceeding Expenses Reimbursement

If we request an **insured person's** presence at a trial, hearing, deposition, mediation, or arbitration, we will pay up to \$250.00 per day, per **insured person** for reimbursement of costs and expenses incurred in connection with such presence, subject to a maximum of \$2,500 per **claim**, per **policy period**. Such payment will be in addition to the applicable limit of liability and no Retention will apply.

#### C. Pre-Claim Expenses

In the event a **noticed matter** later gives rise to a covered **claim**, then we will credit the **pre-claim expenses** that you have paid up to ten percent (10%) of the applicable Retention for such **claim**.

### III. DEFINITIONS

Any defined word not defined in the General Terms and Conditions will have the meaning assigned to it in the applicable Coverage Part.

**Application** means any signed application, including its warranty and attachments together with any other materials and representations provided to us in connection with the underwriting and negotiating of the terms and conditions of this policy or any other policy of which this policy is an indirect or direct renewal.

**Bodily injury** means any actual or alleged bodily injury, sickness, disease, death, emotional distress or mental anguish of any natural person.

**Change of control** means when: (i) the **named insured** merges into another entity and is no longer the surviving entity; (ii) another person(s) or entity(ies) acquires such an ownership interest in the **named insured** to exercise **management control**; or (iii) the **named insured** emerges from bankruptcy.

**Clean-up costs** mean any fees, costs, or expenses, including legal and professional fees, incurred in testing for, monitoring, cleaning up, removing, containing, treating, neutralizing, detoxifying, or assessing the effects of **pollutants**.

**Extended reporting period** means the additional period of reporting time purchased by an **insured** after termination, cancellation, or non-renewal of this policy within which to report a **claim** subject to the provisions of Section V, Extended Reporting Period for Liability Coverage Parts Only.



## COMMUNITY ASSOCIATION POLICY GENERAL TERMS AND CONDITIONS

**Financial insolvency** means: (i) the appointment by a federal, state or local agency or court of a receiver, conservator, liquidator, trustee, rehabilitator, or similar official, to take control of, supervise, manage, or liquidate an **insured entity** or **outside entity**; (ii) an **insured entity** becoming a debtor in possession under United States bankruptcy law or any equivalent foreign bankruptcy law; or (iii) when an **insured entity** can establish affirmatively it is unable at the present time, or in the future, to pay its debts in the ordinary course of business.

**Independent contractor** means any natural person working for an **insured entity** in the ordinary course of such **insured entity's** business, and in the capacity of an independent contractor, pursuant to a written agreement for services between such **insured entity** and either (i) such natural person; or (ii) any other entity acting on behalf of such natural person.

**Insured entity** means the **named insured** or any **subsidiary**, including any such entity as a debtor in possession under United States bankruptcy law.

**Insured person** will have the meaning designated in the respective Coverage Part.

With respect to any **liability coverage part**, **insured person** will also include: (i) assigns, estates, heirs, legal representatives, or assigns of any **insured person** in their capacity as such, provided such **insured person** is deceased or legally incompetent; or (ii) a spouse or domestic partner of an **insured person** in their capacity as such, or due to legal ownership of property identified as potential recovery relief. There will be no coverage afforded under this policy for any act, error or omission of an estate, heir, legal representative, assign, spouse or domestic partner.

**Liability coverage part** means those Coverage Parts set forth in Item 5 of the Declarations.

**Management control** means:

- (i) owning or controlling more than fifty-percent (50%) of the outstanding securities, shares or equity ownership representing the right to control an entity as evidenced by the present power to elect, designate or appoint the majority of the board of directors, management committee members or management board members; or
- (ii) having the present right, pursuant to written contract or an organizational document, to elect, designate or appoint the majority of the board of directors, management committee members or management board members of an entity.

**Named insured** means the entity set forth in Item 1 of the Declarations.

**Non-liability coverage part** means those Coverage Parts set forth in Item 5 of the Declarations.

**Noticed matter** means any written notice of circumstance which we have accepted under a **liability coverage part**.

**Policy period** means the time period from the inception date to the expiration date of this policy set forth in Item 2 of the Declarations, or any such earlier termination or cancellation date. **Policy period** will also include the **extended reporting period**, if purchased.

**Pollution** means any actual, or threat of, discharge, emission, release, dispersal, escape of, or treatment, removal or disposal of any **pollutants**. **Pollution** also includes any regulation, order, direction, or request to test, monitor, clean up, remove contain, treat or detoxify or neutralize any **pollutants**.

**Pre-claim expenses** mean the reasonable and necessary fees, costs, and expenses incurred by an **insured** in responding to or defending a **noticed matter**, on or after the date we accepted the notice of circumstances and prior to the date the **noticed matter** became a **claim**. **Pre-claim expenses** will not include **overhead expenses** or any fees, costs, or expenses incurred by an **insured** as a result of any **routine examination**. We have the right to determine the reasonableness, necessity, and allocation of the **pre-claim expenses** (including the right to apply any applicable **claim** exclusions to the **pre-claim expenses**).

**Property damage** means any actual or alleged: (i) damage to, or destruction or deterioration of, any tangible property; (ii) loss of use, loss of view, or diminution of value to, any tangible property; or (iii) failure to supervise, repair or maintain any tangible property.

**Related claims** mean all **claims** that are based upon, arising from, or are logically or causally connected by the same, or any related or common, or a series of related or common, facts, circumstances, transactions, or **wrongful acts**.





## COMMUNITY ASSOCIATION POLICY GENERAL TERMS AND CONDITIONS

**Responsible person** means the Chief Executive Officer, Chief Financial Officer, Chief Operating Officer, the General Counsel, the Risk Manager or such functionally equivalent positions of the **named insured**.

**Routine examination** means any routine examination, routine inspection, sweep examination, general requests for information, or any other similar reviews, inquiries, or investigations.

**Subsidiary** means any not-for-profit: (i) entity while under the **management control** of an **insured entity**; or (ii) charitable trust, political action committee or foundation while such entity is controlled by the **named insured**.

### IV. LIMIT OF LIABILITY, SUBLIMITS AND RETENTIONS

The maximum aggregate amount we will pay for all **loss** regardless of the number of **claims**, **insureds**, losses, parties or requests for coverage under each respective Coverage Part is set forth in Item 6 of the Declarations.

Subject to any additional limits of liability for **defense costs** set forth in a Coverage Part, **defense costs** are part of and not in addition to the limit of liability set forth in Item 6 of the Declarations. Our payment of any **defense costs** will erode and may exhaust the applicable limit of liability. Unless indicated otherwise in a Coverage Part, **defense costs** or any sublimited coverage will be part of, and not in addition to, the aggregate limit of liability of such Coverage Part.

Item 6 of the Declarations sets forth any applicable Retention. Any Retention will be uninsured and the responsibility of the **named insured** to pay regardless of the nature or form of the **claim**. We will be liable to pay only that amount of **loss** in excess of any applicable Retention. If there are two Retentions that apply to the same **claim**, we will only apply the higher Retention.

All premiums, limits, Retentions, **loss** and other amounts under this policy are expressed and payable in United States of America currency unless the parties agree in writing otherwise.

### V. EXTENDED REPORTING PERIOD FOR LIABILITY COVERAGE PARTS ONLY

If this policy is terminated, cancelled or non-renewed for any reason other than non-payment of premium or a **change of control**:

- (i) you have the right to elect an **extended reporting period for liability coverage parts** for the additional period(s) and additional premium set forth in Item 4 of the Declarations.  
You must notify us in writing of this election within sixty (60) days after the non-renewal, cancellation, or termination. If you do not elect within this time frame, you will have waived your right to purchase the **extended reporting period**;
- (ii) solely with respect to an **executive** who is a past director or officer at the time of such cancellation or non-renewal, an automatic **extended reporting period for liability coverage parts** will apply at no additional charge for an unlimited period; provided such automatic **extended reporting period** will not apply:
  - (a) to any **claim** arising out of an **employment wrongful act** made against such **executive** if such **executive** was not a director or officer at the time of such **employment wrongful act**; or
  - (b) if any other policy of insurance which is a renewal, replacement or extension (including run-off) of this Policy, covering such **executive** is in effect at the time the **claim** is made, whether or not such policy affords coverage for such **claim**.

A purchased or automatic **extended reporting period** will extend to selected Coverage Parts coverage for a period of time but only to **claims** that are:

- (i) first made during the **extended reporting period**;
- (ii) reported to us according to this policy's notice and reporting requirements; and
- (iii) for **wrongful acts** that occurred prior to the date of such termination, cancellation or non-renewal.

Any premium for an **extended reporting period** will be deemed fully earned at the beginning of the **extended reporting period**. There will be no additional limit of liability for any **extended reporting period**.



## COMMUNITY ASSOCIATION POLICY GENERAL TERMS AND CONDITIONS

### VI. NOTICE AND REPORTING

#### A. Reporting a Claim in any Liability Coverage Part

As a condition precedent to our policy obligations, you must provide written notice of a **claim** as soon as reasonably practicable after a **responsible person** first becomes aware of such **claim** but no later than:

- (i) sixty (60) days after the **policy period** expires or terminates, if there is no extended reporting period; or
- (ii) the expiration date of the purchased **extended reporting period**.

#### B. Reporting a Notice of Circumstances in any Liability Coverage Part

(i) If during the **policy period** (excluding any **extended reporting period**) you first become aware of circumstances that may give rise to a **claim**, you may elect to submit a written notice of circumstance to us. Such written notice must contain a description of the circumstances, the nature of the **wrongful act**, persons involved and the nature of the relief sought.

(ii) Any subsequent **claim** that is based upon or arises out of a **noticed matter** will be deemed to have first been made in the **policy period** in which we accepted the notice of circumstances.

C. **Non-liability coverage parts** will have their own reporting provisions.

D. Except with respect to any applicable **pre-claim expenses** described in Section II Supplementary Benefits paragraph C we will not provide coverage for fees, costs, or expenses incurred prior to the time a **claim** is noticed, even if such fees, costs, or expenses benefit the defense of a covered **claim**.

#### E. Notice Mailing

Written notices of a **claim** or circumstance should be directed to us at the mailing address or email address indicated in Item 3 of the Declarations. A notice on one Coverage Part will be deemed notice to all Coverage Parts. All other notices should be sent to the address(es) or emails set forth in Item 3 of the Declarations.

We will send all correspondence to you at the address set forth in Item 1 of the Declarations.

We will consider the effective date of notice to be the date of mailing with sufficient proof of mailing.

### VII. RELATED CLAIMS

All **related claims** will be treated as one **claim** first made on the date the first of such **related claims** was first made or deemed made according to the provisions of the applicable Coverage Part of this policy.

### VIII. COOPERATION AND CONSENT

You agree:

- (i) to provide us full cooperation, assistance, and any information we may reasonably request when seeking coverage under this policy;
- (ii) to do nothing that may increase our liabilities or prejudice our potential or actual rights of recovery or subrogation;
- (iii) not to incur any **loss**, or any other costs or expenses for which you are seeking coverage under this policy, or admit any liability or assume any contractual obligation, without our prior written consent; and
- (iv) not to accept or consent to any settlement, or make any offer of settlement, or stipulate to any judgment, without our prior written consent; however, our consent will not be required if you can settle the **claim**, including all **related claims** and **loss** (including **defense costs**) for an aggregate amount that does not exceed the Retention.

We will:

- (a) make any settlement of any **claim** that we deem reasonable, provided such settlement is made with your written consent (such consent not be unreasonably withheld);
- (b) have the right to make any reasonable investigation into any **claim** or **noticed matter** that we deem necessary or appropriate;
- (c) not withhold written consent unreasonably; and
- (d) not be liable for any **loss**, or any other costs or expenses for which you are seeking coverage under this policy, or admission of liability, or any contractual obligation unless we have provided prior written consent.



## COMMUNITY ASSOCIATION POLICY GENERAL TERMS AND CONDITIONS

### IX. APPLICATION

In issuing this policy we have relied upon the truthfulness and accuracy of the statements, representations, and information in the **application**, which is incorporated into this policy. The **insureds** represent and acknowledge that the statements contained in the **application** are true, are the basis of this policy, and are deemed material to the acceptance of this risk or the hazard assumed by us under this policy.

If the **application's** statements, representations, and information contain any actual or knowing misrepresentations or omissions which materially affect our acceptance of the risk or the hazard assumed by us under this policy, then the coverage afforded by this policy will be void and of no effect but only with respect to any:

- (i) **insured person** who had actual knowledge of such misrepresentations or omissions;
- (ii) **insured entity** to the extent it provided indemnification, or owed indemnification to any such **insured person** in (i) above; and
- (iii) **insured entity** if such **insured person** referenced in (i) signed the application.

### X. CHANGE OF CONTROL

With respect to any **liability coverage part**:

In the event of a **change of control**, the premium will become fully earned as of the effective date. We will not be liable for any **wrongful act** committed, attempted, or allegedly committed or attempted by any **insured** after the effective date of a **change of control**. We will however, continue to provide coverage until the policy is otherwise cancelled, terminated, or expires, but only for **wrongful acts** by any **insureds** prior to the date of a **change of control**. The extended reporting provision in Section V will not apply to a **change of control** event.

If you notify us in writing at least sixty (60) days prior to the **change of control**, we will provide you with proposed additional terms and conditions for run-off coverage subject to an additional premium and payment by you.

**Non-liability coverage parts** will have specific change of control provisions applicable to such Coverage Part.

### XI. SUBSIDIARY

With respect to any **liability coverage part**:

A **subsidiary** and its **insureds** acquired or created before or during the **policy period** will be afforded coverage for a **claim** arising from **wrongful acts** which occur while that **subsidiary** is under the **management control** of an **insured entity**. There will be no acquisition threshold with respect to any **subsidiary**.

If an **insured entity** ceases **management control** of a **subsidiary** during the **policy period**, coverage will continue until the policy is otherwise terminated or cancelled, but coverage will apply to such **subsidiary** and its **insureds** only for **claims** for **wrongful acts** which occurred prior to such cessation.

### XII. CANCELLATION OR TERMINATION

This policy may only be cancelled or terminated by one of the following events:

- (i) by us, for nonpayment of premium, in which event we will send you a written notice twenty (20) days prior to the effective date of such cancellation;
- (ii) by the **named insured** for any reason if we receive written notice twenty (20) days prior to the date the policy should be cancelled; or
- (iii) the expiration of the **policy period**.

Any returned premium will be computed on a pro rata basis.

### XIII. SUBROGATION AND RECOUPMENT

If we pay any **loss** or other similar cost or expense under this policy, we reserve all rights to subrogation. We will not subrogate against you. You agree that we have the right to recoup any amount paid to you, or on your behalf, if such amount was not owed under this policy.

Any amounts recovered by subrogation or recoupment, less costs expended for the recovery, will be applied to the limit of liability of the applicable Coverage Part.



**COMMUNITY ASSOCIATION POLICY  
GENERAL TERMS AND CONDITIONS**

**XIV. GENERAL POLICY PROVISIONS**

The **named insured** agrees to act on behalf of all **insureds** with respect to:

- (i) providing or receiving any notice, other than on behalf of an **insured** for a covered **claim** brought by or on behalf of the **named insured** against such other **insured**;
- (ii) the payment of any premiums;
- (iii) receiving any applicable return premiums; and
- (iv) agreeing to and acceptance of any endorsements.

This policy, including the **application**, constitutes the entire contract existing between you and us or any of our agents relating to this insurance.

The provisions of this policy cannot be waived or changed except by written endorsement issued to form a part of this policy. We will not be bound by any assignment of interest under this policy unless this assignment is specifically endorsed to the policy.

**XV. REFERENCE TO LAW**

Any reference to United States law will also include United States federal, state and local statutory law, and any rules, regulations and amendments of such law or any such equivalent foreign law.

**XVI. FINANCIAL INSOLVENCY**

**Financial insolvency** will not impact our obligations, rights or defenses under this policy. We will not object to your efforts to obtain relief or stay from any injunction issued as a result of **financial insolvency**.

**XVII. ACTION AGAINST THE COMPANY**

No action may be taken against us unless, as a condition precedent, there has been full compliance with all the terms and conditions of this policy. Further, no person or entity will have any right under this policy to join us as a party to any action against any **insured** to determine such **insured's** liability, nor can we be impleaded by the **insured** or legal representatives of such **insured**.

**XVIII. STATE AMENDATORY INCONSISTENCY STATEMENT**

In the event that there is an inconsistency between the terms and conditions of this policy and any state amendatory endorsement, where permitted by law, we will apply the terms and conditions that are most favorable for you.

**XIX. TERRITORY**

Coverage will apply worldwide. This policy does not provide coverage for any **insured**, transaction, that part of **loss**, or other similar cost or expense that is uninsurable under the laws or regulations of the United States concerning trade or economic sanctions.

IN WITNESS WHEREOF, we have caused this policy to be executed by our Chairman and Secretary, but this policy shall not be binding upon us unless completed by the attachment of the Declarations.

Chairman

Secretary



## COMMUNITY ASSOCIATION POLICY ASSOCIATION LIABILITY COVERAGE PART

In consideration of the premium and subject to the Declarations and the General Terms and Conditions, the parties agree as follows:

### I. INSURING AGREEMENTS

We will pay **loss** on behalf of an **insured** arising from a **claim** against such **insured** first made during the **policy period**.

### II. COVERAGE EXTENSIONS

The following coverage extensions, if subject to a sublimit, are part of, and not in addition to, the aggregate limit of liability set forth in Item 6 of this Coverage Part Declarations.

#### Settlement Retention Credit

Solely with respect to the settlement of a **claim**, if you and the claimant consent to the initial settlement offer, as recommended by us, within thirty (30) days of being made aware of such offer by us, we will reduce the applicable Retention for such **claim** by the lesser amount of ten percent (10%) of the Retention or ten thousand dollars (\$10,000) provided the settlement exceeds the Retention and such Retention has been met by the **named insured**.

In the event that one **claim** is eligible for both this Settlement Retention Credit and the Mediation Retention Reduction found in Section II A Supplementary Benefits of the General Terms and Conditions, then the **insured entity** will receive only one such benefit.

### III. DEFINITIONS

Any defined word not defined in this Coverage Part will have the meaning assigned to it in the General Terms and Conditions.

**Applicant** means any applicant or prospective applicant for employment with an **insured entity**.

**Assessments** mean any fees, costs, expenses, dues, funds or other amounts imposed upon, charged to or collected from a resident, property owner or member of an **insured entity** pursuant to either: (i) the governing documents of an **insured entity**; or (ii) any decision by a board, committee or other governing body of an **insured entity**.

**Breach** means an intentional unauthorized access, intrusion, or control over an **insured's** computer system or network by a third party for some illicit purpose.

**Claim** means any:

- (i) written demand (excluding a subpoena) for monetary, non-monetary, injunctive, or declaratory relief including a request for alternative dispute resolution or request to toll or waive a statute of limitations;
- (ii) civil or criminal proceeding commenced by the earlier of: (a) the return of service of a complaint or indictment upon an **insured**; (b) the filing of an indictment or information with respect to an **insured**; or (c) the arrest or detainment of an **insured**; or
- (iii) a formal administrative or regulatory proceeding (excluding an audit), including an **EEOC proceeding** or proceeding by the Office of Federal Contract Compliance Programs, evidenced by a formal notice of charges or a formal notice of investigation, against an **insured** for a **wrongful act**, committed, attempted, or allegedly committed or attempted, by such **insured** before or during the **policy period** including any appeal therefrom; provided, that a **claim** for an **employment wrongful act** will not include any criminal proceeding, criminal administrative or regulatory proceeding, criminal investigation, or labor or grievance arbitration or proceeding pursuant to a collective bargaining agreement or similar agreement.

**Claim** will also include an **immigration claim**.

Unless specifically stated elsewhere in this Coverage Part, a **claim** will be deemed first made on the earliest of the date on which the **claim** is served upon, or first received by, any **insured**.



## COMMUNITY ASSOCIATION POLICY ASSOCIATION LIABILITY COVERAGE PART

**Conduct** means an **insured's**: (i) gaining of profit or other advantage to which the **insured** was not legally entitled; or (ii) commission of a crime, fraud, or a dishonest act or omission, or willful violation of any law or regulation, provided such conduct was committed with actual knowledge of its wrongful nature or with intent to cause damage and such conduct is established by a final non-appealable adjudication.

**Construction defect** means any actual or alleged defective, faulty or delayed construction or any other matter recognized as a construction defect under common or statutory law, whether or not as a result of: (i) faulty or incorrect design or architectural plans; (ii) improper soil testing; (iii) inadequate or insufficient protection from subsoil, ground water or earth movement or subsidence; (iv) construction, manufacture or assembly of any tangible property; (v) the failure to provide construction related goods or services as represented or to pay for such goods or services; or (vi) the supervision of such activities.

**Contractual liability** means actual or alleged liability voluntarily undertaken by an **insured** in any contract or agreement. **Contractual liability** does not include liability that would be imposed upon an **insured**: (i) in the absence of such contract or agreement; or (ii) pursuant to the **named insured's** declarations, by-laws or similar governing documents, except for any provision in such governing documents providing for an award of attorneys' fees.

**Cyber event** means any actual or alleged:

- (i) **exploit**;
- (ii) **unauthorized access or use**; or
- (iii) **network impairment**.

**Defense costs** mean the reasonable and necessary fees, costs, and expenses, charged by attorneys designated by us, or incurred by an **insured** with our consent in the investigation, defense, or appeal of any covered **claim**, including the premium for appeal, attachment, or similar bonds arising out of a covered judgment. In no event will we be obligated to supply, underwrite or provide collateral for any such bond. **Defense costs** do not include **overhead expenses**.

**Discrimination** means any alleged or actual violation of any United States law or common law which prohibits discrimination.

**EEOC proceeding** means any investigative proceeding before the Equal Employment Opportunity Commission, or an adjudicatory or investigative proceeding before any similar federal, state, or local government body whose purpose is to address any **wrongful employment practice**.

**Employee** means any natural person, who is a past, present, or future full-time, part-time, seasonal or temporary worker, employees leased by, or loaned to, an **insured entity**. **Employee** does not include any **executive**, **independent contractor** or **property manager employee**.

**Employment related benefits** mean perquisites, fringe benefits, deferred compensation, or payments (including insurance premiums and benefit claim payments) in connection with an employee benefit plan, **stock benefits** (or the equivalent value thereof), and any other payment to or for the benefit of an **employee** arising out of the employment relationship. **Employment related benefits** will not include salary, wages, commissions, or non-deferred cash incentive compensation.

**Employment wrongful act** means: (i) any **wrongful employment practice** but only with respect to any **employee** or any **applicant**; (ii) any **wrongful employment practice** but only with respect to any **property manager employee** but solely against an **insured entity**; or (iii) any **third party wrongful act** but only with respect to any **third party**. A **wrongful act** includes any actual or alleged conduct that takes place via electronic communication, including social media and internet websites. **Employment wrongful act** does not include: (a) any **wrongful employment practice** of a **property manager**; or (b) an **immigration wrongful act**.

**ERISA** means any actual or alleged violation of the Employee Retirement Income Security Act of 1974, (including the Consolidated Omnibus Budget Reconciliation Act of 1985) (COBRA).

**Executive** means any:

- (i) past, present, or future duly elected or appointed director or officer, member of the: board of directors, board of managers, board of regents, board of trustees, board of governors trustee, or such functionally equivalent position of the **insured entity**; or





## COMMUNITY ASSOCIATION POLICY ASSOCIATION LIABILITY COVERAGE PART

- (ii) holder of such functionally equivalent position to those included in paragraph (i) above in an **outside entity** while serving at the **insured entity's** specific request or direction.

**Executive** does not include any **employee**.

**Exploit** means the **breach** of, or unauthorized or unlawful access to, any **network**, resulting in denial of service, delay to a **network**, or infection of a **network** through malware, spyware, virus or any such similar unauthorized code, application or software.

**Fungi** means any form of fungus, including but not limited to yeast, mold, mildew, rust, smut or mushroom, and any spores, mycotoxins, odors or any other substances, products, or by products produced by, released by, or arising out of the current or past presence of such substances.

**Harassment** means any actual or alleged sexual harassment or other unlawful harassment, including bullying, quid pro quo sexual harassment, or hostile work environment.

**Immigration claim** means any criminal proceeding or criminal investigation against an **insured person**, alleging an **immigration wrongful act**, provided such criminal proceeding or criminal investigation is based upon or arising out of an actual or alleged violation of the Federal Immigration and Nationality Act of 1965.

**Immigration wrongful act** means any actual or alleged hiring, harboring, employment or attempted employment of illegal aliens or alleged illegal aliens committed, attempted, or allegedly committed or attempted by an **insured** in such capacity.

**Insurance benefits** mean medical or insurance benefits to which the claimant allegedly was entitled or would have been entitled had an **insured entity** provided the claimant with a continuation or conversion of insurance.

**Insured** means any **insured person** or any **insured entity**. **Insured** also includes **property manager** entity but solely in the course and scope of their provision of **property management services** to the **named insured** or a **subsidiary**. The status of any **insured** will be determined as of the time or date of the alleged **wrongful act**.

**Insured person** means any duly constituted committee member or volunteer of an **insured entity**, **employee**, **executive**, natural person **property manager**, or **property manager employee** but solely in the course and scope of their provision of **property management services** to the **named insured** or a **subsidiary**. **Insured person** will not include any in-house, or contracted, legal counsel.

**Invasion of privacy** means any actual or alleged failure by an **insured** to secure an **employee's personal information** from unauthorized use or disclosure resulting in injury to such **employee**; provided **invasion of privacy** does not include unauthorized use or disclosure caused by a **cyber event**.

**Loss** means the amount you are legally obligated to pay as a result of a **claim** including compensatory damages, settlements, judgments, pre-judgment and post-judgment interest, and **defense costs**.

**Loss** will also include:

- (i) punitive, exemplary, or multiplied damages if such damages are insurable under the law in the jurisdiction which is most favorable to the **insured** provided that such jurisdiction has a substantial relationship to us, the **insured**, or to the **claim** giving rise to such **loss**;
- (ii) civil fines or penalties assessed against an **insured person** for an unintentional and non-willful violation of law that are insurable under the law to which this policy is construed; and
- (iii) liquidated damages awarded pursuant to the Age Discrimination in Employment Act, the Family Medical Leave Act, or the Equal Pay Act.

**Loss** does not include:

- (a) costs to comply with any order or agreement to provide non-monetary or injunctive relief costs to provide any accommodation under any United States law or common law which prohibits discrimination based on disability; provided this will not apply to **defense costs**;
- (b) any amount representing the return, restitution, or reimbursement of **assessments** or of any other fees, costs, expenses or other amounts paid to or charged by an **insured**, no matter whether claimed as restitution of specific funds, forfeiture, financial loss, set-off or otherwise;
- (c) taxes, fines, or penalties (other than those referenced in (i) or (ii) above);



**COMMUNITY ASSOCIATION POLICY  
ASSOCIATION LIABILITY COVERAGE PART**

- (d) **clean-up costs**;
- (e) compensation earned by the claimant in the course of employment but unpaid by the **insured**, including but not limited to salary, wages, commissions, severance, bonus, carried interest, or incentive compensation;
- (f) amounts not insurable under the law to which this policy is construed;
- (g) attorneys' fees or costs sought or awarded pursuant to any declarations, by-laws or other governing documents of an **insured entity**;
- (h) any amount for which an **insured** is absolved from payment by reason of any covenant, agreement, or court order;
- (i) future salary, wages, or commissions of a claimant who is hired, promoted, or reinstated to employment pursuant to a settlement of, order in, or other resolution of any **claim**;
- (j) amounts incurred or required to remedy, repair or compensate for any damage to tangible property, including loss of use thereof, actually or allegedly caused by any owner's modification, addition or architectural change, regardless if such modifications, additions or changes were made with the approval of any **insured**;
- (k) amounts as a result of an **immigration claim**; provided this will not apply to **defense costs**; or
- (l) **employment related benefits**.

**Microbe** means any non-fungal microorganism or non-fungal colony-form organism that causes infection or disease including but not limited to any spores, mycotoxins, odors or any other substances, products, or by products produced by, released by, or arising out of the current or past presence of microbes.

**Network** means any computer, program, database, server, mainframe, software, hardware, mobile device, applications, storage or back-up devices, or such similar components of a digital telecommunication network that is owned or operated by, or on behalf of, or for the benefit of the **insured entity**. **Network** does not include the internet, telephone company networks, electrical grids, or other public infrastructure network.

**Network impairment** means the disruption, theft, modification, destruction or damage to any **network**, that results in the impairment of the **network** to such an extent that the **insured entity** is substantially unable to conduct normal and customary business operations.

**Non-indemnifiable loss** means any **loss** incurred by an **insured person** that an **insured entity** fails or refuses to pay, advance, or indemnify:

- (i) due to **financial insolvency**; or
- (ii) because such indemnification is not permitted pursuant to law.

**NLRA** means any actual or alleged violation of the National Labor Relations Act, or similar law governing employees' rights and employers' duties with respect to unions, bargaining, strikes, boycotts, picketing, lockouts, or collective activities.

**OSHA** means any actual or alleged violation of the Occupational Safety and Health Act of 1970, or similar law governing workplace safety and health.

**Outside entity** means any entity exempt from federal income tax pursuant to Sections 501(c)(3),(4),(6),(7), and (10) of the Internal Revenue Code, provided such entity: (i) is not an **insured entity**; and (ii) is a community association, joint council, master association or sub-association.

**Overhead expenses** mean the salaries, wages, fees, overhead, or benefit expenses, associated with any **insured**.

**Pending or prior litigation** means any matter, fact, circumstance, situation, transaction, event, action, proceeding, investigation, inquiry, or written demand, commenced against you pending on or prior to the date set forth in Item 6 of the Declarations or any related, same, or essentially related or same matter, fact, circumstance, situation, transaction, event, action, proceeding, investigation, inquiry, or written demand.

**Personal injury** means any:

- (i) wrongful entry or eviction, or other invasion of the right of private occupancy;
- (ii) false arrest or false imprisonment; or
- (iii) malicious prosecution or abuse of process.





## COMMUNITY ASSOCIATION POLICY ASSOCIATION LIABILITY COVERAGE PART

**Personal information** means any nonpublic personal information relating to an identified or identifiable natural person.

**Prior notice** means any matter, fact, circumstance, situation, transaction, event, or **wrongful act** that has been the subject of any notice accepted under any not-for-profit directors and officers liability policy, employment practices liability policy, or comparable policy, coverage section or coverage part of which this Coverage Part is a direct or indirect renewal or replacement, or any related, same, or essentially related or same matter, fact, circumstance, situation, transaction, event, or **wrongful act**.

**Pollutants** mean any substance exhibiting hazardous characteristics as is or may be defined or identified on any list of hazardous substances issued by the United States Environmental Protection Agency or any state or local or foreign counterpart. **Pollutants** also mean, without limitation, any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals or waste (including materials to be recycled, reconditioned or reclaimed), as well as any air emission, odor, waste water, oil or oil products, infectious or medical waste, asbestos, or asbestos products.

**Property manager** means the entity or natural person providing **property management services** to the **named insured** or any **subsidiary**, including any such entity as a debtor in possession under United States bankruptcy law.

**Property manager employee** means any natural person (including any part-time, seasonal, leased or temporary employee, or any duly elected or appointed director or officer, member of the board of directors or board of managers) in the regular service of a **property manager** in the ordinary course of such **property manager's** business, provided such **property manager** governs and directs in the performance of such service.

**Property management services** mean the following property and community association management services provided for a fee pursuant to a written contract in connection with the management of property under the ownership, management or control of the **named insured** or a **subsidiary**:

- (i) development of management plans and budget;
- (ii) oversight of physical maintenance of property;
- (iii) solicitation, evaluation and securing of tenants and management of tenant relations, collection of rent and processing evictions;
- (iv) development, implementation and management of loss control and risk management plans for real property;
- (v) solicitation and negotiation of contracts for sale and leasing of real property;
- (vi) development, implementation and management of contracts and subcontracts (excluding property and liability insurance contracts) necessary to the daily functioning of the property;
- (vii) personnel administration; or
- (viii) record keeping.

**Protected information** means nonpublic proprietary and confidential information of a third-party entity, or any **personal information**.

**Publisher injury** means libel, slander, defamation, plagiarism, or misappropriation of ideas; or infringement of copyright, title, slogan, logo, trademark, tradename, trade dress, service mark, or service name.

**Retaliation** means any actual or alleged retaliatory act by an **insured** against an **employee** arising from such **employee's**:

- (i) **whistleblower activity**;
- (ii) participation, assistance, testimony, or cooperation in any internal or external proceeding or investigation regarding violations of law by an **insured**; or
- (iii) exercise of his/her rights, refusal to violate any law, or opposition to any unlawful practice or activity.

**Sponsor liability** means any actual or alleged: (i) act or omission by an **insured** in their capacity as a sponsor, builder or developer of an **insured entity**; or (ii) misconduct of a sponsor, builder or developer of an **insured entity**, including but not limited to actual or alleged conflicts of interest, self-dealings, or disputes concerning conversion, construction or development.

**Third party** means any natural person who is not an **employee** or **executive**.



## COMMUNITY ASSOCIATION POLICY ASSOCIATION LIABILITY COVERAGE PART

**Third party wrongful act** means any **discrimination** or **harassment** of a **third party** or **applicant** committed, attempted, or allegedly committed or attempted by an **insured** in such capacity.

**Unauthorized access or use** means unauthorized use, theft, collection, disclosure, disruption, modification, deletion or destruction of, or unauthorized access to, any **protected information** or any **network** component.

**Wage and hour** means any actual or alleged violation of any United States law or common law which regulates or governs employment wage, pay, or labor requirements or standards, including but not limited to:

- (i) the calculation, recordkeeping, timing or manner of payment of minimum wages, prevailing pay rates, overtime pay, or other compensation alleged to be due and owing, including the failure to compensate for any unpaid vacation pay, off the clock or remote work, or for employer sponsored activities;
  - (ii) failure to provide or enforce legally required meal or rest break periods;
  - (iii) the classification of any entity or person for wage and hour purposes;
  - (iv) garnishments, withholdings, or other deductions from wages;
  - (v) use of federal or state tip credits or maintenance and distribution of tip pools; or
  - (vi) reimbursement of work-related expenses or tools to any person providing services or labor to or on behalf of an **insured entity**,
- or any such similar practices, policies, or procedures.

**WARN** means any actual or alleged violation of the Workers' Adjustment and Retraining Notification Act, or similar law governing employer notice requirements in advance of lay-offs or facility closings.

**Whistleblower Activity** means the lawful activity of an **insured person**, with respect to any alleged wrongdoing by an **insured**, who causes information to be provided to the attention of, or otherwise assists in an investigation by, a governmental or law enforcement agency, provided such activities are protected by statute with rights and remedies for retaliation recognized under United States law.

**Worker benefits** mean any actual or alleged violation of any United States law governing workers' compensation, unemployment insurance, social security, or disability benefits.

**Workplace tort** means any:

- (i) negligent hiring, training, supervision, or evaluation of **employees**;
- (ii) failure to adopt or enforce adequate workplace or employment policies and procedures;
- (iii) false imprisonment, false arrest, detention, or malicious prosecution;
- (iv) libel, slander, defamation, or humiliation;
- (v) **invasion of privacy**; or
- (vi) wrongful infliction of emotional distress.

**Wrongful act** means any:

- (i) error, misstatement, misleading statement, act, omission, neglect, or breach of duty, (including **personal injury** or **publisher injury**) committed, attempted or allegedly committed, or attempted, by:
  - (a) an **insured person** in his/her capacity as such; or
  - (b) an **insured entity**;
- (ii) matter claimed against an **insured person** solely by reason of his/her status as such; or
- (iii) **employment wrongful act**.

**Wrongful employment decision** means any:

- (i) actual or constructive wrongful dismissal, discharge, or termination of employment;
- (ii) wrongful deprivation of career opportunity, demotion, failure to grant tenure, failure to train, or failure to employ or promote;
- (iii) employment related misrepresentation, including inducement to become or remain employed based on an erroneous job description; or
- (iv) wrongful discipline of **employees**.

**Wrongful employment practice** means any employment related:

- (i) breach of any written employment contract or agreement, including any written contract or agreement concerning severance payments or contractual obligation arising out of any employee handbook, personnel manual, policy statement, or other representation;



COMMUNITY ASSOCIATION POLICY  
ASSOCIATION LIABILITY COVERAGE PART

- (ii) **discrimination**;
  - (iii) **harassment**;
  - (iv) **retaliation**;
  - (v) **workplace tort**; or
  - (vi) **wrongful employment decision**,
- committed, attempted, or allegedly committed or attempted by an **insured** in such capacity.

**IV. COVERAGE PART EXCLUSIONS**

We will not cover **loss** in connection with any **claim**:

- A. based upon or arising from, or in any way involving:
- (i) **bodily injury**; provided this exclusion (i) will not apply to actual or alleged emotional distress, mental anguish or humiliation from an **employment wrongful act**;
  - (ii) **conduct**;
  - (iii) **construction defect**;
  - (iv) **contractual liability**; provided this exclusion (iv): (a) will not apply to **defense costs** in connection with **contractual liability** for a written contract; and (b) is subject to the employment **contractual liability** exclusion in B(vii) below;
  - (v) **cyber event**;
  - (vi) **pending or prior litigation**;
  - (vii) **pollution**;
  - (viii) **prior notice**;
  - (ix) **sponsor liability**;
  - (x) any **wrongful act** by an **insured person** acting in a capacity as directors, officers, trustees, regents, governors or employees (or solely by reason of their status as such) of any entity other than an **insured entity** or an **outside entity**;
  - (xi) failure to maintain or effect insurance; provided this exclusion (xi) will not apply to **defense costs**; or
  - (xii) actual, alleged or threatened:
    - (a) inhalation of, ingestion of, contact with, exposure to, existence of, growth or presence of **fungi** or **microbes**; or
    - (b) failure to detect, report, test for, monitor, clean up, remove, contain, treat, detoxify, neutralize, remediate, dispose of or in any way respond to, assess the effects of or advise of the existence of any **fungi** or **microbes**.
- B. for:
- (i) **worker benefits**; provided this exclusion (i) will not apply to any **claim** on account of **retaliation**;
  - (ii) **ERISA**, provided this exclusion (ii) will not apply to:
    - (a) Section 510 in a **claim** for an **employment wrongful act**;
    - (b) any **claim** on account of **retaliation**;
  - (iii) **OSHA**; provided this exclusion (iii) will not apply to any **claim** on account of **retaliation**;
  - (iv) **WARN**; provided this exclusion (iv) will not apply to any **claim** on account of **retaliation**;
  - (v) **NLRA**; provided this exclusion (v) will not apply to any **claim** on account of **retaliation**;
  - (vi) **insurance benefits**; provided this exclusion (vi) will not apply to **defense costs**;
  - (vii) any breach of any written employment **contractual liability**, including any severance agreement or golden parachute agreement, or any compensation agreement payable upon the termination of any **employee**; provided, this exclusion (vii) will not apply to **defense costs**; or
  - (viii) **wage and hour**; provided this exclusion (viii) will not apply to **defense costs**. Further provided that the most we will pay for all **defense costs** alleging **wage and hour** is the sublimit of liability set forth in item 6 of the Declarations.
- C. against a **property manager** or **property manager employee** based upon or arising from or in any way involving any:
- (i) actual or alleged commingling, misappropriation or improper use of, or failure to pay, collect, or safeguard, funds;
  - (ii) actual or alleged advice as to property value;



## COMMUNITY ASSOCIATION POLICY ASSOCIATION LIABILITY COVERAGE PART

- (iii) actual or alleged transfer or failure to transfer funds;
- (iv) actual or alleged notarization certification or acknowledgment of a signature;
- (v) cease and desist order; or
- (vi) actual or alleged failure to give timely notice of claim or loss under any insurance policy;

- D. based upon or arising from or in any way involving any **claim** brought by, or on behalf of, the **insured entity** against a **property manager** or **property manager employee**;
- E. based upon or arising from or in any way involving **property damage**; provided this exclusion E will not apply to decisions by a board, committee or other duly elected or appointed governing body of an **insured entity** to:
  - (i) grant or deny permission to a property owner for that owner to make modifications, additions or architectural changes to such owner's property; or
  - (ii) impose, charge or collect **assessments** as a result of **property damage**.

### V. SPECIFIC LIMIT OF LIABILITY, SUBLIMITS AND RETENTIONS

#### A. Limit of Liability and Defense Costs Only Sublimit outside of the Aggregate Limit of Liability

The most we will pay for all **loss** arising from all **claims** is the Maximum Aggregate limit of liability set forth in Item 6 of the Declarations; provided, however, and notwithstanding Section IV, Limit of Liability, Sublimits and Retentions of the General Terms and Conditions, **defense costs** will be in addition to the aggregate limit of liability up to the amount of the additional **defense costs** limit of liability stated in Item 6 of the Declarations. If and when such **defense costs** limit of liability is exhausted by payment of **defense costs**, then any remaining **defense costs** will be applied and erode the Maximum Aggregate limit of liability set forth in Item 6 of the Declarations.

#### B. Immigration Claims Defense Costs Only Sublimit of Liability

The most we will pay for all **defense costs** from all **immigration claims** is the amount set forth in Item 6 of the Declarations, such sublimited coverage will be part of, and not in addition to, the Maximum Aggregate limit of liability set forth in Item 6 of the Declarations.

**Defense costs** shall be applied in accordance with Section V A above.

#### C. Retentions and other Sublimits

A single Retention will apply to each **claim**, such Retention will apply only to **loss** other than **defense costs**. There will be no Retention applicable to liability for **non-indemnifiable loss**.

### VI. INDEMNIFICATION

It is agreed that an **insured entity** will indemnify its **insured persons** to the fullest extent permitted by law.

### VII. DEFENSE OF CLAIMS

We have the right and duty to defend any **claim** covered by this Coverage Part even if the allegations in the **claim** are groundless, false, or fraudulent. We will have the right to appoint counsel and to make such investigation and defense of a **claim** as it deems necessary. Our duty to defend any **claim** will end, and we will have no further obligation to defend any **claim**, upon the exhaustion of the applicable limit of liability.

### VIII. ALLOCATION

If a **claim** incurs covered **loss** and uncovered loss because such **claim** includes covered and uncovered parties, or covered and uncovered matters, then the following will apply:

- (i) one hundred percent (100%) of **defense costs** incurred by such **insured** will be considered covered **loss**; and
- (ii) with respect to any loss other than **defense costs** you and we will use our best efforts to determine an allocation between covered **loss** and uncovered loss based on the relative legal and financial exposures of the parties to such matters.



## COMMUNITY ASSOCIATION POLICY ASSOCIATION LIABILITY COVERAGE PART

### IX. OTHER INSURANCE

This Coverage Part will be excess of, and will not contribute with, any other insurance policy, coverage part, or risk transfer or indemnity agreement, including any deductible or retention obligation thereunder, that provides defense or indemnity coverage for any **loss** for which this Coverage Part also provides coverage, unless such other insurance or agreement is written specifically as excess of the limit of liability of this Coverage Part.

This Coverage Part will be specifically excess of any valid and collectible insurance policy: (i) for environmental liability, cyber liability, general liability, professional services liability or employment practices liability; or (ii) written on a duty to defend basis unless such other insurance is written specifically as excess of the limit of liability of this Coverage Part.

With respect to an **executive** serving in his/her capacity as such for an **outside entity**, this Coverage Part will be specifically excess of any insurance or indemnity available to such **insured person** by or on behalf of an **outside entity**.

Notwithstanding the above, this Coverage Part will apply as primary with respect to any personal umbrella or personal directorship liability insurance purchased by an **insured person**.

### X. IMPUTATION

We will not impute:

- (i) the conduct of any **insured person** with respect to **conduct** exclusion IV A(ii) of this Coverage Part; or
- (ii) the failure to provide us with full cooperation, assistance, or information as required, to any other **insured person**, nor will the above impair the rights of any other **insured person** under this Coverage Part.

### XI. PRIORITY OF PAYMENT

The coverage under this Coverage Part is intended principally to benefit the **insured person**. In the event that **non-indemnifiable loss** and any **loss** or payments under a coverage extension are due simultaneously, then we will first pay **non-indemnifiable loss** on behalf of the **insured person**. In all other instances we will pay **loss** as it becomes due.



## PRIVACY EVENT EXPENSE ENDORSEMENT

In consideration of the premium, solely with respect to the Association Liability Coverage Part and the coverage provided by this endorsement, the policy is amended as follows:

I. The following insuring agreement is added to the Association Liability Coverage Part:

Privacy Event Response

We will pay or reimburse the **insured entity** for **privacy event response costs** resulting directly from a **privacy event** the **insured** first **discovered** during the **policy period**.

II. Solely with respect to the coverage afforded by this endorsement Section III, Definitions of the Association Liability Coverage Part is amended to add the following definitions:

**Crisis management expenses** mean the reasonable and necessary fees, costs, and expenses that are incurred by, or on behalf of, an **insured entity** to mitigate negative publicity concerning a **privacy event**. **Crisis management expenses** include fees, costs, and expenses incurred:

- (i) by a **response vendor** law firm, public relations firm, or crisis management firm, to advise the **insured entity**;
- (ii) to manage press coverage, publicity and press relationships, advertising and mailing of materials on behalf of the **insured entity**.

**Cyber terrorism** means any actual or threatened attack by individuals, or group of individuals, against a **network**, in furtherance of social, ideological, religious, or political objectives, with the intent, design, or purpose, in whole or in part, to: (i) cause harm to a **network**; or (ii) intimidate any person or entity in furtherance of such objectives.

**Data breach** means any: (i) unauthorized disclosure, modification, use, or access of **protected information**; (ii) loss, destruction or theft of **protected information**; or (iii) violation or failure to comply with any **data privacy law**.

**Data privacy law** means any law, rule, or regulation in any domestic or international jurisdiction that governs the: (i) use, confidentiality, collection, or control of **protected information**; (ii) implementation of policies or procedures with respect to **protected information**; or (iii) notification of an actual or suspected **data breach** to impacted, or potentially impacted, persons or entities or to the appropriate authorities.

**Discovered** or **discovery** means when a **responsible person** acquired knowledge that would lead a reasonable person to believe a covered loss or covered damage has occurred or will occur, whether or not the amount or details of such loss or damage are known.

**Interrelated security breaches** means all **privacy events** that are based upon, arising from or are logically or causally connected by the same or any related or common, or a series of related or common, facts, circumstances, transactions, or causes.

**IT provider** means any third party entity which provides:

- (i) hosted computer resources including "cloud computing" to the **insured entity**; or
- (ii) information technology services required by the **insured entity** to operate a **network** under such entity's ownership, operation, or control,

pursuant to a written contract between such entity and such **insured entity**. **IT provider** does not include any **insured entity**, any public utility, internet service provider, or securities exchange.

**Network** means any computers, all peripheral or integrated storage, communications input or output devices (including mobile devices), or related network or operating systems, application software or website that are:

- (i) owned, operated by, controlled by or leased by an **insured entity**;
- (ii) owned or operated by the **property manager** entity on behalf of, or for the benefit of, an **insured entity** but solely in the course and scope of its provision of **property management services** to such **insured entity**; or
- (iii) under the ownership, operation, or control of an **IT provider**, or operated on behalf of, or for the benefit of, an **insured entity** by an **IT provider**.





**Personal information** means any private or confidential information in the care, custody, or control of an **insured entity** (or a third party provider acting on behalf of an **insured entity**), provided such information may be used alone or with other information to uniquely identify: (i) a natural person; (ii) any protected health information; or (iii) non-public personally identifiable information as defined in any **data privacy law**.

**Privacy event** means any **security breach** or **data breach**.

**Privacy event response costs** mean reasonable and necessary fees, costs, and expenses incurred by an **insured entity** for services rendered by **response vendors** to:

- (i) retain legal counsel to investigate, respond, and negotiate compliance in response to a **privacy event**;
- (ii) retain a computer forensics firm to investigate the cause of a **privacy event** and the extent of any **protected information** disclosure;
- (iii) provide compulsory and/or voluntary notification to impacted or potentially impacted individuals or entities whose **protected information** may have been subject to a **data breach**;
- (iv) provide notification to any other entity as required by law;
- (v) set up a call center to respond to inquiries about the **privacy event**;
- (vi) provide credit monitoring, identity monitoring, identity restoration or protection services, to impacted, or potentially impacted individuals, in response to the **data breach**; or
- (vii) provide such other mitigation or remediation services in response to a **privacy event**, subject to Section VIII Cooperation and Consent of the General Terms and Conditions.

**Privacy event response costs** also include **crisis management expenses**. **Privacy event response costs** must be incurred within twenty four (24) months of the date you reported the **privacy event** to us, provided that solely with respect to (vi) above, such costs may exceed the twenty four (24) month limit if so required by law.

**Protected information** means: (i) **personal information**; or (ii) any other third party confidential business information in the care, custody, or control of an **insured entity** or a third party provider acting on behalf of an **insured entity**.

**Response vendors** mean: (i) the panel of pre-approved vendors provided by us; or (ii) a qualified vendor that has been approved by us prior to retention.

**Responsible person** also means the Chief Information Officer, Chief Technology Officer, Chief Content Officer, Chief Information Security Officer, Chief Privacy Officer, Data Protection Officer, or such functionally equivalent position of the **named insured**.

**Security breach** means: (i) access to a **network** by an unauthorized person; (ii) use of any **network** in an unauthorized manner; (iii) transmission of malicious code or virus to a **network**; or (iv) denial of service attack on a **network**.

III. Solely with respect to the coverage afforded by this endorsement, Section IV, of the Association Liability Coverage Part Exclusions is amended as follows:

A. Exclusion (v) cyber event is amended by adding the following:

Provided this **cyber event** exclusion will not apply to the coverage afforded by this endorsement.

B. The following exclusions are added:

We will not cover **privacy event response costs** in connection with any **privacy event** based upon or arising from:

- Defects in Data And Software and Network  
any defect of design, implementation, operation, incompatibility or any other fault of data and software or the **insured entity's network**, or any part thereof where such defect or fault is introduced by the **insured entity's**:
  - (i) use of a third party product, including but not limited to software and equipment, in a manner inconsistent with the manufacturer's intended use;
  - (ii) modification of a third party product or integration of components in violation of the manufacturer's warranty or other license terms;
  - (iii) integration of components in a manner inconsistent with any of the components' intended use as established by its manufacturer;



- Deliberate Acts  
any:
  - (i) dishonest, fraudulent, criminal, or malicious act or omission;
  - (ii) commingling, misappropriation, or misuse of funds;
  - (iii) intentional wrongdoing; or
  - (iv) knowing violation of any contract, agreement, statute or regulation,by or on behalf of an **insured**, provided such above conduct is established by a final non-appealable adjudication (excluding a declaratory action or proceeding by, or against us) in the underlying action;
- Force Majeure  
fire, earthquake, flood, smoke, explosion, volcanic eruption, lightning, wind, water, tidal wave, solar flare, landslide, hail, or act of God, regardless of cause;
- Goodwill  
any actual or alleged adverse impact on goodwill or change in value of shares, stock, or securities;
- Governmental Orders  
any actual or alleged requisition, nationalization, confiscation, destruction, or damage to property, by order of any federal, state, local, national, or foreign governmental authority or foreign political authority;
- Property Damage  
direct physical loss of or damage to property;
- Vendor Acts  
unauthorized and deliberate malicious act or omission by a vendor or other third party authorized by the **insured entity** to perform services on the **insured entity's network**;
- War  
any war (declared or otherwise), warlike operation, hostilities, invasion, popular or military uprising or activities, insurrection, rebellion, revolution, or terrorism (whether certified or not) by an individual or group or any action taken by governmental authorities in hindering or defending against any of these; provided this exclusion will not apply to **cyber terrorism**.

IV. Section V, Specific Limit of Liability, Sublimits and Retentions of the Association Liability Coverage Part is amended to include the following:

- A. The most we will pay for all **privacy event response costs** resulting directly from a **privacy event** the **insured** first **discovered** during the **policy period** is \$100,000; such sublimited coverage will be part of, and not in addition to, the Aggregate Limit of Liability set forth in Item 6 of the Declarations.
- B. No Retention will apply to **privacy event response costs**.

V. Section VI, Notice and Reporting of the General Terms and Conditions is amended to add the following:

As a condition precedent to our policy obligations, you must provide written notice of a **privacy event** as soon as practicable after **discovery**.

VI. The following Section is added to the Association Liability Coverage Part:

#### **RELATED SECURITY BREACHES**

All **interrelated security breaches** will be treated as one **security breach** first **discovered** on the date the first of such **interrelated security breaches** was first **discovered**.





In the event the **Insured** has also purchased any other first or third party cyber coverage in the same **policy period**, all interrelated Cyber Incidents will be treated as one Cyber Incident first reported or **discovered** on the date the first of such Cyber Incidents was first **discovered**. A Cyber Incident will include a **privacy event**, extortion demand, electronic theft, network impairment, security breach, data breach, improper destruction or release of personal or confidential information.

All other terms and conditions of the Policy remain unchanged.

This endorsement, which forms a part of and is for attachment to the Policy issued by the designated Insurers, takes effect on the effective date of said Policy at the hour stated in said Policy, unless another effective date is shown below, and expires concurrently with said Policy.



## NETWORK SECURITY AND PRIVACY REGULATION PROCEEDING ENDORSEMENT

In consideration of the premium, solely with respect to the Association Liability Coverage Part, and the coverage provided by this endorsement, the policy is amended as follows:

I. The following insuring agreements are added to the Association Liability Coverage Part:

Network Security and Privacy

We will pay **loss** on behalf of an **insured** arising from a **network claim** first made during the **policy period**.

Privacy Regulation Proceeding

We will pay **privacy regulation fines and redress amounts** and **defense costs** on behalf of an **insured** arising from a **privacy regulation proceeding** first made during the **policy period**.

II. Section III, Definitions of the Association Liability Coverage Part is amended as follows:

A. Solely with respect to the coverage afforded by this endorsement:

- (i) any reference to **claim** (except with respect to the Insuring Agreements and the definition of **claim** and **immigration claim**) in the Association Liability Coverage Part will mean a **network claim**.
- (ii) the definition of **loss** is deleted and replaced with the following:

**Loss** means the amount you are legally obligated to pay as a result of a **network claim** including compensatory damages, settlements, judgments, pre-judgment and post-judgment interest, and **defense costs**.

**Loss** will also include:

- (i) punitive, exemplary, or multiplied damages if such damages are insurable under the law in the jurisdiction which is most favorable to the **insured** provided that such jurisdiction has a substantial relationship to us, the **insured**, or to the **network claim** giving rise to such **loss**;
- (ii) civil fines or penalties assessed against an **insured person** for an unintentional and non-willful violation of law that are insurable under the law to which this policy is construed (including **privacy regulation fines and redress amounts**); and

**Loss** does not include:

- (a) costs to comply with any order or agreement to provide non-monetary or injunctive relief, provided this will not apply to **defense costs**;
- (b) taxes, fines, or penalties (other than those referenced in (i) or (ii) above);
- (c) fees, costs, and expenses paid, incurred, or charged by an **insured**, no matter whether claimed as restitution of specific funds, financial loss, mitigation expenses, set-off amounts or payments in the form of service credits or coupons or other non-cash consideration;
- (d) amounts not insurable under the law to which this policy is construed;
- (e) attorneys' fees or costs sought or awarded pursuant to any declarations, by-laws or other governing documents of an **insured entity**;
- (f) any amount for which an **insured** is absolved from payment by reason of any covenant, agreement, or court order.

- (iii) the definition of **prior notice** is deleted and replaced with the following:

**Prior notice** means any matter, fact, circumstance, situation, transaction, event, or **privacy wrongful act, security wrongful act**, that has been the subject of any notice accepted under any cyber policy or comparable policy, coverage section, or coverage part of which this Coverage Part is a direct or indirect renewal or replacement; or any related, same or essentially related or same matter, fact, circumstance, situation, transaction, event, **privacy wrongful act**, or **security wrongful act**.

B. Solely with respect to the coverage afforded by this endorsement the following definitions are added:



**Cryptocurrency** means any virtual or digital currency in which cryptography or other encryption security techniques are used to regulate the generation of units of currency and/or verify the transfer of funds, operating independently of a central bank.

**Cyber terrorism** means any actual or threatened attack by individuals, or group of individuals, against a **network**, in furtherance of social, ideological, religious, or political objectives, with the intent, design, or purpose, in whole or in part, to: (i) cause harm to a **network**; or (ii) intimidate any person or entity in furtherance of such objectives.

**Data breach** means any: (i) unauthorized disclosure, modification, use, or access of **protected information**; (ii) loss, destruction or theft of **protected information**; or (iii) violation or failure to comply with any **data privacy law**.

**Data privacy law** means any law, rule, or regulation in any domestic or international jurisdiction that governs the: (i) use, confidentiality, collection, or control of **protected information**; (ii) implementation of policies or procedures with respect to **protected information**; or (iii) notification of an actual or suspected **data breach** to impacted, or potentially impacted, persons or entities or to the appropriate authorities.

**IT provider** means any third party entity which provides:

- (i) hosted computer resources including “cloud computing” to the **insured entity**; or
- (ii) information technology services required by the **insured entity** to operate a **network** under such entity’s ownership, operation, or control,

pursuant to a written contract between such entity and such **insured entity**. **IT provider** does not include any **insured entity**, any public utility, internet service provider, or securities exchange.

**Network** means any computers, all peripheral or integrated storage, communications input or output devices (including mobile devices), or related network or operating systems, application software or website that are:

- (i) owned, operated by, controlled by or leased by an **insured entity**;
- (ii) owned or operated by the **property manager** entity on behalf of, or for the benefit of, an **insured entity** but solely in the course and scope of its provision of **property management services** to such **insured entity**; or
- (iii) under the ownership, operation, or control of an **IT provider**, or operated on behalf of, or for the benefit of, an **insured entity** by an **IT provider**.

**Network claim** means any:

- (i) written demand (excluding a subpoena) for monetary, non-monetary, injunctive, or declaratory relief including a request for alternative dispute resolution or request to toll or waive a statute of limitations;
- (ii) civil or criminal proceeding commenced by the earlier of: (a) the return of service of a complaint or indictment upon an **insured**; (b) the filing of an indictment or information with respect to an **insured**; or (c) the arrest or detainment of an **insured**; or
- (iii) solely with respect to Privacy Regulation Insuring Agreement above, a **privacy regulation proceeding**.

against an **insured** for a **privacy wrongful act** or **security wrongful act**, committed, attempted, or allegedly committed or attempted, by such **insured** before or during the **policy period** including any appeal therefrom.

**Personal information** means any private or confidential information in the care, custody, or control of an **insured entity**, provided such information may be used alone or with other information to uniquely identify: (i) a natural person; (ii) any protected health information; or (iii) non-public personally identifiable information as defined in any **data privacy law**.

**Privacy regulation fines and redress amounts** mean: (i) civil monetary fines or penalties assessed by the arbiter of a **privacy regulation proceeding**; or (ii) equitable amounts you are legally obligated to pay into a fund for the payment of consumer claims as a result of a **privacy regulation proceeding**. **Privacy regulation fines and redress amounts** do not include fines or penalties that are uninsurable under the law to which this policy is construed, or any amount constituting settlement to which we have not consented to in writing.

**Privacy regulation proceeding** means a civil investigative demand, administrative or regulatory investigation or proceeding, or a written request for information by a federal, state, local, or foreign governmental authority, or self-regulating organization, against an **insured** and pertaining to a **privacy wrongful act**.



**Privacy wrongful act** means any actual or alleged:

- (i) act, error or omission by an **insured** (or by a **rogue employee** or a third party provider for whose actions the **insured** is legally liable) that results in a **data breach** on a **network**; or
- (ii) failure by an **insured** to destroy **protected information**.

**Protected information** means: (i) **personal information**; or (ii) any other third party confidential business information in the care, custody, or control of an **insured entity** or a third party provider acting on behalf of an **insured entity**.

**Rogue employee** means an **employee** or **executive** who intentionally acts outside of his/her capacity as such.

**Security breach** means: (i) access to a **network** by an unauthorized person; (ii) use of any **network** in an unauthorized manner; (iii) transmission of malicious code or virus to a **network**; or (iv) denial of service attack on a **network**.

**Security wrongful act** means any actual or alleged:

- (i) act, error, or omission by an **insured** (or by a **rogue employee** or a third party provider for whose actions the **insured** is legally liable) that results in a **security breach**;
- (ii) failure by an **insured** to timely disclose a **security breach**; or
- (iii) act, error, or omission by an **insured** that results in an unscheduled or unplanned inability of an authorized third party user to gain authorized access to a **network**.

**Unauthorized reprogramming** means the unauthorized reprogramming of software (including firmware) which renders the **network** nonfunctional or useless.

III. Solely with respect to the coverage afforded by this endorsement, Section IV, of the Association Liability Coverage Part Exclusions is amended as follows:

A. Section A is amended as follows:

- 1. exclusion (i) bodily injury is amended to add the following:

Provided this exclusion (i) will not apply to any actual or alleged mental anguish or humiliation made in connection with any **network claim** arising from a **privacy wrongful act**;

- 2. exclusion (v) cyber event is amended by adding the following:

Provided this **cyber event** exclusion will not apply to the coverage afforded by this endorsement.

B. Section E is amended to add the following:

Provided further that this exclusion will not apply to **unauthorized reprogramming** or any transmission of malicious code or virus to a **network**.

C. The following exclusions are added:

We will not cover **loss** in connection with any **network claim** based upon or arising from:

- Critical Infrastructure Failure  
actual or alleged failure, interruption, disturbance, or outage of critical infrastructure including, but not limited to electrical, gas, water, telecommunications, internet, or any satellite, which is not under your operational control;
- Cryptocurrency  
**cryptocurrency**;
- Force Majeure  
fire, earthquake, flood, smoke, explosion, volcanic eruption, lightning, wind, water, tidal wave, solar flare, landslide, hail, or act of God, regardless of cause;
- Governmental Orders



any actual or alleged requisition, nationalization, confiscation, destruction, or damage to property, by order of any federal, state, local, national, or foreign governmental authority or foreign political authority;

- War  
any war (declared or otherwise), warlike operation, hostilities, invasion, popular or military uprising or activities, insurrection, rebellion, revolution, or terrorism (whether certified or not) by an individual or group or any action taken by governmental authorities in hindering or defending against any of these; provided this exclusion will not apply to **cyber terrorism**.

IV. The coverage afforded by this endorsement does not increase the Maximum Aggregate limit of liability set forth in Item 6 of the Declarations.

All other terms and conditions of the Policy remain unchanged.

This endorsement, which forms a part of and is for attachment to the Policy issued by the designated Insurers, takes effect on the effective date of said Policy at the hour stated in said Policy, unless another effective date is shown below, and expires concurrently with said Policy.



## DEFENSE COSTS OUTSIDE THE LIMITS ENDORSEMENT

In consideration the premium, the policy is amended as follows:

- I. Section IV, Limit of Liability, Sublimits and Retentions of the General Terms and Conditions, is deleted and replaced with the following:

The maximum aggregate amount we will pay for all **loss** (other than **defense costs**) regardless of the number of **claims**, **insureds**, losses, parties or requests for coverage under each respective Coverage Part is set forth in Item 6 of the Declarations.

**Defense costs** are in addition to the applicable limits of liability, our payment of any **defense costs** will not erode or exhaust the applicable limit of liability.

Item 6 of the Declarations sets forth any applicable Retention. Any Retention will be uninsured and the responsibility of the **named insured** to pay regardless of the nature or form of the **claim**. We will be liable to pay only that amount of **loss** in excess of any applicable Retention. If there are two Retentions that apply to the same **claim**, we will only apply the higher Retention.

All premiums, limits, Retentions, **loss** and other amounts under this policy are expressed and payable in United States of America currency unless the parties agree in writing otherwise.

- II. Paragraph (a) of Section VIII, Cooperation and Consent of the General Terms and Conditions is amended by adding the following sentence:

If an **insured**, other than any **property manager**, unreasonably refuses to consent to a settlement or compromise recommended by the Insurer, and acceptable to the claimant, then the applicable limit of liability under this policy shall be reduced to the amount for which the **claim** could have been settled.

All other terms and conditions of the Policy remain unchanged.

This endorsement, which forms a part of and is for attachment to the Policy issued by the designated Insurers, takes effect on the effective date of said Policy at the hour stated in said Policy, unless another effective date is shown below, and expires concurrently with said Policy.



## PUBLIC RELATIONS EVENT EXPENSES ENDORSEMENT

In consideration of the premium, the Association Liability Coverage Part is amended as follows:

I. Section II, Coverage Extensions is amended by adding the following:

- Public Relations Event Expenses

We will reimburse the **named insured** up to \$15,000 per **public relations event**, subject to a maximum of \$50,000 per **policy period**, for reasonable **public relations expenses** incurred by the **named insured** for advisory services provided by a public relations firm to the **named insured** as a result of a **public relations event** which occurs during the **policy period**.

II. Section III, Definitions is amended by the addition of the following new Definitions:

- **Public relations event** means:

- (i) the departure, incapacitation, illness or death of an **executive** or association board member of the **named insured**;
- (ii) the **named insured's** dissolution for any reason other than bankruptcy; or
- (iii) any violent act, kidnapping, sexual assault, criminal firearm use or workplace accident resulting in negative local or national media coverage of the **named insured**.

- **Public relations expenses** mean the reasonable and necessary fees and expenses incurred by the **named insured** for public relations firm advisory services provided to the **named insured** to minimize potential economic or reputational harm in response to a **public relations event**.

**Public relations expenses** do not include **overhead expenses**, expenses incurred prior to any notice submitted to us, or expenses incurred after one hundred and eighty (180) days from the date the **public relations event** was noticed to us.

III. The following new section will be added to this Coverage Part:

Request for Coverage for Public Relations Expenses

If you choose to request coverage for **public relations expenses** you must submit a written notice at the address located in Item 3 of the Declarations. The notice must be sent within sixty (60) days of the **public relations event** and include the date the **public relations event** first occurred, the nature of the **public relations event** and the expenses requested or anticipated.

Should there be a subsequent **claim** that is based upon or arises out of this noticed **public relations event** we will consider that **claim** to have first been made during the **policy period** in which we accepted your first written notice.

All other terms and conditions of the Policy remain unchanged.

This endorsement, which forms a part of and is for attachment to the Policy issued by the designated Insurers, takes effect on the effective date of said Policy at the hour stated in said Policy, unless another effective date is shown below, and expires concurrently with said Policy.



## CAP ON LOSSES FROM CERTIFIED ACTS OF TERRORISM ENDORSEMENT

### SCHEDULE

#### COMMERCIAL GENERAL LIABILITY COVERAGE PART

Solely with respect to any Coverage Part set forth in the Schedule, it is understood and agreed as follows:

Whenever used in this endorsement, 1) “we” means the insurer listed on the Declarations or the Certificate of Insurance, as applicable; and 2) “you” means the first person or entity named on the Declarations or the Certificate of Insurance, as applicable.

#### **A. Cap on Certified Terrorism Losses**

“Certified act of terrorism” means an act that is certified by the Secretary of the Treasury, in consultation with the Secretary of Homeland Security and the Attorney General of the United States, to be an act of terrorism pursuant to the Terrorism Risk Insurance Act, as extended and reauthorized (the “Act”). The criteria contained in the Act for a “certified act of terrorism” include the following:

1. The act resulted in insured losses in excess of \$5 million in the aggregate, attributable to all types of insurance subject to the Terrorism Risk Insurance Act; and
2. The act is a violent act or an act that is dangerous to human life, property or infrastructure and is committed by an individual or individuals as part of an effort to coerce the civilian population of the United States or to influence the policy or affect the conduct of the United States Government by coercion.

If aggregate insured losses attributable to terrorist acts certified under the Act exceed \$100 billion in a calendar year (January 1 through December 31) and we have met our insurer deductible under the Act, we shall not be liable for the payment of any portion of the amount of such losses that exceeds \$100 billion, and in such case insured losses up to that amount are subject to pro rata allocation in accordance with procedures established by the Secretary of the Treasury.

#### **B. Application of Exclusions**

The terms and limitations of any terrorism exclusion, or the inapplicability or omission of a terrorism exclusion, do not serve to create coverage for any loss which would otherwise be excluded under this Policy, such as losses excluded by the Nuclear Hazard Exclusion or the War And Military Action Exclusion.

All other terms and conditions of the Policy remain unchanged.

This endorsement, which forms a part of and is for attachment to the Policy issued by the designated Insurers, takes effect on the effective date of said Policy at the hour stated in said Policy, unless another effective date is shown below, and expires concurrently with said Policy.





## WORKPLACE VIOLENCE ACT EXPENSES SUBLIMITED COVERAGE ENDORSEMENT

In consideration of the premium, solely with respect to the Association Liability Coverage Part, the policy is amended as follows:

I. Section I, Insuring Agreement is amended to add the following Insuring Agreement:

Workplace Violence Act Expenses

We will pay **workplace violence act expenses** on behalf of an **insured entity** resulting from any **workplace violence act** first occurring during the **policy period**. The total amount that we will pay for **workplace violence act expenses** will be the sublimit of liability set forth in paragraph IV of this endorsement.

II. Section III, Definitions is amended as follows:

A. The definition of **loss** is amended as follows:

Solely with respect to the coverage provided by this endorsement, **loss** will also include **workplace violence act expenses**.

B. The following definitions are added:

**Premises** means any buildings, facilities or properties occupied by the **named entity, subsidiary or property manager** and in which such **named entity, subsidiary or property manager** conducts its business operations.

**Workplace violence act** means any actual, alleged or threatened, intentional or unlawful deadly force or physical violence by use of a lethal weapon which: (i) occurs on or in the **premises**; and (ii) causes, or could cause, bodily injury or death to an **insured person**.

**Workplace violence act expenses** means the reasonable and necessary fees and expenses (other than **overhead expenses**) incurred by an **named entity, subsidiary or property manager** in connection with a **workplace violence act**. Such **workplace violence act expenses** include:

1. an independent security consultant for the first ninety (90) days after the **workplace violence act** occurred;
2. an independent public relations consultant for the first ninety (90) days after the **workplace violence act** occurred;
3. a counseling seminar for all **employees** of the **named entity, subsidiary or property manager** conducted by an independent consultant within the first ninety (90) after the **workplace violence act** occurred;
4. an independent security guard service for the first fifteen (15) days after the **workplace violence act** occurred; and
5. an independent forensic analyst for the first ninety (90) days after the **workplace violence act** occurred.

III. Section IV, Coverage Part Exclusions is amended to include the following exclusions:

A. We will not cover **loss** in connection with any **claim** based upon or arising from **workplace violence**.

B. We will not be liable to pay any **workplace act expenses** resulting from any **workplace violence act** which:

1. takes place in or at any location other than your workplace;
2. is based upon or arises out of declared or undeclared war, civil war, insurrection, civil commotion, insurrection, rebellion, revolution, military action, invasion, riot, government intervention, expropriation or nationalization; or
3. is based upon or arises out of the use or threat of force or violence occurring for the purpose of demanding money, securities or property.

IV. Section V, Specific Limit of Liability, Sublimits and Retentions is amended to include the following:



Workplace Violence Act Expenses Sublimit of Liability

A. The most we will pay for all **workplace violence act expenses** for all **workplace violence acts** is \$100,000, such sublimited coverage will be part of, and not in addition to, the Maximum Aggregate Limit of Liability for the Liability Coverage Part set forth in Item 6 of the Declarations.

B. No Retention will apply to **workplace violence act expense**.

V. The following new section will be added to this Coverage Part:

Request for Coverage for Workplace Violence Act Expenses

If you choose to request coverage for **workplace violence act expense** you must submit a written notice at the address located in Item 3 of the General Terms and Conditions Declarations. The notice must be sent within sixty (60) days of the **workplace violence act** and include the nature and description of the act, and the date the act first occurred, and the expenses requested or anticipated.

Should there be a subsequent **claim** that is based upon or arises out of this noticed **workplace violence act** we will consider that **claim** to have first been made during the **policy period** in which we accepted your first written notice.

All other terms and conditions of the Policy remain unchanged.

This endorsement, which forms a part of and is for attachment to the Policy issued by the designated Insurers, takes effect on the effective date of said Policy at the hour stated in said Policy, unless another effective date is shown below, and expires concurrently with said Policy.



## SUBLIMITED BREACH OF CONTRACT DEFENSE COSTS ENDORSEMENT

In consideration of the premium, this Association Liability Coverage Part is amended as follows:

- I. The most we will pay for all **defenses costs** afforded coverage pursuant to the **contractual liability** exclusion carveback in Exclusion A(iv) in Section IV Coverage Part Exclusions is \$1,000,000 per **claim**. Provided however, in the event the **defense costs** erode the Limits of Liability, then such sublimited coverage will be part of, and not in addition to, the Maximum Aggregate Limit of Liability for the Liability Coverage Part set forth in Item 6 of the Declarations.
- II. Such **defense costs** referenced in paragraph I above will be subject to a Retention of \$5,000 per **claim**.

All other terms and conditions of the Policy remain unchanged.

This endorsement, which forms a part of and is for attachment to the Policy issued by the designated Insurers, takes effect on the effective date of said Policy at the hour stated in said Policy, unless another effective date is shown below, and expires concurrently with said Policy.



## DEFENSE COSTS APPLICABLE TO RETENTION ENDORSEMENT

In consideration of the premium, Subsection C, Retentions and other Sublimits, of Section V, Specific Limit of Liability, Sublimits and Retentions, of the Association Liability Coverage Part is deleted and replaced with the following:

### C. Retentions and other Sublimits

A single Retention will apply to each **claim**, such Retention will apply to all **loss**. There will be no Retention applicable to liability for **non-indemnifiable loss**.

All other terms and conditions of the Policy remain unchanged.

This endorsement, which forms a part of and is for attachment to the Policy issued by the designated Insurers, takes effect on the effective date of said Policy at the hour stated in said Policy, unless another effective date is shown below, and expires concurrently with said Policy.



## COMMUNITY ASSOCIATION POLICY COMMERCIAL CRIME COVERAGE PART

### I. INSURING AGREEMENTS

Coverage provided under the following Insuring Agreements applies to loss or damage which is **discovered** during the **policy period** or during the period of time provided in Section XIII Discovery Period.

#### A. Fidelity Coverage

We will pay for loss of or damage to **money**, **securities**, or **property** of:

1. Employee Theft  
an **insured entity** committed by an **employee**, whether identified or not, acting alone or in collusion with others, such loss or damage resulting directly from **theft** or **forgery**.
2. Client  
a **client** committed by an **employee**, whether identified or not, provided the **employee** was not acting in collusion with the **client** or its employees, such loss or damage resulting directly from **theft** or **forgery**.
3. ERISA Plan  
a **plan** committed by a **fiduciary**, whether identified or not, acting alone or in collusion with others, such loss or damage resulting directly from **theft** or **forgery**.

#### B. Forgery or Alteration Coverage

We will pay for direct loss resulting from **forgery** or **alteration** of any **payment instrument**.

#### C. Inside and Outside Premises Coverage

##### 1. Money or Securities

We will pay for loss of **money** or **securities**:

- (i) inside the **premises**; or
- (ii) **outside the premises**,  
resulting directly from **theft**, actual destruction, or physical disappearance.

##### 2. Property

We will pay for loss of or damage to **property**:

- (i) inside the **premises**; or
- (ii) **outside the premises**,  
resulting directly from an actual or attempted **robbery** or **safe burglary**.

##### 3. Damage

We will pay for damage to the **premises** or its exterior resulting directly from an actual or attempted **robbery** or **safe burglary** provided you own such **premises** or are liable for damage to the **premises**.

#### D. Transfer Coverage

##### 1. Computer

We will pay for loss of **money**, **securities**, or **property** resulting directly from **computer transfer fraud**.

##### 2. Funds

We will pay for loss of **money** or **securities** resulting directly from **funds transfer fraud**.

##### 3. Social Engineering Fraud

We will pay for loss of **money** or **securities** resulting directly from **social engineering fraud**.

#### E. Counterfeit Coverage

We will pay for direct loss resulting from **counterfeit fraud**.



## COMMUNITY ASSOCIATION POLICY COMMERCIAL CRIME COVERAGE PART

### II. COVERAGE EXTENSIONS

The following coverage extensions, if subject to a sublimit, are part of and not in addition to, the applicable limit of liability set forth in Item 6 of the Declarations.

#### A. Sublimited Proof of Loss Costs Extension

We will pay **proof of loss costs** resulting directly from loss covered under any Insuring Agreement if such covered loss is in excess of the Retention applicable to such Insuring Agreement. The total amount that we will pay for **proof of loss costs** will be the sublimit of liability set forth in Item 6 of the Declarations for the Commercial Crime Coverage Part.

#### B. Sublimited Computer Restoration Costs Extension

We will pay **computer restoration costs** resulting directly from loss covered under the Fidelity Coverage Insuring Agreements A or the Computer Transfer Coverage Insuring Agreement D1 if such covered loss is in excess of the Retention applicable to such Insuring Agreement. The total amount that we will pay for **computer restoration costs** will be the sublimit of liability set forth in Item 6 of the Declarations for the Commercial Crime Coverage Part.

#### C. Sublimited Record Recovery Costs Extension

We will pay **record recovery costs** resulting directly from loss covered under the Fidelity Coverage Insuring Agreements A or the Inside and Outside Premises Coverage Insuring Agreements C if such covered loss is in excess of the Retention applicable to such Insuring Agreement. The total amount that we will pay for **record recovery costs** will be the sublimit of liability set forth in Item 6 of the Declarations for the Commercial Crime Coverage Part.

#### D. Legal Expense Costs

In addition to the limit of liability set forth in the Declarations, we will pay **legal expense costs** resulting directly from loss covered under the Forgery or Alteration Insuring Agreement B.

### III. DEFINITIONS

Any defined word not defined in this Coverage Part will have the meaning assigned to it in the General Terms and Conditions. When used in this Coverage Part, the terms “you”, “your”, and “yours” mean any **insured entity**.

**Alteration** means the material modification of an original document by a person acting without authority and with the intent to deceive.

**Client** means any unit owner of yours to whom you provide goods or for whom you perform services while under a written contract for a fee; provided such contract does not include the governing documents of an **insured entity** and such fee does not include a standard periodic association membership fee.

**Computer breach** means the unauthorized and intentional use of **corrupt code** by a **third party** without the knowledge, consent, or intervention of you or your **employees**.

**Computer restoration costs** mean reasonable expenses incurred by you to recover or restore your **data**, software or other computer programs from a **computer breach**. **Computer restoration costs** will not include any expenses for computer hardware, or expenses that develop, upgrade, or enhance your **data**, software, or other computer programs, or **overhead expenses**.

**Computer system** means:

- (i) computer hardware,
  - (ii) software; and
  - (iii) all peripheral devices linked through a network,
- that are operated by you and either owned or leased by you and are used to store, collect, transmit, process, maintain, or retrieve your **data**. **Computer system** will include off-line media libraries.



**COMMUNITY ASSOCIATION POLICY  
COMMERCIAL CRIME COVERAGE PART**

**Computer transfer fraud** means the unlawful taking of **money**, **securities**, or **property** resulting directly from a **computer breach**.

**Communication** means an electronic, telephone or written instruction received by the **insured entity** that directs an **employee** to:

- (i) pay, transfer, or deliver **money** or **securities**, or
- (ii) establish or change the method, destination, or account for payment or delivery of **money** or **securities**; provided such instruction:
  - (a) contains a misrepresentation of a material fact; and
  - (b) is relied upon by an **employee** believing it to be true.

**Corrupt code** means any virus, malware, Trojan horse, worm or other code or software script used for the purpose of: (i) gaining or enabling unauthorized access to a **computer system**; or (ii) entering, deleting, or otherwise changing the instructions, program logic, or **data** of such **computer system**.

**Counterfeit Fraud** means any:

- (i) money order allegedly issued by a post office, express company or financial institution which has been exchanged by you in good faith for merchandise, **money**, or services and such money order is not honored or paid upon presentation; or
- (ii) official paper currency of any country that is counterfeit.

**Cryptocurrency** means any virtual or digital currency in which cryptography or other encryption security techniques are used to regulate the generation of units of currency and/or verify the transfer of funds, operating independently of a central bank.

**Custodian** means any natural person or entity duly authorized by you to have physical custody of **money**, **securities**, or **property**.

**Data** means information contained, processed, or stored in a **computer system**.

**Discovered** or **discovery** means when a **responsible person** acquired knowledge that would lead a reasonable person to believe a covered loss has occurred or will occur, whether or not the amount or details of such loss are known. **Discovery** or **discovered** will not include acquired knowledge of an **executive** participating in a **theft** or **forgery**, whether acting alone or in collusion with an **employee**.

**Employee** means any natural person while in your service (or within the first ninety (90) days immediately following termination of such service):

- (i) on a full-time, part-time, seasonal, leased, or temporary basis, whom you compensate directly by salary, wages, or commissions, and whose service you have the right to direct and control;
- (ii) as an **executive** serving in the scope of the usual duties of an **employee** defined in (i) above; or
- (iii) as a student, intern, or volunteer.

**Employee** will also include:

- (a) former or retired **employees** defined in (i) or (ii) above retained as a consultant for an **insured entity** (as evidenced by written contract);
- (b) any **employee** defined in (i) or (ii) above while on medical, military leave, or any other business leave granted by you;
- (c) any **independent contractor**; provided with respect to the Fidelity Coverage Employee Theft Insuring Agreement A1 such **independent contract** does not include any **employee** listed in paragraph (d) below; or
- (d) solely with respect to the Fidelity Coverage Employee Theft Insuring Agreement A1: (i) the **property manager**; (ii) a **property manager employee**; or (iii) a natural person or entity appointed in writing by an **insured entity** to act as its agent in the capacity as bookkeeper or accountant, while acting on behalf of such **insured entity** in such capacity.

**Employee** does not include any agent, broker, factor, commission merchant, consignee, contractor (other than an **independent contractor**), or other such representative of the same general character.



## COMMUNITY ASSOCIATION POLICY COMMERCIAL CRIME COVERAGE PART

**ERISA** means the Employee Retirement Income Security Act of 1974, (including the Consolidated Omnibus Budget Reconciliation Act of 1985)(COBRA).

**Executive** means your directors, officers, governors, or managing members of a management committee, in-house General Counsel, Risk Manager, or any such functionally equivalent position.

**Forgery** means the actual signing of another person or organization's name with intent to deceive, but does not mean a signature that includes, in whole or in part, one's own name, signed with or without authority, in any capacity for any purpose. Mechanically or electronically produced or reproduced signatures will be treated the same as hand-written signatures.

**Fiduciary** means any natural person who is required to be bonded by the Employee Retirement Income Security Act of 1974 (ERISA).

**Financial Institution** means any bank, savings bank, credit union, or similar depository institution, trust company, stock brokerage firm, or investment firm in which a **transfer account** is maintained.

**Funds transfer fraud** means an unlawful instruction, other than **forgery**, purportedly issued by you, directing a **financial institution** to transfer, pay, or deliver **money** or **securities** from your **transfer account** without your knowledge or consent.

**Insured** means any **insured entity** or any **plan**.

**Legal expense costs** mean reasonable fees, costs, and expenses incurred by you in defending any civil proceeding seeking to enforce payment of any **payment instrument**. **Legal expense costs** do not include **overhead expenses**.

**Money** means currency, coins, bullion, or bank notes having a face value; or travelers' checks, register checks, or money orders held for sale to the public.

**Outside the premises** means being conveyed from one person or place to another by you within the custody of a **custodian**. Such conveyance will be deemed to begin immediately upon receipt by such **custodian** and cease immediately upon delivery.

**Overhead expenses** mean the salaries, wages, fees, overhead, or benefit expenses associated with any **insured**.

**Owner** means any natural person who has an ownership interest in an **insured entity**.

**Partner** means any natural person who:

- (i) has an ownership interest of ten percent (10%) or more in any **insured entity**, or
- (ii) is a partner of any **insured entity** formed as a partnership.

**Payment instrument** means any: (i) checks, drafts, or similar written promises, orders, or directions to pay a sum certain in **money**, that are made or drawn by or drawn upon by you, by anyone acting as your agent or purporting to have been so made or drawn; or (ii) written instrument required in connection with any credit or debit card issued to you or at your request to any **employee**.

**Personal information** means any nonpublic personal information relating to an identified or identifiable natural person.

**Plan** means any employee benefit plan, pension benefit plan, or welfare benefit plan, as each is defined under **ERISA**, sponsored solely by an **insured entity** or sponsored jointly by an **insured entity** and a labor organization, for the benefit of your employees. **Plan** does not include any multi-employer plan.

**Policy period** will not include any **extended reporting period**.

**Premises** means the interior portion of any: (i) building that you occupy in conducting your business; or (ii) building, including the night depository chute, occupied by a **financial institution**.

**Proof of loss costs** mean reasonable expenses, other than **overhead expenses**, incurred by you to establish the amount of a covered loss. **Proof of loss costs** do not include fees or expenses related to the filing of, defense of or proposed civil or criminal litigation or actions.





## COMMUNITY ASSOCIATION POLICY COMMERCIAL CRIME COVERAGE PART

**Property** means any tangible property, other than **money** or **securities** that has intrinsic value. **Property** does not include computer programs or **data**.

**Property manager** means the entity or natural person providing **property management services** to the **named insured** or any **subsidiary**, including any such entity as a debtor in possession under United States bankruptcy law.

**Property manager employee** means any natural person in the regular service of a **property manager** in the ordinary course of such **property manager's** business, provided such **property manager** governs and directs in the performance of such service. Such natural persons include any part-time, seasonal, leased or temporary employee, or any duly elected or appointed director, officer, member of the board of managers or management committee member while performing **property management services** in such capacity.

**Property management services** mean the following services provided for a fee pursuant to a written contract in connection with the management of property under the ownership, management or control of the **insured entity**:

- (i) development of management plans and budget;
- (ii) oversight of physical maintenance of property;
- (iii) solicitation, evaluation and securing of tenants and management of tenant relations, collection of rent and processing evictions;
- (iv) development, implementation and management of loss control and risk management plans for real property;
- (v) solicitation and negotiation of contracts for sale and leasing of real property;
- (vi) development, implementation and management of contracts and subcontracts (excluding property and liability insurance contracts) necessary to the daily functioning of the property;
- (vii) personnel administration; or
- (viii) record keeping.

**Record recovery costs** mean reasonable expenses, other than **overhead expenses**, incurred by you to reproduce information contained in any lost or damaged manuscripts, records, accounts, ledgers, or other similar recordkeeping methods that are lost or damaged for a reason other than a **computer breach**.

**Responsible person** will also mean the President, Director of Human Resources or such functionally equivalent positions of the **insured**, or the person responsible for the purchase and placement of your insurance.

**Robbery** means the unlawful taking of **money**, **securities**, or **property** from a **custodian** by a third party who:  
(i) causes or threatens physical harm to such **custodian**; or (ii) commits an unlawful act in the presence of such **custodian** or any other witness.

**Safe burglary** means the unlawful taking of **money**, **securities**, or **property** from within a locked safe or vault by a person unlawfully entering the safe or vault as evidenced by marks of forcible entry upon its exterior. **Safe burglary** will also include the unlawful taking of a safe or vault from within the **premises**.

**Securities** mean negotiable and non-negotiable instruments or contracts representing either **money** or **property**. **Securities** include tokens, tickets, revenue, and other stamps in current use as well as evidences of debt issued in connection with credit or charge cards, which cards are not issued by you. **Securities** do not include **money**.

**Social engineering fraud** means the intentional misleading of an **employee** through the use of a **communication** by a person or entity who is not, but purports to be, an **owner**, **client**, **employee**, or **vendor**.

**Theft** means the unlawful taking of **money**, **securities**, or **property** to the deprivation of: (i) an **insured**; or (ii) solely with respect to the Client Fidelity Coverage Insuring Agreement A2, a **client**.

**Third party** means a natural person other than:

- (i) an **employee**; or
- (ii) a natural person acting in collusion with an **employee**.

**Trading** means any loss as a result of trading in a genuine or fictitious account.

**Transfer account** means an account you maintain at a **financial institution** from which you can initiate the transfer, payment, or delivery of **money** or **securities**.



## COMMUNITY ASSOCIATION POLICY COMMERCIAL CRIME COVERAGE PART

**Vendor** means any person or entity that has provided goods or services to you under a genuine, pre-existing arrangement or other written agreement. **Vendor** does not include any **financial institution**, asset manager, armored motor vehicle company, or such similar entity.

**War** means any: (i) war, including undeclared or civil war; (ii) 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 (iii) insurrection, rebellion, revolution, usurped power, or action taken by governmental authority in hindering or defending against any of these.

### IV. COVERAGE PART EXCLUSIONS

#### A. Exclusions applicable to all Insuring Agreements

##### 1. This policy does not cover:

###### (a) Acts

loss or damage resulting from any fraudulent, dishonest or criminal act committed by:

- (i) your **partners** whether acting alone or in collusion with others, provided this exclusion (i) will not apply to the ERISA Plan Fidelity Coverage Insuring Agreement A3;
- (ii) an **employee**, whether acting alone or in collusion with others, except when covered under the Fidelity Coverage Insuring Agreements; or
- (iii) an **employee** who had committed any criminal, fraudulent or dishonest act prior to his/her employment with the **insured entity** involving any property valued at \$25,000 or more, provided that you, or any of your **executives**, had knowledge of such act prior to the inception of this policy.

###### (b) Advantage

loss by any **insured** to the advantage of any other **insured**.

###### (c) Authority

loss or damage resulting from seizure or destruction of property by order of governmental authority.

###### (d) Confidential Information

loss or unauthorized use of confidential information of any kind including trade secrets, patents, processing methods, or customer lists, whether such confidential information is yours or others.

###### (e) Cryptocurrency

loss of or damage to **cryptocurrency**.

###### (f) Custody

loss of or damage to **money**, **securities**, or **property** while in the custody of any **custodian**, unless the loss or damage is in excess of the amount you recover under any contract with or insurance carried by such **custodian**.

###### (g) Data Security Breach Expenses

loss arising from a data security breach including:

- (i) forensic audit expenses;
- (ii) fines, penalties, or expenses to comply with Payment Card Industry Data Security Standard or such similar federal and state laws, statutes, or standards;
- (iii) notification expenses to individuals whose **personal information** may have been stolen, accessed, downloaded or misappropriated while in the **insured entity's** care, custody or control.

###### (h) Exchanges

loss or damage resulting from the giving or surrendering of **money**, **securities**, or **property** in any exchange or purchase with a **third party**, provided that this exclusion (h) will not apply to otherwise covered loss under the Fidelity Coverage Insuring Agreements A, the Counterfeit Coverage Insuring Agreement E, or otherwise covered loss of **property** under the Computer Transfer Coverage Insuring Agreement D1.

###### (i) Fire



**COMMUNITY ASSOCIATION POLICY  
COMMERCIAL CRIME COVERAGE PART**

loss or damage resulting from fire, except loss of **money** or **securities**, or damage to any safe or vault in a **safe burglary**.

- (j) Indirect Loss  
loss that is indirect or consequential including:
  - (i) loss of income, profits or revenue;
  - (ii) fines or penalties;
  - (iii) payment of damages for which you are legally liable, except for compensatory damages arising directly from covered loss under this Coverage Part;
  - (iv) legal fees, costs or expenses incurred in defending or prosecuting any legal action, except for **legal expense costs**;
  - (v) fees, costs or expenses incurred in establishing the amount of a covered loss under this Coverage Part, except for **proof of loss costs**; or
  - (vi) costs to reproduce information contained in any lost or damaged property, except for **record recovery costs** or **computer restoration costs**.
- (k) Kidnap/Ransom or Extortion  
loss or damage as a result of kidnap, ransom or other extortion payment (except in a **robbery**) surrendered under threat of bodily harm, or damage to (including loss of use) property (including a **computer system**).
- (l) Known Loss  
loss or damage that an **insured discovered** prior to the inception of this policy.
- (m) Nuclear  
loss or damage resulting from nuclear reaction or radiation, or radioactive contamination, regardless of cause.
- (n) Trading  
loss resulting from any authorized or unauthorized **trading**, whether or not in your name and whether or not in a genuine or fictitious account, provided this exclusion (n) will not apply to direct losses caused by **theft** or **forgery**, committed by an **employee**, which result in improper financial gain to such **employee**.
- (o) War  
loss or damage resulting from **war**.

**B. Exclusions Applicable to Specific Insuring Agreements**

1. This policy does not cover loss or damage under the Inside and Outside Premises Insuring Agreements C:
  - (a) Accounting  
resulting from accounting or arithmetical errors or omissions.
  - (b) Mail  
while the **money** or **securities** is in the mail.
  - (c) Other Coverages  
due to **forgery**, **computer transfer fraud**, **funds transfer fraud**, **social engineering fraud**, or **counterfeit fraud**.
2. This policy does not cover loss under the Forgery or Alteration Coverage Insuring Agreement B caused by or attributable to **computer transfer fraud**, **funds transfer fraud** or **social engineering fraud**.
3. This policy does not cover loss under the Computer Transfer Coverage Insuring Agreement D1 caused by or attributable to **funds transfer fraud** or **social engineering fraud**.
4. This policy does not cover loss under the Funds Transfer Coverage Insuring Agreement D2 caused by or attributable to **computer transfer fraud** or **social engineering fraud**.
5. This policy does not cover loss under the Social Engineering Fraud Transfer Coverage Insuring Agreement D3:



COMMUNITY ASSOCIATION POLICY  
COMMERCIAL CRIME COVERAGE PART

- (a) Contract  
due to the failure of any party to perform under any contract.
- (b) Credit  
due to the extension of any loan, credit, or similar promise to pay.
- (c) Defect  
due to failure, malfunction, inadequacy, or illegitimacy of any product or service.
- (d) Gambling  
due to any gambling, game of chance, lottery, or similar game.
- (e) In Transit  
or damage to **money** or **securities** while in the mail or in the custody of any carrier for hire including any armored vehicle company.
- (f) Investment  
due to investment in any **securities**, or ownership in any entity or real property or similar investment, whether or not such investment is genuine.
- (g) Other Coverages  
caused by or attributable to **computer transfer fraud**, **funds transfer fraud**, or **counterfeit fraud**.
- (h) Payment Card  
due to any party's use or acceptance of any credit card, debit card, or similar payment method, whether genuine or not.

V. LIMITS OF LIABILITY, SINGLE LOSS AND RETENTIONS

A. Maximum Limit

Subject to the following Section VI ERISA Plans:

- (i) the most we will pay for each loss or damage regardless of the number of **insureds** or **plans** sustaining the loss or damage is the limit of liability set forth in Item 6 of the Declarations for the Commercial Crime Coverage Part of the Declarations. In the event of more than one **insured** incurring loss or damage, the most we will pay will not exceed the amount we would be liable for if all losses or damages were incurred by one **insured**; and
- (ii) if any loss or damage is covered under more than one Insuring Agreement or Coverage Extension (other than the Legal Expenses Costs Coverage Extension D), the most we will pay will not exceed the largest applicable limit of liability of any applicable Insuring Agreement.
- (iii) if any loss is covered under the Forgery or Alteration Coverage Insuring Agreement B and the Legal Expenses Costs Coverage Extension D, the most we will pay for direct loss resulting from such **forgery** or **alteration** will not exceed the limit of liability set forth in Item 6B of the Declarations for the Commercial Crime Coverage Part.

B. Non-Accumulation of Limit

Our limit of liability will not be cumulative from **policy period** to **policy period** regardless of the number of years this coverage remains in effect or the premiums paid.

C. Single Loss

All loss resulting from any single act, a number of acts, or a series of acts by any **employee(s)** or any other party or parties, and all loss whether such acts occurred before or during the **policy period**, will be treated as a single loss.

D. Retention



## COMMUNITY ASSOCIATION POLICY COMMERCIAL CRIME COVERAGE PART

We will only be liable for that part of loss or damage which exceeds the applicable Retention set forth in Item 6 of the Declarations for the Commercial Crime Coverage Part.

In the event an **insured** receives payment for loss or damage, after applying a retention or deductible, under another policy or bond ("other insurance"), for loss or damage also covered under this Coverage Part, then the applicable Retention for such loss or damage under this Coverage Part will be reduced by the amount of such other retention or deductible paid by you under the other insurance.

### VI. ERISA PLANS

#### A. Conditions

Solely with respect to loss incurred by a **plan** that is covered under the ERISA Plan Fidelity Coverage Insuring Agreement A3:

- (i) payment for all covered loss will be to the **plan** incurring such loss;
- (ii) if two or more **plans** are insured under this policy, any payment made by us for loss:
  - (a) sustained by two or more **plans**; or
  - (b) of commingled **money**, **securities** or **property** of two or more **plans**, will be shared by each **plan** sustaining the loss in the proportion that the amount of insurance required for each such **plan** under **ERISA** bears to the total of such payments;
- (iii) no Retention will apply to such loss;
- (iv) if such payment is in excess of the amount of coverage required by **ERISA** for such **plan**, such excess will be held for the use and benefit of any other **plan** should such **plan** also discover loss recoverable under this Coverage Part; and
- (v) the definition of **theft** set forth in Section II Definitions above is deleted and replaced with the following:

**Theft** means any fraudulent or dishonest act, including larceny, theft, embezzlement, misappropriation, wrongful abstraction, wrongful conversion, and willful misapplication.

#### B. Limit

If the limit of liability set forth in item 6 of the Declarations for the Commercial Crime Coverage Part is less than or equal to the limit of insurance required under **ERISA** then the limit of liability will be deemed increased to the lesser amount to meet such requirement or:

- (i) \$500,000 if the **plan** does not have any qualified employer securities; or
- (ii) \$1,000,000 if the **plan** includes qualified employer securities.

### VII. NOTICE AND PROOF OF LOSS IN THE EVENT OF LOSS DISCOVERED

As a condition precedent to any obligation to you under this Coverage Part:

#### A. Requirements

upon **discovery** the **named insured** as soon as practicable but no later than one hundred and eighty (180) days after **discovery** must:

- (i) provide written notice to us; and
- (ii) provide written proof of loss or damage with full and sufficient details to establish the loss or damage.

#### B. Conditions

- (i) upon our request the **insured** incurring the loss or damage will:
  - (a) maintain and preserve all records relevant to the loss to allow for verification of and proof;
  - (b) produce records relevant to the loss as reasonably requested by us;
  - (c) submit to an examination under oath;
  - (d) allow us access for examination and inspection of records or relevant other information.
- (ii) you may offer an inventory computation in determining the value of loss claimed, but only where you have established, wholly apart from such computation, that you have sustained a covered loss, caused by an **employee**.



COMMUNITY ASSOCIATION POLICY  
COMMERCIAL CRIME COVERAGE PART

VIII. OWNERSHIP INTERESTS AND PAYMENT OF LOSS

- A. Covered loss or damage under this Coverage Part is limited to:
- (i) **money, securities, property**, or **premises** an **insured entity** owns, leases, or holds for others;
  - (ii) **premises** an **insured entity** is legally liable for and was legally liable for prior to the date the loss or damage occurred; or
  - (iii) solely for the purposes of the Client Fidelity Coverage Insuring Agreement A2, **money, securities**, or **property** owned or held by a **client** for which you or your **client** are legally liable.
- B. Any coverage under this Coverage Part is for the benefit of the **named insured** only and provides no rights or benefits to any other person or organization.
- C. Any payment of loss or damage, other than with respect to a **plan**, under this Coverage Part will be to the **named insured**, or jointly to the **named insured** and any payee as directed by the **named insured**.
- D. In the event of payment of loss or damage by us, you agree to transfer to us all of your rights of recoveries against any person or entity.

IX. CHANGE OF CONTROL

In the event of a **change of control** coverage under this Coverage Part will continue until the expiration of the **policy period** unless otherwise cancelled or terminated as described herein.

X. SUBSIDIARY

A **subsidiary** and its **plans** acquired or created before or during the **policy period** will be afforded coverage for loss **discovered** during the **policy period**, subject to the following Section XI Liability for Prior Losses or Damages. There will be no acquisition threshold with respect to any **subsidiary**.

XI. LIABILITY FOR PRIOR LOSSES OR DAMAGES

Coverage for loss or damages incurred prior to the effective date:

- (i) of this Coverage Part;
- (ii) for any additional **insureds** (pursuant to Section X Subsidiary above); or
- (iii) any coverage added by endorsement;

will be subject to the following:

- (a) if you or any of your predecessor(s) in interest carried a prior bond or policy that afforded coverage for a loss or damage incurred during the period of such prior bond or policy (the "former policy") and the former policy was not issued by us or any of our subsidiaries or affiliates and such loss or damage was first **discovered** before the expiration of the discovery period under the former policy, then no coverage will be available under this Coverage Part, unless the total amount of covered loss or damage exceeds the limit of liability of the former policy. Our limit of liability for any such loss or damage will be in excess of the limit of liability of the former policy and subject to all of the terms and conditions of this Coverage Part.
- (b) if you or any of your predecessor(s) in interest carried a prior bond or policy that afforded coverage for a loss or damage incurred during the period of such prior bond or policy (the "prior policy") and the prior policy was issued by us or any of our subsidiaries or affiliates, then the prior policy will terminate as of the inception of this policy and the prior policy will not cover any loss or damage not **discovered** and noticed to us prior to the inception of this policy. Our limit of liability for such loss or damage will be the applicable limit of liability set forth in Item 6 of the Declarations for the Commercial Crime Coverage Part.
- (c) Section XVI Other Insurance will not apply in the event that paragraphs (a) or (b) directly above apply.





COMMUNITY ASSOCIATION POLICY  
COMMERCIAL CRIME COVERAGE PART

**XII. TERMINATION OF COVERAGE**

A. Employee

Coverage under this Coverage Part will terminate immediately with respect to any **employee** upon **discovery** of any unlawful taking of property or any criminal, fraudulent, or dishonest act, in excess of (\$1,000) one-thousand dollars, committed by such **employee** while employed by the **insured entity**.

B. Cessation of Subsidiary

Coverage under this Coverage Part will terminate immediately with respect to any **insured entity** on the date that such entity ceases to be a **subsidiary** of the **named insured**.

C. Liquidation or Dissolution of the Named Insured

Coverage under this Coverage Part will terminate immediately for any loss or damage occurring after the **named insured's** liquidation or dissolution.

D. Prior Bonds or Policies

Any prior bonds or policies issued by us or any of our subsidiaries or affiliates will terminate, if not already terminated, as of the inception of this policy.

**XIII. DISCOVERY PERIOD**

If this policy is cancelled or terminated for reason other than non-payment, we will pay:

- (i) loss or damage to an **insured** if such loss or damage is **discovered** within ninety (90) days after the effective date of cancellation or termination;
- (ii) loss to a **plan** if such loss is **discovered** within one (1) year after the effective date of cancellation or termination.

Provided, any discovery period referenced above will terminate immediately at the inception date of any other insurance policy replacing the insurance afforded under this Coverage Part, regardless of whether the replacement insurance policy provides coverage for such loss.

**XIV. LEGAL PROCEEDINGS**

It is agreed that no action may be taken against us earlier than ninety (90) days after a proof of loss has been provided to us or later than two (2) years after **discovery**.

**XV. VALUATION**

For purposes of determining valuation for covered loss or damages the following will apply:

- A. **Securities** valuation will be based upon the lesser of the actual market value of the lost, damaged or destroyed **securities** on the day before the loss was **discovered**, or the cost of any lost instrument bond required to issue duplicate **securities**.
- B. **Money** valuation will be based upon the actual face value of the **money** on the date the loss was **discovered**. United States of America currency value of foreign currency will be based on the exchange rate published by the *Wall Street Journal* on the date the loss was **discovered**.
- C. **Property** valuation will be based upon the lesser of the following:
  - (i) actual cash value of the **property** on the date the loss was **discovered**;
  - (ii) cost to repair or replace the **property** (other than precious metals) with that of similar quality and value on the date the proof of loss was submitted;
  - (iii) purchase price paid by you for the **property**.
- D. United States of America currency value of precious metals will be based on the rate published by the *Wall Street Journal* for precious metals on the date the loss was **discovered**.



**COMMUNITY ASSOCIATION POLICY  
COMMERCIAL CRIME COVERAGE PART**

**XVI. OTHER INSURANCE**

This Coverage Part does not apply to loss or damage recoverable or recovered under any other bond, insurance or indemnity. However, if the limit of the other bond, insurance or indemnity is insufficient to cover the entire amount of the loss or damage, this Coverage Part, subject to all of its limits of liability, terms and conditions will apply to that part of the loss or damage in excess of the Retention, and the amount recoverable or received under such other bond, insurance or indemnity.

**XVII. RECOVERIES**

Notwithstanding Section XIII Subrogation and Recoupment of the General Terms and Conditions, in the event that we make any recovery of loss or damage paid by us, such recovery will be distributed as follows:

- (i) to you, until you are fully reimbursed for any loss or damage that you sustain that exceeds the limit of liability and the Retention, if any;
- (ii) then to us, until we are reimbursed for any loss or damage paid by us; and
- (iii) then to you until you are reimbursed for that part of the loss or damage equal to the Retention, if any.

Any recovery to be distributed will not include amounts from:

- (a) insurance, suretyship, reinsurance, security or indemnity taken for our benefit; or
- (b) original **securities** after duplicates of the **securities** have been issued.





## TELEPHONE TOLL FRAUD ENDORSEMENT

In consideration of the premium, the Commercial Crime Coverage Part is amended as follows:

- I. Item 6 of the Commercial Crime Coverage Part Declarations is amended to add the following:

### TELEPHONE TOLL FRAUD

- Single Loss Limit of Liability: \$25,000
- Single Loss Retention: \$2,500

- II. Section I, Insuring Agreements is amended to add the following Insuring Agreement

### TELEPHONE TOLL FRAUD

We will pay for loss sustained by an **insured** resulting directly from **telephone toll fraud**.

It is a condition precedent to coverage under this Insuring Agreement that the **insured** provide written notice of the loss at the earliest practicable moment to us, but in no event later than sixty (60) days after the receipt of the first telephone service charge bill from the telephone carrier in which **telephone toll fraud** is documented.

- III. Solely with respect to the coverage provided by this endorsement, Section III, Definitions is amended to add the following definitions:

- **Telephone toll fraud** means the fraudulent infiltration and manipulation of the **insured's telephone system** by a person other than an **employee** which results in the **insured entity** being liable for toll and line charges.
- **Telephone system** means a private branch exchange, voice mail processor, automated callback attendants or **computer system**, which operates in the same manner, and which is:
  - (i) owned or leased by an **insured entity**; and
  - (ii) used for the direction or routing of telephone calls in a voice communication **computer system**.

- IV. Solely with respect to the coverage afforded by this endorsement, Section IV, Coverage Part Exclusions is amended to add the following exclusions:

This policy does not cover:

- loss as a result of a threat:
  - (a) to do bodily harm to any person;
  - (b) to do damage to the premises or **property** of an **insured**;
  - (c) to do damage to a **computer system** operations, or
  - (d) to do damage to a **telephone system**;
- resulting directly or indirectly from the use of a telephone credit, debit, charge, identification or similar card;
- resulting directly or indirectly from the input of **data** into a **computer system** terminal device either on the premises of a customer of the **insured** or under the control of such customer by a person who had authorized access to the customer's authentication mechanism;
- more than thirty (30) days after the last day of the billing cycle shown in the first telephone service charge bill from the telephone carrier in which **telephone toll fraud** is documented.

- V. Solely with respect to the coverage provided by this endorsement, Section VII, Notice and Proof of Loss in the Event of Loss Discovered is amended to add of the following:

After the **insured** discovers an incident of **telephone toll fraud**, the **insured** must take all reasonable steps to curtail the unauthorized use of the **telephone system** and otherwise mitigate the loss by notifying the installer of the **telephone system** and the affected telephone carriers.



All other terms and conditions of the Policy remain unchanged.

This endorsement, which forms a part of and is for attachment to the Policy issued by the designated Insurers, takes effect on the effective date of said Policy at the hour stated in said Policy, unless another effective date is shown below, and expires concurrently with said Policy.



## CONDITIONAL RENEWAL ENDORSEMENT-IDAHO

Wherever used in this endorsement: 1) Insurer means “we”, “us”, “our” or the “Company” as those terms are defined in the policy; and 2) Named Insured means the first person or entity named on the declarations page; and 3) “Insured(s)” means all persons or entities afforded coverage under the policy.

Any cancellation, non-renewal or termination provision(s) in the policy are amended to add the following:

### CONDITIONAL RENEWAL

- I. The Insurer will mail or deliver to the Named Insured, at the last mailing address known to the Insurer, written notice of a total premium increase greater than ten percent (10%) which is the result of a comparable increase in premium rates, changes in deductibles, reductions in limits, or reductions in coverages at least thirty (30) days prior to the expiration date of the policy.
- II. If notice is mailed, proof of mailing will be sufficient proof of notice.

All other terms and conditions of the Policy remain unchanged.

This endorsement, which forms a part of and is for attachment to the Policy issued by the designated Insurers, takes effect on the effective date of said Policy at the hour stated in said Policy, unless another effective date is shown below, and expires concurrently with said Policy.



# **IMPORTANT INFORMATION**

## **NOTICE - OFFER OF TERRORISM COVERAGE; DISCLOSURE OF PREMIUM**

**THIS NOTICE DOES NOT FORM A PART OF THE POLICY, GRANT ANY COVERAGE OR CHANGE THE TERMS AND CONDITIONS OF ANY COVERAGE UNDER THE POLICY.**

As used herein, 1) "we" means the insurer listed on the Declarations or the Certificate of Insurance, as applicable; and 2) "you" means the first person or entity named on the Declarations or the Certificate of Insurance, as applicable.

You are hereby notified that under the Terrorism Risk Insurance Act, as extended and reauthorized ("Act"), you have a right to purchase insurance coverage of losses arising out of acts of terrorism, as defined in Section 102(1) of the Act, subject to all applicable policy provisions. The Terrorism Risk Insurance Act established a federal program within the Department of the Treasury, under which the federal government shares, with the insurance industry, the risk of loss from future terrorist attacks.

This Notice is designed to alert you to coverage restrictions and to certain terrorism provisions in the policy. If there is any conflict between this Notice and the policy (including its endorsements), the provisions of the policy (including its endorsements) apply.

### **CHANGE IN THE DEFINITION OF A CERTIFIED ACT OF TERRORISM**

The Act applies when the Secretary of the Treasury certifies that an event meets the definition of an act of terrorism. Originally, the Act provided that to be certified, an act of terrorism must cause losses of at least five million dollars and must have been committed by an individual or individuals acting on behalf of any foreign person or foreign interest to coerce the government or population of the United States. However, the 2007 reauthorization of the Act removed the requirement that the act of terrorism must be committed by or on behalf of a foreign interest, and now certified acts of terrorism may encompass, for example, a terrorist act committed against the United States government by a United States citizen, when the act is determined by the federal government to be "a certified act of terrorism."

In accordance with the Act, we are required to offer you the ability to purchase coverage for losses resulting from an act of terrorism that is certified under the federal program. The other provisions of this policy, including nuclear, war or military action exclusions, will still apply to such an act.

### **DISCLOSURE OF FEDERAL PARTICIPATION IN PAYMENT OF TERRORISM LOSSES**

The Department of the Treasury will pay a share of terrorism losses insured under the federal program. Beginning in 2020, the federal share equals 80% of that portion of the amount of such insured losses that exceeds the applicable insurer retention.

### **LIMITATION ON PAYMENT OF TERRORISM LOSSES**

If aggregate insured losses attributable to terrorist acts certified under the Terrorism Risk Insurance Act exceed \$100 billion in a calendar year (January 1 through December 31), the Treasury shall not make any payment for any portion of the amount of such losses that exceeds \$100 billion.

Further, this coverage is subject to a limit on our liability pursuant to the federal law where, if aggregate insured losses attributable to terrorist acts certified under the Act exceed \$100 billion in a calendar year (January 1 through December 31) and we have met our insurer deductible under the Act, we shall not be liable for the payment of any portion of the amount of such losses that exceeds \$100 billion. In such case, insured losses up to that amount are subject to pro rata allocation in accordance with procedures established by the Secretary of the Treasury.

### **CONFIRMATION OF ACCEPTANCE OF COVERAGE**

In accordance with the Act, we offered you coverage for losses resulting from an act of terrorism that is certified under the federal program. This notice confirms that you have chosen to accept our offer of coverage for certified acts of terrorism. The policy's other provisions, including nuclear, war or military action exclusions, will still apply to such an act. The premium charge for terrorism coverage, if any, is shown separately on the Declarations or the Certificate of Insurance, as applicable.