

THE TRAVELERS INSURANCE COMPANIES

One Tower Square
Hartford, CT 06183

DECLARATIONS

Policy Number: KTK-CMB-6459N38-1-10

Issue Date: 07/27/2010

NAMED INSURED AND MAILING ADDRESS:

CITY OF FORT WAYNE
1 E MAIN ST RM 930
FORT WAYNE, IN 46802-1804

POLICY PERIOD: FROM: 07/14/2010 TO: 07/14/2011

Effective 12:01 a.m. at description and location of property covered.

COVERAGE FORMS AND ENDORSEMENTS FORMING A PART OF THIS POLICY.

The complete policy consists of this Declarations and the Supplemental Coverage Declarations and the forms listed on MS C0 02 07 99.

PREMIUM: \$ 390,000

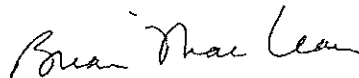
INSURING COMPANIES:

In return for payment of the premium, the Company agrees with the Named Insured to provide the insurance afforded by this policy. That insurance will be provided by the Company designated by an "X" below.

X The Travelers Indemnity Company (a Stock Company)



Secretary



President

The company listed above has executed this policy, but it is valid only if countersigned by our authorized representative.

PRODUCER NAME AND ADDRESS
WELLS FARGO INS SERV-IN
PO BOX 885
FORT WAYNE, IN 46801

Countersigned by: Wells Fargo Insurance Services
USA, Inc.
(Authorized Representative)
Date: _____

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Supplemental Coverage Declarations

READ THE ENTIRE POLICY CAREFULLY TO DETERMINE RIGHTS, DUTIES AND WHAT IS AND IS NOT COVERED.

- A. BLANKET LIMITS:** Insurance applies on a Blanket basis only to a coverage for which a Limit of Insurance is shown below. Liability shall not exceed any specific Limit of Insurance applying to any insured loss, coverage or location(s).

Covered Property	Blanket Limit(s) of Insurance
Buildings and Business Personal Property	\$ 500,000,000

The Blanket Limit(s) above do not apply to the property for which a separate Blanket Limit of Insurance is shown below:

Personal Property of Others	\$ 50,000
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- B. LIMITS OF INSURANCE** – For application of Limits of Insurance refer to Section O. Limits of Insurance in the General Conditions:

1. Electronic Data Processing Equipment and Electronic Data Processing Data and Media, in any one occurrence:	\$ 20,000,000
2. Accounts Receivable, in any one occurrence:	\$ 2,500,000
3. Valuable Papers, in any one occurrence:	\$ 2,500,000
4. Fine Arts, in any one occurrence:	\$ 2,500,000
5. Newly Constructed or Acquired Property, at any one building, In any one occurrence: Number of days 120.	\$ 2,500,000
6. Outdoor Property including Debris Removal, in any one occurrence: Trees, shrubs and plants are subject to a maximum per item of:	\$ 500,000 \$ 2,500
7. Personal Effects of Officers and Employees of the Insured: per Employee: in any one occurrence:	\$ 1,000 \$ 100,000
8. Covered Property at Undescribed Premises, in any one occurrence:	\$ 1,000,000
9. Covered Property in Transit, in any one occurrence:	\$ 500,000
10. Debris Removal (additional), in any one occurrence:	\$ 1,000,000
11. Pollutant Cleanup and Removal, aggregate in any one policy year:	\$ 1,000,000
12. Claim Data Expense, in any one occurrence:	\$ 25,000

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|-----|---|----|-------------|
| 13. | Ordinance or Law | | |
| | Loss to the Undamaged Portion, in any one occurrence: | \$ | 10,000,000 |
| | Demolition, in any one occurrence: | | Included |
| | Increased Cost of Construction, in any one occurrence: | | Included |
| | Included means, included in the Limit shown for Loss to the Undamaged Portion. | | |
| 14. | Business Income, in any one occurrence: | \$ | 5,000,000 |
| | Rental Value, in any one occurrence: | | Included |
| | Included means, included in the Limit shown for Business Income. | | |
| | Ordinary Payroll: Included | | |
| | Extended Business Income or Rental Value at 60 days. | | |
| | Revised to: 180 days. | | |
| | Civil Authority 30 days. | | |
| | Dependent Property, in any one occurrence: | \$ | 250,000 |
| | Ordinance or Law - Increased Period of Restoration, in any one occurrence: | \$ | 250,000 |
| | Newly Acquired Locations, in any one occurrence: | | |
| | Number of days 120. | \$ | 500,000 |
| | Undescribed Premises, in any one occurrence: | \$ | 100,000 |
| | Claim Data, in any one occurrence: | \$ | 25,000 |
| 15. | Extra Expense, in any one occurrence: | \$ | 5,000,000 |
| | Civil Authority 30 days. | | |
| | Ordinance or Law - Increased Period of Restoration, in any one occurrence: | \$ | 50,000 |
| | Newly Acquired Locations, in any one occurrence: | | |
| | Number of days 120. | \$ | 50,000 |
| | Undescribed Premises , in any one occurrence: | \$ | 50,000 |
| | Claim Data, in any one occurrence: | \$ | 25,000 |
| 16. | Leasehold Interest, in any one occurrence: | \$ | 5,000,000 |
| 17. | Earthquake, Volcanic Eruption, Landslide and Mine Subsidence - aggregate in any one policy year, for all losses covered under this policy, commencing with the inception date of this policy: | | |
| | a. Occurring in Alaska, Hawaii or Puerto Rico: | | Not Covered |
| | b. Occurring in California: | | Not Covered |
| | c. Occurring in counties identified as High and Moderate Hazard Counties as per MS C6 09: | | Not Covered |

- d. Occurring in covered territory other than above: \$ 12,500,000

If more than one Annual Aggregate Limit applies in any one occurrence, the most the Company will pay is the highest involved Aggregate Limit. The most the Company will pay during each annual period is the largest of the Annual Aggregate Limits shown.

18. Flood – aggregate in any one policy year, for all losses covered under this policy, commencing with the inception date of this policy:

- a. Occurring at Insured Premises resulting from Flood to buildings, structures or property in the open within Flood Zone A or Zones prefixed A as classified under the National Flood Insurance Program or property in or on buildings or structures located within such Flood Zones: \$ 1,000,000

- b. Occurring at Insured Premises resulting from Flood to buildings, structures or property in the open within Flood Zone B, Zone X (shaded) or Zone X-500 as classified under the National Flood Insurance Program or property in or on buildings located within such Flood Zones: \$ 10,000,000

- c. Occurring at Insured Premises resulting from Flood to buildings, structures or property in the open within Flood Zone V or Zones prefixed V as classified under the National Flood Insurance Program or property in or on buildings or structures located within such Flood Zones: Not Covered

- d. Occurring at all other Insured Premises: \$ 12,500,000

Any loss resulting from Flood to a building, structure or property in the open which is, at the time of loss, within more than one Flood Zone will be subject to the insurance and Annual Aggregate, if any, that would apply under this policy if that building, structure or property in the open was wholly located within the most hazardous of the Flood Zones, as identified in MS C2 06, in which it is located. The Flood Zone that applies to a building or structure will also apply to any property in or on such building or structure.

If more than one Annual Aggregate Limit applies in any one occurrence, the most the Company will pay is the highest involved Aggregate Limit. The most the Company will pay during each annual period is the largest of the Annual Aggregate Limits shown.

19. Limited Electronic Vandalism Cause of Loss Coverage, aggregate in any one policy year: \$ 250,000

20. Limited "Fungus," Wet Rot and Dry Rot Coverage:
- a. Direct Damage
 - In any one occurrence: \$ 15,000
 - Aggregate, in any one policy year: \$ 100,000
 - b. Business Income, Rental Value and Extra Expense
 - Number of days: 30
21. Builder's Risk, in any one occurrence:
- Maximum at any one Construction Site: \$ 500,000
 - Maximum at all Construction Sites: \$ 500,000
 - Builder's Risk Property At Temporary Storage Location: \$ 10,000
 - Builder's Risk Property in transit: \$ 10,000
22. Contractors Equipment in any one occurrence: \$ 250,000
- Newly Acquired Contractors Equipment in any one occurrence: \$ 100,000
 - Equipment Rental Expense in any one occurrence: \$ 50,000
23. Reimbursement of Master Key Costs, in any one occurrence: \$ 25,000
24. Errors and Omissions in any one occurrence: \$ 1,000,000
25. Mobile Equipment, as per Endorsement 1, in any one occurrence: \$ 100,000
- C. DEDUCTIBLES: For application of Deductibles refer to Section B. Application of Deductibles in the General Conditions
- 1. To Property in Transit, in any one occurrence: \$ 10,000
 - 2. To Business Income Coverage and Rental Value Coverage for which no other deductible is stated, in any one occurrence: Hours 24
 - 3. By Earthquake, Volcanic Eruption, Landslide and Mine Subsidence in any one occurrence: \$ 50,000
 - As respects Business Income, the deductible is included in the occurrence deductible.
 - As respects Rental Value, the deductible is included in the occurrence deductible.
 - As respects Extra Expense, the deductible is included in the occurrence deductible.
 - 4. By Flood:

- a. Occurring at Insured Premises within Flood Zone A or Zones prefixed A, as classified under the National Flood Insurance Program, the deductible for each building or structure and its contents separately, will be the amount recoverable under the National Flood Insurance Program when the maximum amount of insurance permitted by the National Flood Insurance Program applies, whether or not the coverage is purchased or maintained. In addition, the following deductible will apply to property not eligible and coverages not available under the National Flood Insurance Program that are covered under this policy and any difference in the valuation between the policies, in any one occurrence: \$ 250,000
- b. Occurring at Insured Premises within Flood Zone B, Zone X (shaded) or Zone X-500 as classified under the National Flood Insurance Program:
- To each affected Building or Structure, in any one occurrence: \$ 50,000
- To Covered Property other than Buildings or Structures at each affected Building or Structure, in any one occurrence: \$ 50,000
- c. Occurring at all other Insured Premises, in any one occurrence: \$ 50,000

As respects Business Income, the deductible is included in the occurrence deductible.

As respects Rental Value, the deductible is included in the occurrence deductible.

As respects Extra Expense, the deductible is included in the occurrence deductible.

Any loss resulting from Flood to a building, structure or property in the open which is, at the time of loss, within more than one Flood Zone will be subject to the Flood deductible, if any, that would apply under this policy if that building, structure or property in the open was wholly located within the most hazardous of the Flood Zones, as identified in MS C2 06, in which it is located. The Flood Zone and Flood deductible that applies to a building or structure will also apply to any property in or on such building or structure.

5. To any other covered loss, in any one occurrence: \$ 50,000

D. COINSURANCE:

Direct Damage:

No coinsurance applies.

Time Element:

No coinsurance applies.

E. VALUATION PROVISION:

Replacement Cost applies as per MS C5 05, except as otherwise stated within endorsement MS C5 05, within this Supplemental Declarations or elsewhere in this policy.

F. SOLE AGENT PROVISION: For any insurance afforded by this policy, CITY OF FORT WAYNE shall act on behalf of all insureds with respect to the giving and receiving of notice of cancellation or nonrenewal, the payment of premiums and the receiving of return premiums, and accepting of any endorsement issued to form a part of this policy.

G. PREMIUM ADJUSTMENT: This policy will be adjusted Quarterly for any changes in values and premiums.

H. ISSUING COMPANY: Travelers Indemnity Company (a Stock Company)

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. Words and phrases that appear in quotation marks have special meaning; refer to Section G., Definitions.

A. INSURING AGREEMENT

The Company will pay for direct physical loss or damage to Covered Property at premises as described in the most recent Statement of Values or other documentation on file with the Company, caused by or resulting from a Covered Cause of Loss. Covered Cause of Loss means risks of direct physical loss unless the loss is excluded in Section D., Exclusions; limited in Section E., Limitations; or excluded or limited in the Supplemental Coverage Declarations or by endorsements.

B. COVERAGE

Coverage is provided for Covered Property and Covered Costs and Expenses, as described in Sections B.1. and B.2., for which the Insured has an insurable interest, unless excluded in Section C., Property and Costs Not Covered. Coverage applies only when a Limit of Insurance is shown in the Supplemental Coverage Declarations for the specific type of Covered Property or Covered Costs and Expenses, except for items B.2. a., d., e., g., h.

and i. which do not require a specific Limit of Insurance to be shown.

1. COVERED PROPERTY

a. **Building(s)**, means the buildings or other structures at the Insured's premises, including:

- (1) Completed additions;
- (2) Fixtures, including outdoor fixtures;
- (3) Machinery and equipment permanently attached to the building;
- (4) Personal property owned by the Insured that is used to maintain or service the buildings, structures or grounds; and
- (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 1,000 feet of the Insured's premises, used for making alterations or repairs to the buildings or structures.

Building(s) do not include "Outdoor Property" except as provided in Section B.1.h.

b. **Business Personal Property** located in or on the buildings at the Insured's premises or in the open (or in a vehicle) within 1,000 feet of the Insured's premises, consisting of the following unless otherwise specified in the Supplemental Coverage Declarations:

- (1) Furniture and fixtures;
- (2) Machinery and equipment;
- (3) "Stock";
- (4) All other personal property owned by the Insured and used in the Insured's business;
- (5) Labor, materials or services furnished or arranged by the Insured on personal property of others;
- (6) The Insured's use interest as tenant in improvements and betterments. Improvements and betterments are fixtures, alterations, installations or additions:
 - (a) Made a part of the buildings or structures occupied or leased, but not owned, by the Insured; and
 - (b) Acquired or made at the Insured's expense but which the Insured is not permitted to remove; and
- (7) Personal Property of Others (including the Insured's employees) used in the Insured's business that is in the care, custody, or control of the Insured or for which the Insured has agreed in writing to insure prior to any loss or damage.

However, payment by the Company for loss or damage to Personal Property of Others will only be for the account of the owner of the property.

Business Personal Property does not include:

- (1) "Electronic Data Processing Equipment" or "Electronic Data Processing Data and Media" except as provided in Section B.1.c.;
- (2) Accounts Receivable except as provided in Section B.1.d.;
- (3) Valuable Papers except as provided in Section B.1.e.; or
- (4) "Fine Arts" except as provided in Section B.1.f.

c. "Electronic Data Processing Equipment" and "Electronic Data Processing Data and Media"

This insurance applies to loss or damage to "Electronic Data Processing Equipment" and "Electronic Data Processing Data and Media" at or within 1,000 feet of the Insured's premises.

d. Accounts Receivable

This insurance applies to loss or damage to the accounts receivable records of the Insured while at or within 1,000 feet of the Insured's premises, including records stored on electronic data processing media. Credit card company charge records will be considered accounts receivable records until delivered to the credit card company.

- (1) The Company will pay:
 - (a) Amounts due the Insured from customers that the Insured is unable to collect because of loss or damage to the Insured's accounts receivable records;
 - (b) Interest charges on any loan required to offset amounts the Insured is unable to collect because of loss or damage to the Insured's accounts receivable records, pending the Company's payment of these amounts;
 - (c) Collection expenses in excess of the Insured's normal collection expenses that are made necessary by the loss; and
 - (d) Other reasonable expenses that the Insured incurs to re-establish the Insured's records of Accounts Receivable.
- (2) The following additional exclusions apply to Accounts Receivable:

The Company will not pay for loss or damage caused by or resulting from any of the following:

 - (a) Bookkeeping, accounting or billing errors or omissions; and
 - (b) Alteration, falsification, manipulation, concealment, destruction or disposal of records of accounts receivable committed to conceal the wrongful giving, taking, obtaining or withholding of money, securities or other property but only to the extent of such wrongful giving, taking, obtaining or withholding.
- (3) The Company will not pay for loss or damage that requires an audit of records or any inventory computation to prove its factual existence.
- (4) In the event the Insured cannot accurately establish the amount of Accounts Receivable outstanding as of the time of loss, the following method will be used:
 - (a) The Company will determine the total of the average monthly amounts of Accounts Receivable for the 12 months immediately preceding the month in which the loss occurs;
 - (b) The Company will adjust the total for any normal fluctuations in the amounts of Accounts Receivable for the month in which the loss occurred or for any demonstrated variance from the average for that month; and
 - (c) The following will be deducted from the total amount of Accounts Receivable, however that amount is established:
 - (i) The amount of the accounts for which there is no loss;
 - (ii) The amount of the accounts that the Insured is able to re-establish or collect;
 - (iii) An amount to allow for probable bad debts that the Insured is normally unable to collect; and
 - (iv) All unearned interest and service charges.

e. Valuable Papers and Records

This insurance applies to loss or damage to Valuable Papers and Records while at or within 1,000 feet of the Insured's premises. Coverage does not apply to Valuable Papers and Records that exist on electronic data processing media.

f. "Fine Arts"

This insurance applies to loss or damage to "Fine Arts" while at or within 1,000 feet of the Insured's premises.

g. Newly Constructed or Acquired Property

This insurance applies to:

- (1) New buildings while being built on the Insured's premises or on a newly acquired location including materials, equipment, supplies and temporary structures which are at or within 1,000 feet of the premises;
- (2) Buildings newly acquired by the Insured at locations other than the Insured's premises;
- (3) Buildings the Insured becomes newly required to insure under a written contract; and
- (4) Personal Property of a type insured under this policy at or within 1,000 feet of a newly acquired building or a newly acquired location.

Insurance under this Coverage for each newly constructed or acquired property will end when any of the following first occurs:

- (1) This policy is cancelled or expires;
- (2) 120 days expire after the Insured acquires or begins to construct the building(s);
- (3) The Insured reports the new values to the Company; or
- (4) The property is more specifically insured elsewhere.

The Company will charge the Insured additional premium for values reported from the date construction begins or the Insured acquires the property.

h. "Outdoor Property"

This insurance applies to "Outdoor Property" at the Insured's premises for loss or damage only by the following Covered Causes of Loss:

- (1) Fire;
- (2) Lightning;
- (3) Explosion;
- (4) Riot or civil commotion;
- (5) Vandalism or malicious mischief; or
- (6) Aircraft or vehicles.

This insurance also applies to the necessary and reasonable expense incurred by the Insured to remove debris of "Outdoor Property" at the Insured's premises caused by or resulting from a Covered Cause of Loss listed above that occurs during the policy period. Such expenses will be paid only if reported to the Company in writing within 180 days of the date of direct physical loss or damage. This will not increase the Limit of Insurance that applies to "Outdoor Property".

i. Personal Effects of Officers and Employees of the Insured

This insurance applies to the Personal Effects and "Fine Arts" owned by officers, partners or employees of the Insured. Such property must be located at or within 1000 feet of the Insured's premises. Payment for loss or damage to Personal Effects and "Fine Arts" will only be for the account of the owner of the property.

j. Covered Property At Undescribed Premises

This insurance applies to:

- (1) Covered Property at an "exhibition" including while in transit to and from the "exhibition" site. Coverage for this property applies worldwide except within any country on which the United States government has imposed sanctions, embargoes or any other similar prohibitions.
- (2) Covered Property that will or has become a permanent part of an installation project being performed for others by the Insured, or on the Insured's behalf, while such property is at the

installation premises or at other premises where the property is temporarily stored. Coverage for this installation property applies only within the Policy Territory and will apply only until the Insured's interest in the property ceases, the installation is accepted, the installation is abandoned, or this policy is cancelled or expires, whichever occurs first.

- (3) Covered Property at any other premises within the Policy Territory which are not otherwise insured under this policy, and which the Insured does not own, lease or regularly operate.

This Coverage does not apply to Personal Effects of Officers and Employees of the Insured.

k. Covered Property in Transit

This insurance applies to Covered Property in due course of transit at the risk of the Insured between points within the Policy Territory, including inland and coastal waters and air space.

This Coverage will attach when the Covered Property leaves the initial point of shipment and will continue until the property is delivered at its destination. In the event the Covered Property is not deliverable or is rejected by the consignee, such property will be covered while in due course of transit back to the Insured and while temporarily being held by the receiver or carrier awaiting its return to the Insured.

The Company will also pay for:

- (1) Any general average or salvage charges incurred by the Insured as respects losses to waterborne shipments.
- (2) The Insured's contingent interest in shipments sold on a F.O.B. (Free On Board) basis but only in the event that any loss recoverable hereunder is not collectible from the consignee or any other insurance.
- (3) Loss of Covered Property occasioned by the unintentional acceptance of fraudulent bills of lading, shipping receipts or messenger receipts by the Insured or any agent, customer or consignee of the Insured.

This Coverage does not apply to:

- (1) Shipments by a government postal service except by registered mail;
- (2) Any export shipment once the earlier of the following occurs:
 - (a) The shipment is placed on the export conveyance; or
 - (b) Coverage under an Ocean Marine or other insurance policy covering the shipment begins;
- (3) Any import shipment until the later of the following occurs:
 - (a) The shipment is unloaded from the importing vessel or conveyance; or
 - (b) Coverage under an Ocean Marine or other insurance policy covering the shipment ends;
- (4) Theft from a conveyance or container while unattended unless the portion of the conveyance or container containing the Covered Property is fully enclosed and securely locked, and the theft is by forcible entry of which there is visible evidence;
- (5) Property of others for which the Insured is responsible while acting as a common or contract carrier, freight forwarder, freight consolidator, freight broker or public warehouseman; or
- (6) Personal Effects of Officers and Employees of the Insured or to Covered Property in due course of transit to or from an "exhibition".

l. Covered Property Overseas

The Company will pay for loss or damage to Covered Property while in the custody of any officer or employee of the Insured while temporarily traveling outside of the Policy Territory. But this Coverage does not apply to Covered Property at, or in due course of transit to or from, an "exhibition".

Coverages j. Covered Property At Undescribed Premises, k. Covered Property in Transit and l. Covered Property Overseas are each subject to the applicable Limit of Insurance specified in the Supplemental Coverage Declarations for the coverage, but in no event will the Company pay more for loss or damage to any type of Covered Property than the amount that would have been paid if the loss or damage had occurred at or within 1000 feet of the Insured's premises.

2. COVERED COSTS AND EXPENSES

a. Debris Removal

(1) The Company will pay the necessary and reasonable expense incurred by the Insured to remove debris of Covered Property, other than "Outdoor Property", caused by or resulting from a Covered Cause of Loss that occurs during the policy period. Such expenses will be paid only if reported to the Company in writing within 180 days of the date of direct physical loss or damage. Coverage for the expense to remove debris of "Outdoor Property" is provided separately under Section B.1.h. of this Coverage Form.

(2) For this Debris Removal Coverage, the Company will pay up to 25% of:

- (a) The amount the Company pays for the direct physical loss or damage to the Covered Property; plus
- (b) The deductible in this policy applicable to that direct physical loss or damage.

This limit is part of and not in addition to the Limit of Insurance that applies to the lost or damaged Covered Property. But if:

- (a) (i) The sum of direct physical loss or damage and debris removal expense exceeds the Limit of Insurance; or
- (ii) The debris removal expense exceeds the above 25% limitation;
- and
- (b) A Limit of Insurance is specified in the Supplemental Coverage Declarations for Debris Removal (additional);

the Company will also pay an additional amount, up to the Limit of Insurance specified in the Supplemental Coverage Declarations for Debris Removal (additional)

(3) In no event will this Debris Removal Coverage apply to:

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

b. Pollutant Cleanup and Removal

The Company will pay the necessary and reasonable expense incurred by the Insured to extract "pollutants" from land or water at the Insured's premises if the discharge, dispersal, seepage, migration, release or escape of the "pollutants" is caused by or results from a "specified cause of loss" which occurs during the policy period.

Such expenses will be paid only if reported to the Company in writing within 180 days of the date on which the "specified cause of loss" occurs.

This Coverage does not apply to costs to test for, monitor or assess the existence, concentration or effects of "pollutants". But the Company will pay for testing which is performed in the course of extracting the "pollutants" from the land or water.

The most the Company will pay under this Coverage for the sum of all covered expenses arising out of all "specified cause of loss" occurrences that occur during each separate 12 month period of this policy is the Limit of Insurance specified for Pollutant Cleanup and Removal shown in the Supplemental Coverage Declarations.

c. Claim Data Expense

The Company will pay the reasonable expenses incurred by the Insured in preparing claim data required by the Company. This includes the cost of taking inventories, making appraisals and preparing other documentation to show the extent of loss. The Company will not pay for any expenses incurred, directed, or billed by or payable to insurance adjusters or their associates or subsidiaries, or any costs as provided in the General Conditions - Section C. Appraisal.

d. Fire Department Service Charge

When the fire department is called to save or protect Covered Property from a Covered Cause of Loss, the Company will pay for any fire department service charges incurred by the Insured that are:

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

e. Fire Protective Equipment Discharge

If fire protective equipment discharges accidentally or to control a Covered Cause of Loss, the Company will pay the Insured's cost to:

- (1) Refill or recharge the system with the extinguishing agents that were discharged; and
- (2) Replace or repair faulty valves or controls that caused the discharge.

f. Ordinance or Law

If a Covered Cause of Loss occurs to Covered Property, the Company will pay for:

- (1) **The loss to the undamaged portion of a covered building** caused by the 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 Insured's premises; and
 - (c) Is in force at the time of loss.

The most the Company will pay for loss or damage under this portion of Ordinance or Law is the Limit of Insurance specified for Ordinance or Law – Undamaged Portion shown in the Supplemental Coverage Declarations.

- (2) **The cost to demolish and clear the site of undamaged parts of the covered building** caused by the enforcement of building, zoning or land use ordinance or law.

The Company will not pay more for loss or damage under this portion of Ordinance or Law than the lesser of:

- (a) The amount the Insured actually spends to demolish and clear the site; or
- (b) The Limit of Insurance specified for Ordinance or Law – Demolition shown in the Supplemental Coverage Declarations.

- (3) **The increased cost to repair, rebuild or construct the Covered Property** caused by enforcement of building, zoning, land use or any other ordinance or law when the Covered Property is insured for replacement cost. If the covered building is repaired or rebuilt, it must be intended for similar occupancy as the current building, unless otherwise required by zoning or land use ordinance or law.

The Company will not pay for increased construction costs until the Covered Property is actually repaired or replaced, at the same location or elsewhere; and unless the repairs or replacement are made as soon as reasonably possible after the loss or damage but not to exceed 2 years. The Company may extend this period in writing during the 2 years.

The most the Company will pay for loss or damage under this portion of Ordinance or Law is the increased cost of construction repair or replacement:

- (a) Of a building of the same size and at the same premises, or another premises if required by the ordinance or law; and
- (b) Limited to the minimum requirements of such ordinance or law regulating the repair or reconstruction of the damaged property on the same site.

not to exceed the Limit of Insurance specified for Ordinance or Law – Increased Cost of Construction shown in the Supplemental Coverage Declarations.

- (4) Ordinance or Law Coverages do not apply to:

- (a) "Vacant" properties;
- (b) Any loss due to the Insured's failure to comply with any ordinance or law that the Insured was required to comply with before the loss, even if the Covered Property was undamaged; and
- (c) Costs associated with the enforcement of any ordinance or law that requires the 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".

g. Preservation of Property

If it becomes necessary to move Covered Property from an insured premises to preserve it from loss or damage by a Covered Cause of Loss, the Company will pay for:

- (1) The necessary and reasonable expenses actually incurred by the Insured to remove the Covered Property from an insured premises and to move the Covered Property back to an insured premises; and
- (2) Any direct physical loss or damage to Covered Property while it is being moved from an insured premises, while temporarily stored at another location or while it is being moved back to an insured premises.

However, this Coverage will apply only if the loss or damage occurs within 90 days after the property is first moved and will cease when the policy is amended to provide insurance at the new location, the property is returned to the existing location, or this policy is cancelled or expires, whichever occurs first.

h. Protection of Property

The Company will pay the necessary and reasonable expenses actually incurred by the Insured to temporarily safeguard Covered Property against the threat of imminent direct physical loss or damage by a "specified cause of loss". This Coverage does not apply to any expenses to which the above Preservation of Property coverage applies.

i. Water, Other Liquids, Powder or Molten Material Damage

If covered loss or damage caused by or resulting from water or other liquid, powder or molten material damage occurs, the Company 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 other substance escapes.

When a Limit of Insurance is specified in the Supplemental Coverage Declarations for Water, Other Liquids, Powder or Molten Material Damage, that Limit of Insurance is the most the Company will pay under this Coverage. Otherwise, this coverage is provided subject to the Limit of Insurance that applies to the covered water or other liquid, powder or molten material damage loss.

C. PROPERTY AND COSTS NOT COVERED

Unless the following property or costs are added by endorsement to this Coverage Form, Covered Property and Covered Costs and Expenses do not include:

1. Currency, deeds or other evidences of debt, money, notes, checks, drafts, or securities;
2. Contraband or property in the course of illegal transportation or trade;
3. Water whether in its natural state or otherwise, above or below ground (except water normally contained in plumbing, the process of manufacture or fire protection equipment) watercourses, aquifers or the cost of reclaiming or restoring water;
4. Land whether in its natural state or otherwise (including land on which the property is located), land improvements, grain, hay straw or other harvested crops while outside of buildings, growing crops or standing timber;
5. The cost of excavations, grading, backfilling or filling;
6. Property sold by the Insured under an installment plan, conditional sale, trust agreement or other deferred payment plan after delivery to the purchasers;
7. Vehicles or self-propelled machines that:
 - (a) Are licensed for use on public roads; or
 - (b) Are operated principally away from the insured premises;
8. Aircraft or watercraft;
9. Live animals or birds;

10. Bulkheads, pilings, piers, wharves, docks, dikes, dams, canals, sea walls or vehicular bridges;
11. Underground tanks, pipes, flues, drains or tunnels, all whether or not connected to buildings, mines or mining property;
12. Any "Electronic Data Processing Data and Media" which is obsolete or unused by the Insured;
13. Property that is covered under another coverage form or endorsement of any other policy in which it is more specifically described, except for the excess of the amount due (whether the Insured can collect on it or not) from that other insurance;
14. Any of the specific types of Covered Property described in Sections B.1.a. through B.1.i. of this Coverage Form for which a Limit of Insurance is not shown in the Supplemental Coverage Declarations; or
15. Any of the following Covered Costs and Expenses for which a Limit of Insurance is not shown in the Supplemental Coverage Declarations:
 - a. Pollutant Clean Up and Removal, as described in Section B.2.b.;
 - b. Claim Data Expense, as described in Section B.2.c.; or
 - c. Ordinance or Law, as described in Section B.2.f.

D. EXCLUSIONS

1. The Company 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. **EARTH MOVEMENT**
 - (1) Any earth movement (other than "sinkhole collapse") including earthquake, mine subsidence, landslide, erosion, the expansion or contraction of soil due to the presence of moisture or water, or the lack thereof, and any other earth sinking, rising, shifting or movement, all whether naturally occurring or due to man made or other artificial causes.
 But if earth movement results in fire or explosion, the Company will pay for the loss or damage caused by that fire or explosion.
 - (2) Volcanic eruption, explosion or effusion. But if volcanic eruption, explosion or effusion results in "volcanic action" or fire, the Company will pay for the loss or damage caused by that "volcanic action" or fire.
 All "volcanic action" that results from all volcanic eruptions or explosions that occur within any 168 consecutive hours period will constitute a single occurrence.
 - b. **FLOOD**
 Flood meaning:
 - (1) Flood, surface water, underground water, waves, tides, tidal waves, tsunamis, overflow of any body of water, or their spray, all whether driven by wind or not;
 - (2) Mudslide or mudflow;
 - (3) Release of water impounded by a dam; and
 - (4) Water or sewage which backs up through sewers, drains or sumps;
 all whether naturally occurring or due to man made or other artificial causes.
 This exclusion will not apply to direct loss or damage from resulting fire, explosion or leakage from fire protective equipment; however, the Company will be liable only for such resulting loss or damage.
 - c. **GOVERNMENTAL ACTION**
 Seizure or destruction of property by order of governmental authority except as provided for under the Covered Costs and Expenses, Section B.2.f. Ordinance or Law.

But the Company will pay for loss or damage caused by or resulting from 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 Coverage Form.

d. NUCLEAR HAZARD

Nuclear reaction or radiation, or radioactive contamination however caused.

This exclusion will not apply to direct loss or damage by:

- (1) Fire resulting from nuclear reaction or radiation, or radioactive contamination; or
- (2) Sudden and accidental radioactive contamination, including resultant radiation damage to Covered Property provided:
 - (a) Such radioactive contamination arises out of material at the Insured's premises;
 - (b) Such radioactive material is kept at an Insured's premises for the purpose of the Insured's operations; and
 - (c) At the time of such loss at the Insured's premises there is neither a nuclear reactor capable of sustaining nuclear fission in a self-supporting chain reaction, nor any new or used nuclear fuel which is intended for or which has been used in a nuclear reaction.

But the most the Company will pay for Sudden and Accidental Radioactive Contamination as provided in d. (2)(a), (b) and (c) above is the specified Limit of Insurance shown in the Supplemental Coverage Declarations. This is not additional insurance.

e. WAR AND MILITARY ACTION

- (1) Hostile or warlike action in time of peace or war, including action in hindering, combating or defending against an actual, impending or expected attack:
 - (a) By any government or sovereign power (de jure or de facto), or by any authority maintaining or using military, naval or air forces;
 - (b) By military, naval or air forces; or
 - (c) By an agent of any such government, power, authority or forces.
- (2) Insurrection, rebellion, revolution, civil war, usurped power, or action taken by governmental authority in hindering, combating or defending against such an occurrence.
- (3) Any discharge, explosion or use of any weapon of war employing nuclear fission or fusion will be conclusively presumed to be such a hostile or warlike action by such a government, power, authority or forces.

f. COMPUTER VIRUS

Computer Virus means intrusive codes or programming that are entered into a computer system causing direct physical loss or damage to, or destruction of, "Electronic Data Processing Equipment" or "Electronic Data Processing Data and Media".

This exclusion will not apply in the event the Computer Virus results in a "specified cause of loss"; however, the Company will be liable only for such resulting loss or damage.

g. PROGRAMMING ERRORS OR OMISSIONS

Programming errors, omissions or incorrect instructions to a machine.

This exclusion will not apply in the event Programming errors, omissions or incorrect instructions to a machine results in a "specified cause of loss", however, the Company will be liable only for such resulting loss or damage.

h. ORDINANCE OR LAW

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;

except as provided in the Covered Costs and Expenses, item B.2.f. Ordinance or Law.

The Ordinance or Law exclusion applies whether the loss results from an ordinance or law that is enforced even if the property has not been damaged; or from the increased costs incurred to comply with an ordinance or law in the course of construction, remodeling or demolition of property, or removal of its debris, following a physical loss to that property.

i. OFF PREMISES UTILITY SERVICES

The interruption, failure or fluctuation of power or other utility service(s) provided to an insured premises if the cause of the interruption, failure or fluctuation occurs off an insured premises.

This exclusion will not apply in the event the interruption, failure or fluctuation of power or other utility service(s) results in a Covered Cause of Loss; however, the Company will be liable only for such resulting loss or damage.

j. COLLAPSE OF BUILDINGS

Collapse of buildings meaning an abrupt falling down or caving in of a building or substantial portion of a building with the result being that the building or substantial portion of a building cannot be occupied for its intended purpose.

(1) This exclusion will not apply to collapse of buildings if the collapse is caused by one or more of the following:

- (a) A "specified cause of loss";
- (b) Decay or insect or vermin damage that is hidden from view, unless the presence of such decay or insect or vermin damage is known to the Insured prior to collapse;
- (c) Weight of people or personal property;
- (d) Weight of rain that collects on a roof;
- (e) Use of defective material or methods in construction, remodeling or renovation if the collapse occurs during the course of the construction, remodeling or renovation. However, if the collapse occurs after the construction, remodeling or renovation is complete and is caused in part by a cause of loss listed in j.(1)(a) through (d) above, the Company will be liable for loss or damage caused by the collapse even if use of defective material or methods in construction, remodeling or renovation contributes to the collapse.

In the event collapse results in a Covered Cause of Loss, the Company will be liable only for such resulting loss or damage by that Covered Cause of Loss.

(2) A building or portion of a building that:

- (a) Is in imminent danger of abruptly falling down or caving in; or
 - (b) Suffers a substantial impairment of structural integrity;
- is not considered a collapse but is considered to be in a state of imminent collapse.

(3) As respects buildings in a state of imminent collapse, the Company will not pay for loss or damage unless the state of imminent collapse first manifests itself during the policy period and is caused only by one or more of the following which occurs during the policy period:

- (a) Fire; lightning; explosion; windstorm or hail; aircraft or vehicles; riot or civil commotion; "sinkhole collapse"; weight of snow, ice or sleet;
- (b) Weight of people or personal property;
- (c) Weight of rain that collects on a roof; or
- (d) Use of defective material or methods in construction, remodeling or renovation if the state of imminent collapse occurs during the course of construction, remodeling or renovation.

As respects "Electronic Data Processing Equipment" and "Electronic Data Processing Data and Media", only exclusions D.1.a. through g. and D.1.i. apply. As respects Accounts Receivable, and Valuable Papers and Records, only exclusions D.1.a. through g. apply. As respects Property in the due course of transit, Exclusions D.1.a. and D.1.b. do not apply.

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

- a. Artificially generated electric current, including electric arcing, that disturbs electrical devices, equipment, appliances or wires.

But in the event artificially generated electric current results in fire or explosion, the Company will be liable only for such resulting loss or damage.

- b. Indirect or remote loss or damage; delay, loss of use or loss of market; or interruption of business;
- c.
 - (1) Wear and tear or depletion;
 - (2) Rust, corrosion, erosion, fungus, decay, deterioration, wet or dry rot, mold, hidden or latent defect or any quality in the property that causes it to damage or destroy itself;
 - (3) Settling, cracking, shrinking, bulging or expansion;
 - (4) Nestling or infestation or discharge or release of waste products or secretions, by insects, birds, rodents or other animals;
 - (5) Mechanical or machinery breakdown, including rupture or bursting caused by centrifugal force; and
 - (6) The following causes of loss to personal property:
 - (a) Dampness or dryness of atmosphere;
 - (b) Changes in or extremes of temperature;
 - (c) Changes in flavor, color, texture or finish; and
 - (d) Contamination, evaporation or leakage.

However, in the event an excluded cause of loss that is listed in 2.c. (1) through (6) above results in a "specified cause of loss", the Company will pay for the loss or damage caused by that "specified cause of loss".

- d. Explosion of steam boilers, steam pipes, steam engines or steam turbines owned or leased by the Insured, or operated under the Insured's control. But if explosion of steam boilers, steam pipes, steam engines, or steam turbines results in fire or combustion explosion, the Company will pay for loss or damage caused by that fire or combustion explosion. The Company will also pay for loss or damage caused by or resulting from the 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.
- e. Dishonest or criminal act by the Insured, any of the Insured's partners, employees (including leased employees), directors, trustees, authorized representatives or anyone (other than a carrier for hire or bailee) to whom the Insured entrusts the property for any purpose:
 - (1) Acting alone or in collusion with others; and
 - (2) Whether or not occurring during the hours of employment.

This exclusion does not apply to acts of destruction by the Insured's employees, (including leased employees) but theft by the Insured's employees (including leased employees) is not covered.

- f. Rain, snow, sand, dust, ice, or sleet to personal property in the open (other than to property in the custody of a carrier for hire).
- g. The cost of correcting or making good the damage to personal property attributable to such property being processed, manufactured, tested or otherwise being worked upon.
- h. Discharge, dispersal, seepage, migration, release or escape of "pollutants" unless the discharge, dispersal, seepage, migration, release or escape is itself caused by a "specified cause of loss". But in the event the discharge, dispersal, seepage, migration, release or escape of "pollutants" results in a "specified cause of loss", the Company will be liable only for such resulting loss or damage caused by that "specified cause of loss".
- i. Voluntary parting with any property by the Insured or anyone else to whom the Insured has entrusted the property.
- j. Accumulated effects of smog, smoke, vapor, liquid or dust.
- k. If the building or leased premises where loss or damage has occurred has been "vacant" for more than 60 consecutive days before that loss or damage occurs, the Company will not pay for any loss or damage caused by any of the following, even if they are Covered Causes of Loss:

- (1) Vandalism;
- (2) Sprinkler leakage;
- (3) Building glass breakage;
- (4) Water damage;
- (5) Theft; or
- (6) Attempted theft.

Buildings under construction or renovation are not considered "vacant".

- l. Continuous or repeated seepage, leakage or flow of water that occurs over a period of 14 days or more.
- m. Shortage disclosed by audit or upon taking inventory or by a profit and loss statement or other instances where there is no physical evidence to show what happened to the property.

As respects Accounts Receivable, Valuable Papers and Records, "Electronic Data Processing Equipment" and "Electronic Data Processing Data and Media" only the following exclusions in Section D.2 apply:

- (1) Exclusions c. (1), c. (6) (a) and c. (6) (b); but if mechanical breakdown not otherwise excluded results, the Company will pay for that resulting loss or damage by mechanical breakdown; and
- (2) Exclusions b., e., g., i. and m.

3. The Company will not pay for loss or damage caused by or resulting from any of the following:

- a. Weather conditions. But this exclusion only applies if weather conditions contribute in any way with a cause or event excluded in D.1 above to produce the loss or damage.

However, in the event weather conditions, as excluded above, result in a Covered Cause of Loss, this exclusion does not apply to loss or damage caused by that resulting Covered Cause of Loss.

- b. Acts or decisions, including the failure to act or decide, of any person, group, organization or governmental body.

However, in the event an act or decision or the failure to act or decide, as excluded above, results in a Covered Cause of Loss, this exclusion does not apply to loss or damage caused by that resulting Covered Cause of Loss.

- 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 an insured premises.

However, in the event an excluded cause of loss that is listed in 3.c.(1) through 3.c.(4) above results in a Covered Cause of Loss, this exclusion does not apply to loss or damage caused by that resulting Covered Cause of Loss. But the Company will not be liable for:

- (a) Any cost of correcting or making good the fault, inadequacy or defect itself, except as provided for fire extinguishing equipment under LIMITATION E.3. below; or
- (b) Any cost incurred to tear down, tear out, repair or replace any part of any property to correct the fault, inadequacy or defect, except as specifically provided under the Water, Other Liquids, Powder or Molten Material Damage coverage in Section B.2.i. of this Coverage Form; or
- (c) Any resulting loss or damage by a Covered Cause of Loss to the property that has the fault, inadequacy or defect until the fault, inadequacy or defect is corrected.

E. LIMITATIONS

- 1. The Company will not pay for loss of or damage to property, as described and limited in this section. In addition, the Company will not pay for any loss that is a consequence of loss or damage as described and limited in this section.

- a. Steam boilers, steam pipes, steam engines or steam turbines caused by or resulting from any condition or event inside such equipment. But the Company 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.
- b. Hot water boilers or other water heating equipment caused by or resulting from any condition or event inside such boilers or equipment, other than explosion.
- 2. As respects furs, fur garments and garments trimmed with fur, jewelry, watches, watch movements, jewels, pearls, precious and semi-precious stones, bullion, gold, silver, platinum and other precious alloys or metals, the most the Company will pay for loss or damage by theft, regardless of the types or number of articles that are lost or damaged is \$50,000.
- 3. The Company will not pay the cost to repair any defect to a system or appliance from which water, other liquid, powder or molten material escapes. But the Company will pay the cost to repair or replace damaged parts of the fire extinguishing equipment if the damage:
 - a. Results in discharge of any substance from an automatic fire protections system; or
 - b. Is directly caused by freezing.

F. DEDUCTIBLES

When a deductible(s) is shown in the Supplemental Coverage Declarations, refer to Section B. Application of Deductibles in the General Conditions.

G. DEFINITIONS

1. **"Electronic Data Processing Data and Media"** means:
 - (a) Electronic data processing, recording or storage media such as films, tapes, discs, drums or cells, or similar magnetic recording or storage devices;
 - (b) Data stored on such media; and
 - (c) Original programming materials used to enter data and/or program media.
2. **"Electronic Data Processing Equipment"** means electronic data processing equipment, facsimile machines, word processors, multi-functional telephone equipment, laptop and portable computers; related surge protection devices; and their component parts and peripherals used solely for data processing operations.
3. **"Exhibition"** means the temporary display of personal property at a convention, exposition, trade show or similar event at a location not owned or regularly occupied by the Insured.
4. **"Fine Arts"** means paintings, etchings, pictures, tapestries, art glass windows, valuable rugs, statuary, marbles, bronzes, antique furniture, rare books, antique silver, manuscripts, porcelains, rare glass, bric-a-brac and similar property of rarity, historical value, or artistic merit.
5. **"Finished Stock"** means goods manufactured by the Insured that in the ordinary course of the Insured's business are in their completed state and ready for sale.

 "Finished Stock" does not include goods manufactured by the Insured that are held for sale on the premises of any retail outlet insured under this Coverage Form.
6. **"Outdoor Property"** means retaining walls not part of a building, lawns (including fairways, greens and tees), trees, shrubs, plants, bridges (excluding vehicular bridges), walks, roadways, patios or other paved surfaces.
7. **"Pollutants"** means any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals, waste and any unhealthy or hazardous building materials (including but not limited to asbestos and lead products or materials containing lead). Waste includes materials to be recycled, reconditioned or reclaimed.
8. **"Raw Stock"** means material in the state in which the Insured receives it for conversion by the Insured into "Stock in Process" or "Finished Stock".

9. **"Sinkhole Collapse"** means the sudden sinking or collapse of land into underground empty spaces created by the action of water on limestone or dolomite.

This cause of loss does not include:

- a. The cost of filling sinkholes; or
 - b. Sinking or collapse of land into man made underground cavities.
10. **"Specified Cause of Loss"** means any of the following: Fire; lightning; explosion; windstorm or hail; smoke; aircraft or vehicles; riot or civil commotion; vandalism; leakage from fire extinguishing equipment; "sinkhole collapse"; "volcanic action"; falling objects; weight of snow, ice or sleet; or water damage.
- a. Falling objects does not include loss or damage to:
 - (1) Personal property in the open; or
 - (2) The interior of a building, or property inside a building, unless the roof or an outside wall of the building is first damaged by a falling object.
 - b. Water damage means accidental discharge or leakage of water or steam as the direct result of the breaking apart or cracking of any part of a system or appliance (other than a sump system including its related equipment and parts) containing water or steam.
11. **"Stock"** means merchandise held in storage or for sale, "Raw Stock", "Stock in Process" or "Finished Stock" including supplies used in their packing or shipping.
12. **"Stock in Process"** means "raw stock" which has undergone any aging, seasoning, mechanical or other process of manufacturing but which has not become "finished stock".
13. **"Vacant"** means the following:
- a. When the Insured is the owner or general lessee of a building, vacant means 70% or more of the square footage of the entire building is not:
 - (1) Rented to a lessee or sub-lessee and used by the lessee or sub-lessee to conduct its customary operations; or
 - (2) Used by the building owner to conduct customary operations.
 - b. With respect to a unit or suite that is owned, rented or leased to the Insured, and not within a building to which a. above applies, vacant means the unit or suite does not contain enough Business Personal Property to conduct customary operations.
14. **"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.

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

BUSINESS INCOME COVERAGE FORM EXCLUDING EXTRA EXPENSE

Various provisions in this policy restrict coverage. Read the entire policy carefully to determine rights, duties and what is and is not covered. Words and phrases that appear in quotation marks have special meaning; refer to Section G., Definitions in this form and to Section G., Definitions in the Property Coverage Form.

A. COVERAGE

The Company will pay for the actual loss of Business Income and/or Rental Value sustained by the Insured due to the necessary "suspension" of the Insured's "operations" during the "period of restoration". The "suspension" must be caused by direct physical loss or damage to property, including personal property in the open (or in a vehicle) within 1,000 feet, at the Insured's premises:

- Which are described in the most recent Statement of Values or Business Income Work Sheet(s) or other documentation on file with the Company; and
- For which a value for the exposure at the premises to which this form applies has been reported.

The loss or damage must be caused by or result from a Covered Cause of Loss. Covered Cause of Loss means risks of direct physical loss unless the loss is excluded in Section C., Exclusions; limited in Section D., Limitations; or excluded or limited in the Supplemental Coverage Declarations or by endorsement.

Coverage is provided as described below only when a Limit of Insurance is shown for the specified coverage in the Supplemental Coverage Declarations.

1. Business Income

Business Income means the Net Income (Net Profit or Loss before income taxes) that would have been earned or incurred by the Insured; and continuing normal operating expenses incurred by the Insured. But Business Income does not include Rental Value.

Continuing normal operating expenses incurred by the Insured exclude "ordinary payroll expenses" except when "ordinary payroll expenses" are either included or limited to a specified number of days as indicated on the Supplemental Coverage Declarations. If limited, the number of consecutive days during which coverage for "ordinary payroll expenses" applies may be used in two separate periods during the "period of restoration". The Company will also pay for those continuing fixed charges and expenses, excluding "ordinary payroll expenses" (unless otherwise included or limited), directly attributable to "research and development" activities even if the activities would not have produced income during the "period of restoration".

2. Rental Value

Rental Value means the:

- a. Total anticipated rental income;
- b. Amount of all charges which are the legal obligation of the tenant(s) and which would otherwise be the obligation of the Insured; and
- c. Fair rental value of any portion of the Insured's premises that is occupied by the Insured;

less any operating expenses that do not continue from tenant occupancy of the premises as furnished and equipped by the Insured.

B. ADDITIONAL COVERAGE EXTENSIONS – Each of the following Additional Coverage Extensions applies only when a Limit of Insurance is shown in the Supplemental Coverage Declarations except for items 1., 2. and 7. which do not require a specific Limit of Insurance to be shown:

1. Civil Authority

The insurance provided by this coverage form is extended to apply to such loss of Business Income or Rental Value incurred by the Insured caused by the action of civil authority that prohibits access to the Insured's premises due to direct physical loss or damage to property, other than at the Insured's premises, caused by or resulting from a Covered Cause of Loss.

Coverage for Business Income and/or Rental Value will begin 72 hours after the time of the civil authority action and will then apply for a period of up to 30 consecutive days. No other hour deductible applicable to Business Income and/or Rental Value applies to this coverage.

2. Extended Business Income or Rental Value

If the necessary "suspension" of the Insured's "operations" produces a Business Income or Rental Value loss payable under this policy, the insurance provided by this coverage form is extended to apply to such loss of Business Income or Rental Value incurred by the Insured during the period that:

- a. Begins on the date property (except "finished stock") is actually repaired, rebuilt or replaced and "operations" are resumed or tenantability is restored; and
- b. Ends on the earlier of:
 - (1) The date the Insured could restore "operations", with reasonable speed, to the level which would generate the Business Income amount or Rental Value amount that would have existed if no direct physical loss or damage had occurred; or
 - (2) 60 consecutive days after the date determined in 2.a. above.

However, this Additional Coverage Extension does not apply to loss of Business Income or Rental Value incurred as a result of unfavorable business conditions caused by the impact of the Covered Cause of Loss in the area where the Insured's premises are located.

Loss of Business Income or Rental Value must be caused by direct physical loss or damage to property at the Insured's premises, the premises of a "dependent property", newly acquired premises or undescribed premises, all only as insured under this coverage form, caused by or resulting from a Covered Cause of Loss.

The expiration date of this policy will not cut short the extended Business Income or Rental Value period of coverage.

3. "Dependent Property"

The insurance provided by this coverage form is extended to apply to such loss of Business Income or Rental Value incurred by the Insured during the "period of restoration" due to direct physical loss or damage by a Covered Cause of Loss to property at the premises of a "dependent property" within the Policy Territory.

This Additional Coverage Extension does not apply to "dependent property" for which the Insured has more specific insurance either under this policy or another.

4. Ordinance or Law – Increased "Period of Restoration"

- a. If a Covered Cause of Loss occurs to property at the Insured's premises, the "period of restoration" is increased to include the additional period of "suspension" of "operations" caused by or resulting from the enforcement of any ordinance or law that:
 - (1) Regulates the construction, repair or replacement of any property;
 - (2) Requires the tearing down or replacement of any parts of property not damaged by a Covered Cause of Loss; and
 - (3) Is in force at the time of loss.
- b. Insurance under this Additional Coverage Extension applies only to the increased period required to repair or replace the property to comply with the minimum requirements of the ordinance or law.
- c. Under this Additional Coverage Extension, the Company will not pay for:
 - (1) Any loss due to any ordinance or law that:
 - (a) The Insured was required to comply with before the loss, even if the property was undamaged; and
 - (b) The Insured failed to comply with.
 - (2) 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".

5. Newly Acquired Premises

- a. The insurance provided by this coverage form is extended to apply to such loss of Business Income or Rental Value incurred by the Insured during the "period of restoration" due to direct physical loss or damage by a Covered Cause of Loss to property within the Policy Territory at any:
 - (1) Premises newly acquired by the Insured; and
 - (2) Premises the Insured becomes newly required to insure under a written contract.

- b. Insurance under this Additional Coverage Extension for each premises will end when any of the following first occurs:
 - (1) This policy is cancelled or expires;
 - (2) 120 days expire after the Insured acquires or begins to construct the property or is required to insure the property;
 - (3) The Insured reports the new premises to the Company; or
 - (4) The Business Income or Rental Value is more specifically insured elsewhere.
- c. The Company will charge the Insured additional premium for values reported from the date the Insured acquires the property or is required to insure the property.

6. Undescribed Premises

The insurance provided by this coverage form is extended to apply to such loss of Business Income or Rental Value incurred by the Insured during the "period of restoration" due to direct physical loss or damage by a Covered Cause of Loss to the Covered Property, as described in the Property Coverage Form, while at an Undescribed Premises. Undescribed Premises means premises not owned, leased or regularly operated by the Insured. Covered Property at an Undescribed Premises does not include:

- a. Property at the premises of "dependent property";
- b. Property in due course of transit; or
- c. Property at any premises outside of the Policy Territory. But this exclusion does not apply to Covered Property at an "exhibition", unless the "exhibition" is within any country on which the United States government has imposed sanctions, embargoes or any other similar prohibitions.

7. Expenses to Reduce Loss

The Company will pay reasonable and necessary expenses incurred by the Insured, except the cost of extinguishing a fire, to reduce the amount of loss under this coverage form. The total of the Company's payment for Business Income or Rental Value loss and Expenses to Reduce Loss will not be more than the Business Income or Rental Value loss that would have been payable under this coverage form (after application of any Coinsurance penalty) if the Expenses to Reduce Loss had not been incurred. This coverage does not increase the Limit of Insurance for either Business Income or Rental Value. If a Coinsurance Endorsement is attached to this policy, it does not apply specifically to such Expenses to Reduce Loss, but it is used as described above to determine the aggregate amount payable.

8. Claim Data Expense

This insurance applies to the reasonable expenses incurred by the Insured in preparing claim data when required by the Company. This includes the cost of preparing income statements and other documentation to show the extent of loss. The Company will not pay for any expenses incurred, directed, or billed by or payable to insurance adjusters or their associates or subsidiaries, or any costs as provided in General Conditions - Section C. Appraisal.

C. EXCLUSIONS

1. All of the exclusions contained in Section D. of the Property Coverage Form apply to this coverage form except:
 - a. Exclusion 1.h., Ordinance or Law, is amended by the addition of the following:
This exclusion does not apply to the Ordinance or Law – Increased "Period of Restoration" Additional Coverage Extension.
 - b. Exclusion 1.i., Off Premises Utility Services, is replaced by the following:
The interruption, failure or fluctuation of power or other utility service(s) provided to the insured premises if the cause of the interruption, failure or fluctuation occurs outside a building at the Insured's premises.

This exclusion will not apply in the event the interruption, failure or fluctuation of power or other utility service(s) results in a Covered Cause of Loss; however, the Company will be liable only for such resulting loss.

- c. Exclusion 2.b., Indirect or remote loss or damage; delay, loss of use or loss of market; or interruption of business, does not apply to the extent coverage is specifically provided under this coverage form.
- 2. In addition, the Company will not pay for:
 - a. Any loss caused by or resulting from:
 - (1) Damage or destruction of "finished stock"; or
 - (2) The time required to reproduce "finished stock".
 - b. Any loss caused by or resulting from direct physical loss or damage to outdoor trees, shrubs, plants or lawns (including fairways, greens and tees); growing crops; standing timber; land; water; or radio or television antennas (including microwave satellite dishes), and their lead-in wiring, masts or towers.
 - c. Any loss or damage to property while in due course of transit.
 - d. Any increase of 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) Any license, lease or contract which is suspended, lapses or is cancelled. But if the license, lease or contract is suspended, lapses or is cancelled as the direct result of the "suspension" of "operations", the Company will cover such loss that affects the Insured's Business Income or Rental Value during the "period of restoration" and the period of Extended Business Income or Rental Value.
 - e. Any extra expense, except as provided in the Expenses to Reduce Loss Additional Coverage Extension.
 - f. Any other consequential loss.

D. LIMITATIONS

Under Section E. of the Property Coverage Form, Limitation 2., which limits the amount the Company will pay for theft loss to specified types of personal property, does not apply to this coverage form. All other limitations contained in Section E. of the Property Coverage Form apply to this coverage form. In addition, the following limitation applies:

Limitation – "Electronic Data Processing Data and Media"

The Company will not pay for any loss of Business Income or Rental Value caused by direct physical loss or damage to "Electronic Data Processing Data and Media" after the longer of:

- 1. 60 consecutive days from the date of direct physical loss or damage; or
- 2. 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 insured premises which suffered loss or damage in the same occurrence.

E. DEDUCTIBLES

When a deductible(s) is shown in the Supplemental Coverage Declarations, refer to Section B. Application of Deductibles in the General Conditions.

F. ADDITIONAL CONDITION

The following condition applies in addition to the conditions contained in the General Conditions.

Loss Determination

- 1. The amount of Business Income or Rental Value loss will be determined based on:
 - a. The Net Income or Rental Value of the business before the direct physical loss or damage occurred;
 - b. The likely Net Income or Rental Value of the business if no direct physical loss or damage occurred, but not including any likely increase in Net Income or Rental Value attributable to an increase in the volume of business as a result of favorable business conditions caused by the impact of the Covered Cause of Loss on customers or on other businesses;
 - c. The operating expenses, including "ordinary payroll expenses" to the extent insured, necessary to resume "operations" with the same quality of service that existed just before the direct physical loss or damage; and
 - d. Other relevant sources of information, including:

- (1) The financial records and accounting procedures of the Insured;
 - (2) Bills, invoices and other vouchers; and
 - (3) Deeds, liens, contracts or leases.
2. The Company will reduce the amount of the Insured's Business Income or Rental Value loss, to the extent the Insured can resume "operations" in whole or in part, by using:
 - a. Damaged or undamaged property (including merchandise or stock) at the Insured's premises or elsewhere; or
 - b. Any other available sources of materials or outlets for the Insured's products.
3. If the Insured intends to continue the Insured's business, the Insured must resume "operations", in whole or in part, as quickly as possible. If the Insured does not resume "operations", or does not resume "operations" as quickly as possible, the Company will pay based on the length of time it would have taken to resume "operations" as quickly as possible.

G. DEFINITIONS

The following definitions are in addition to those contained in the Property Coverage Form:

1. **"Dependent Property"** means property operated by others that the Insured depends on to:
 - a. Supply materials or services to the Insured, or to others for the account of the Insured (Contributing Locations). With respect to Contributing Locations, services do not mean utility services including but not limited to water supply services, communication supply services, or power supply services supplying electricity, steam or gas;
 - b. Accept the Insured's products or services (Recipient Locations);
 - c. Manufacture products for delivery to the Insured's customers under contract of sale (Manufacturing Locations); or
 - d. Attract customers to the Insured's business (Leader Locations).
2. **"Exhibition"** means the temporary display of personal property at a convention, exposition, trade show or similar event at a location not owned or regularly occupied by the insured.
3. **"Operations"** means:
 - a. The Insured's business activities occurring at the Insured's premises; and
 - b. The tenantability of the Insured's premises when coverage for Rental Value applies.
4. **"Ordinary Payroll Expenses"** means payroll expenses for all employees of the Insured except: Officers; Executives; Department managers; Employees under contract; and any Additional Exemptions for which coverage is added by endorsement for specific Job Classifications or Employees.
 "Ordinary payroll expenses" include:
 - a. Payroll;
 - b. Employee benefits, if directly related to payroll;
 - c. FICA and Medicare payments;
 - d. Union dues; and
 - e. Worker's compensation premiums.
5. **"Period of Restoration"**
 - a. Except as provided in paragraphs b. and c. below, "period of restoration" means the period of time that:
 - (1) Begins with the date and time of direct physical loss or damage to property at the insured premises caused by or resulting from a Covered Cause of Loss; and
 - (2) Ends on the earlier of the following:
 - (a) The date when the property should be repaired, rebuilt or replaced with reasonable speed and similar quality; or
 - (b) The date when business is resumed at a new permanent location.
 - b. If:

- (1) The direct physical loss or damage by a Covered Cause of Loss is to any of the following property at premises to which this insurance applies:
 - (a) New buildings or structures, whether complete or under construction;
 - (b) Alterations or additions to existing buildings or structures; or
 - (c) Machinery, equipment, supplies or building materials on or within 1000 feet of the premises that are used in the construction, alterations or additions, or incidental to the occupancy of the buildings;
 and
 - (2) Such direct physical loss or damage delays the start of "operations";
- the "period of restoration" for Business Income or Rental Value will be the same length of time provided in a. above, but will not begin until the date when "operations" would have begun if the direct physical loss or damage had not occurred.
- c. When a number of hours is shown in the deductible item in the Supplemental Coverage Declarations for Business Income or Rental Value, the "period of restoration" will not begin until that number of hours immediately following the date and time the "period of restoration" would otherwise have begun, as described in a. and b. above.
 - d. "Period of restoration" does not include any increased period required due to the enforcement of any ordinance or law that:
 - (1) Regulates the construction, use, repair or replacement, or requires the tearing down of any property, except as provided under the Ordinance or Law – Increased "Period of Restoration" Additional Coverage Extension; or
 - (2) 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".
 - e. The expiration date of this policy will not cut short the "period of restoration".
6. **"Research and Development"** means the development of new products and enhancements of existing products. "Research and development" does not mean the maintenance of existing products.
7. **"Suspension"** means:
- a. The partial or complete cessation of the Insured's business "operations"; or
 - b. That a part or all of the insured premises is rendered untenable, if coverage for Rental Value is provided.

EXTRA EXPENSE 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. Words and phrases that appear in quotation marks have special meaning; refer to Section F., Definitions in this form and to Section G., Definitions in the Property Coverage Form.

A. COVERAGE

The Company will pay the actual reasonable and necessary Extra Expense sustained by the Insured during the "period of restoration" due to direct physical loss or damage to property, including personal property in the open (or in a vehicle) within 1,000 feet, at the Insured's premises:

- Which are described in the most recent Statement of Values or other documentation on file with the Company; and
- For which a value for the exposure at the premises to which this form applies has been reported.

The loss or damage must be caused by or result from a Covered Cause of Loss. Covered Cause of Loss means risks of direct physical loss unless the loss is excluded in Section C., Exclusions; limited in Section D., Limitations; or excluded or limited in the Supplemental Coverage Declarations or by endorsement.

Coverage is provided as described below only when a Limit of Insurance is shown for Extra Expense in the Supplemental Coverage Declarations.

Extra Expense

Extra Expense means the following expenses the Insured incurs that the Insured would not have incurred if there had been no direct physical loss or damage to property caused by or resulting from a Covered Cause of Loss:

1. Reasonable and necessary expenses to avoid or minimize the "suspension" of business and to continue "operations":
 - a. At the Insured's premises; or
 - b. At replacement premises or at temporary locations, including relocation expenses and costs to equip and operate the replacement premises or temporary locations;
2. Reasonable and necessary expenses to minimize the "suspension" of business if the Insured can not continue "operations"; and
3. Reasonable and necessary expenses to:
 - a. Repair or replace any property; or
 - b. Research, replace or restore the lost information on damaged valuable papers and records; to the extent they reduce the amount of loss that otherwise would have been payable under this coverage form.

B. ADDITIONAL COVERAGE EXTENSIONS – Each of the following Additional Coverage Extensions applies only when a Limit of Insurance is shown in the Supplemental Coverage Declarations except for item 1. which does not require a specific Limit of Insurance to be shown:

1. Civil Authority

The insurance provided by this coverage form is extended to apply to the Extra Expense incurred by the Insured caused by the action of civil authority that prohibits access to the Insured's premises due to direct physical loss or damage to property, other than at the Insured's premises, caused by or resulting from a Covered Cause of Loss.

Coverage for Extra Expense will begin immediately after the action of the civil authority and will end 30 days after the date of the civil authority action.

2. "Dependent Property"

The insurance provided by this coverage form is extended to apply to the Extra Expense incurred by the Insured during the "period of restoration" due to direct physical loss or damage by a Covered Cause of Loss to property at the premises of a "dependent property" within the Policy Territory.

This Additional Coverage Extension does not apply to "dependent property" for which the Insured has more specific insurance either under this policy or another.

3. Ordinance or Law – "Increased Period of Restoration"

- a. If a Covered Cause of Loss occurs to property at the Insured's premises, the "period of restoration" is increased to include the additional period of "suspension" of "operations" caused by or resulting from the enforcement of any ordinance or law that:
 - (1) Regulates the construction, repair or replacement of any property;
 - (2) Requires the tearing down or replacement of any parts of property not damaged by a Covered Cause of Loss; and
 - (3) Is in force at the time of loss.
- b. Insurance under this Additional Coverage Extension applies only to the increased period required to repair or replace the property to comply with the minimum requirements of the ordinance or law.
- c. Under this Additional Coverage Extension, the Company will not pay for:
 - (1) Any loss due to any ordinance or law that:
 - (a) The Insured was required to comply with before the loss, even if the property was undamaged; and
 - (b) The Insured failed to comply with.
 - (2) 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".

4. Newly Acquired Premises

- a. The insurance provided by this coverage form is extended to apply to the Extra Expense incurred by the Insured during the "period of restoration" due to direct physical loss or damage by a Covered Cause of Loss to property within the Policy Territory at any:
 - (1) Premises newly acquired by the Insured; and
 - (2) Premises the Insured becomes newly required to insure under a written contract.
- b. Insurance under this Additional Coverage Extension for each premises will end when any of the following first occurs:
 - (1) This policy is cancelled or expires;
 - (2) 120 days expire after the Insured acquires or begins to construct the property or is required to insure the property;
 - (3) The Insured reports the new premises to the Company; or
 - (4) The Extra Expense is more specifically insured elsewhere.
- c. The Company will charge the Insured additional premium for values reported from the date the Insured acquires the property or is required to insure the property.

5. Undescribed Premises

The insurance provided by this coverage form is extended to apply to the Extra Expense incurred by the Insured during the "period of restoration" due to direct physical loss or damage by a Covered Cause of Loss to the Covered Property, as described in the Property Coverage Form, while at an Undescribed Premises. Undescribed Premises means premises not owned, leased or regularly operated by the Insured. Covered Property at an Undescribed Premises does not include:

- a. Property at the premises of "dependent property";
- b. Property in due course of transit; or
- c. Property at any premises outside of the Policy Territory. But this exclusion does not apply to Covered Property at an "exhibition", unless the "exhibition" is within any country on which the United States government has imposed sanctions, embargoes or any other similar prohibitions.

6. Claim Data Expense

This insurance applies to the reasonable expenses incurred by the Insured in preparing claim data when required by the Company. This includes the cost of preparing statements and other documentation to show the extent of the loss. The Company will not pay for any expenses incurred, directed or billed by or

payable to insurance adjusters or their associates or subsidiaries, or any costs as provided in General Conditions - Section C. Appraisal.

C. EXCLUSIONS

1. All of the exclusions contained in Section D. of the Property Coverage Form apply to this coverage form except:
 - a. Exclusion 1.h., Ordinance or Law, is amended by the addition of the following:
This exclusion does not apply to the Ordinance or Law – Increased "Period of Restoration" Additional Coverage Extension.
 - b. Exclusion 1.i., Off Premises Utility Services, is replaced by the following:
The interruption, failure or fluctuation of power or other utility service(s) provided to the insured premises if the cause of the interruption, failure or fluctuation occurs outside a building at the Insured's premises.

This exclusion will not apply in the event the interruption, failure or fluctuation of power or other utility service(s) results in a Covered Cause of Loss; however, the Company will be liable only for such resulting loss.
 - c. Exclusion 2.b., Indirect or remote loss or damage; delay, loss of use or loss of market; or interruption of business, does not apply to the extent coverage is specifically provided under this coverage form.
2. In addition, the Company will not pay for:
 - a. Any loss caused by or resulting from direct physical loss or damage to outdoor trees, shrubs, plants or lawns (including fairways, greens and tees); growing crops; standing timber; land; water; or radio or television antennas (including microwave satellite dishes), and their lead-in wiring, masts or towers.
 - b. Any loss or damage to property while in due course of transit.
 - c. Any increase of loss caused by or resulting from 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.
 - d. Any Extra Expense caused by or resulting from any suspended, lapsed or cancelled license, lease or contract beyond the "period of restoration".
 - e. Any other consequential loss.

D. LIMITATIONS

Under Section E. of the Property Coverage Form, Limitation 2., which limits the amount the Company will pay for theft loss to specified types of personal property, does not apply to this coverage form. All other limitations contained in Section E. of the Property Coverage Form apply to this coverage form.

E. ADDITIONAL CONDITION

The following condition applies in addition to the conditions contained in the General Conditions.

Loss Determination

1. The amount of Extra Expense will be determined based on:
 - a. All reasonable and necessary 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. The Company will deduct from the total of such expenses:
 - (1) The salvage value that remains of any property bought for temporary use during the "period of restoration", once "operations" are resumed; and
 - (2) 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
 - b. All necessary expenses that reduce the Extra Expense otherwise incurred.
2. The Company will reduce the amount of the Insured's Extra Expense loss to the extent the Insured can return "operations" to normal and discontinue such Extra Expense.

3. If the Insured intends to continue the Insured's business, the Insured must resume all or part of the Insured's "operations" as quickly as possible. If the Insured does not resume "operations", or does not resume "operations" as quickly as possible, the Company will pay based on the length of time it would have taken to resume "operations" as quickly as possible.

F. DEFINITIONS

The following definitions are in addition to those contained in the Property Coverage Form:

1. **"Dependent Property"** means property operated by others that the Insured depends on to:
 - a. Supply materials or services to the Insured, or to others for the account of the Insured (Contributing Locations). With respect to Contributing Locations, services do not mean utility services including but not limited to water supply services, communication supply services, or power supply services supplying electricity, steam or gas;
 - b. Accept the Insured's products or services (Recipient Locations);
 - c. Manufacture products for delivery to the Insured's customers under contract of sale (Manufacturing Locations); or
 - d. Attract customers to the Insured's business (Leader Locations).
2. **"Exhibition"** means the temporary display of personal property at a convention, exposition, trade show or similar event at a location not owned or regularly occupied by the insured.
3. **"Operations"** means the Insured's business activities occurring at the Insured's premises.
4. **"Period of Restoration"** means the period of time that:
 - a. Begins with the date and time of direct physical loss or damage to property at the insured premises caused by or resulting from a Covered Cause of Loss; and
 - b. Ends on the earlier of the following:
 - (1) The date when the property should be repaired, rebuilt or replaced with reasonable speed and similar quality; or
 - (2) The date when business is resumed at a new permanent location.
 - c. "Period of restoration" does not include any increased period required due to the enforcement of any ordinance or law that:
 - (1) Regulates the construction, use, repair or replacement, or requires the tearing down of any property, except as provided under the Ordinance or Law -- Increased "Period of Restoration" Additional Coverage Extension; or
 - (2) 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".
 - d. The expiration date of this policy will not cut short the "period of restoration".
5. **"Suspension"** means the partial or complete cessation of the Insured's business "operations".

LEASEHOLD INTEREST 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. Words and phrases that appear in quotation marks have special meaning; refer to Section F., Definitions in this form and Section G. Definitions in the Property Coverage Form.

A. COVERAGE

The Company will pay for loss of Covered Leasehold Interest the Insured sustains due to the cancellation of the Insured's lease by the Insured's landlord, in accordance with the conditions of the lease. The cancellation must result from direct physical loss or damage to property at the location of the Insured's leased premises:

- Described in the most recent Statement of Values or other documentation on file with the Company; and
- For which a value for the Leasehold Interest exposure has been reported.

The loss or damage must be caused by or result from a Covered Cause of Loss.

1. Covered Leasehold Interest

Covered Leasehold Interest means:

- a. The Insured's Lease Interest, meaning the difference between:
 - (1) (a) The monthly rental value of the Insured's premises; or
 - (b) The rent the Insured will pay under a new lease arrangement if the Insured's lease is cancelled and later renewed at a higher rent;

and

 - (2) The actual rent the Insured pays for the Insured's premises, including taxes, insurance and janitorial or other service that the insured pays for as part of the lease;

for the remainder of the term of the lease.
- b. Rental Profit, meaning the profit the Insured would have earned from sublease arrangements for the remainder of the sublease agreement or lease, whichever is shorter.
- c. Bonus Payments, meaning the unamortized portion of any cash bonus the Insured paid to acquire the lease that will not be refunded to the Insured. But Bonus Payments do not include rent or security payments.
- d. Prepaid Rent, meaning the unamortized portion of any advance rent the Insured has paid that will not be refunded to the Insured. But Prepaid Rent does not include the customary rent due at the beginning of any monthly or other rental period.
- e. Improvements and Betterments, meaning the unamortized portion of payments made by the Insured for improvements and betterments. Improvements and betterments are fixtures, alterations, installations or additions:
 - (1) Made a part of the building or structure the Insured occupies but does not own; and
 - (2) Acquired or made at the Insured's expense but which the Insured is not permitted to remove.

This coverage for improvements and betterments does not apply to the value of improvements and betterments recoverable under any other insurance, but the Company will pay for amounts in excess of such other insurance.

2. Covered Cause of Loss

Covered Cause of Loss means risks of direct physical loss unless the loss is excluded in Section B., Exclusions; limited in Section C., Limitations; or excluded or limited in the Supplemental Coverage Declarations or by endorsements.

B. EXCLUSIONS

1. All of the exclusions contained in Section D. of the Property Coverage Form apply to this coverage form except as follows:

- a. Exclusion 1.h., Ordinance or Law does not apply.
- b. Exclusion 2.k. is replaced by the following:

If any of the Insured's premises for which the lease is cancelled has been vacant for more than 60 consecutive days before the direct physical loss or damage that results in the lease cancellation occurs, and:

- (1) The Insured has not entered into an agreement to sublease the premises as of the time of the direct physical loss or damage, the Company will not pay for any loss of Covered Leasehold Interest.
- (2) The Insured has entered into an agreement to sublease the premises prior to the time of the direct physical loss or damage, the Company will not pay for any loss of Covered Leasehold Interest if the cause of the direct physical loss or damage is any of the following, even if they are Covered Causes of Loss:
 - (a) Vandalism;
 - (b) Sprinkler leakage;
 - (c) Building glass breakage;
 - (d) Water damage;
 - (e) Theft; or
 - (f) Attempted theft.

The Insured's leased premises are considered vacant when they do not contain enough business personal property to conduct customary operations. Leased buildings, units or suites under construction or renovation are not considered vacant.

2. In addition, The Company will not pay for loss under this coverage form caused by:
 - a. The Insured canceling the lease;
 - b. The suspension, lapse or cancellation of any license; or
 - c. Any other consequential loss.

C. LIMITATIONS

Under Section E. of the Property Coverage Form, only Limitation 1. applies to this coverage form.

D. LIMITS OF INSURANCE

Section O. Limits of Insurance in the General Conditions is amended by the addition of the following:

The most the Company will pay for all loss under the Leasehold Interest Coverage Form in any one occurrence is the Limit of Insurance specified for Leasehold Interest shown in the Supplemental Coverage Declarations.

Subject to the Leasehold Interest Limit of Insurance, the most the Company will pay for:

1. The Insured's Lease Interest is the sum of:
 - a. The difference between:
 - (1) (a) The monthly rental value of the Insured's premises; or
 - (b) The rent the Insured will pay under a new lease arrangement if the Insured's lease is cancelled and later renewed at a higher rent;
 and
 - (2) The actual monthly rent the Insured pays for the Insured's premises, including taxes, insurance and janitorial or other service that the insured pays for as part of the lease;
 without discount, for each of the first three months of the unexpired term of the lease; plus

b. The "present value" of the difference between:

(1) (a) The monthly rental value of the Insured's premises; or

(b) The rent the Insured will pay under a new lease arrangement if the Insured's lease is cancelled and later renewed at a higher rent;

and

(2) The actual monthly rent the Insured pays for the Insured's premises, including taxes, insurance and janitorial or other service that the insured pays for as part of the lease;

for each remaining month in the unexpired term of the lease in excess of three months.

2. Rental Profits is the "present value" of the actual loss of rental profits from sublease arrangements which the Insured incurs for the remainder of the sublease agreement or the lease, whichever is shorter.

3. Bonus Payments, Prepaid Rent and Improvements and Betterments will each be determined as follows:

a. Divide the Insured's original costs by the number of months left in the Insured's lease at the time of the expenditures;

b. Multiply the amount determined in a. above by the number of months remaining in the Insured's lease at the time the Insured's lease is cancelled.

But if the Insured's lease is cancelled and later renewed, the Company will not pay more than the actual loss sustained by the Insured.

E. DEDUCTIBLE

When a deductible(s) is shown in the Supplemental Coverage Declarations, refer to Section B. Application of Deductibles in the General Conditions.

F. DEFINITIONS

"Present Value" means the discounted amount that, at the rate of interest that applies to the Insured's Lease Interest and Rental Profits coverages, would be equivalent to the Insured receiving the full amount of the Insured's Lease Interest or Rental Profits loss for each separate month of the unexpired term of the lease.

Unless otherwise indicated on the Supplemental Coverage Declarations, the rate of interest that applies to the Insured's Lease Interest and Rental Profits coverages is 6%.

EARTHQUAKE, VOLCANIC ERUPTION, LANDSLIDE AND MINE SUBSIDENCE

This endorsement modifies the insurance provided under this policy.

A. The following are added to the Covered Causes of Loss and the "specified causes of loss":

1. Earthquake, meaning a shaking or trembling of the earth's crust, caused by underground volcanic or tectonic forces or by breaking or shifting of rock beneath the surface of the ground from natural causes.
2. Volcanic Eruption, meaning the eruption, explosion or effusion of a volcano.
3. Landslide, meaning the rapid downward movement of a mass of rock, earth or artificial fill on a slope.
4. Mine Subsidence, meaning lateral or vertical ground movement caused by a failure initiated at the mine level of man-made underground mines, including but not limited to coal, clay limestone and fluospar mines.

All Earthquake shocks, Volcanic Eruptions, Landslides or Mine Subsidence ground movements that occur within any 168-hour period will constitute a single Earthquake, Volcanic Eruption, Landslide or Mine Subsidence. The expiration of this policy will not reduce the 168-hour period.

B. Under the Exclusions contained in Section D. of the Property Coverage Form:

1. The Earth Movement exclusion does not apply to the insurance specifically provided under this endorsement for loss or damage caused by Earthquake, Volcanic Eruption, Landslide and Mine Subsidence.
2. The Collapse of Buildings exclusion is amended to include Earthquake, Volcanic Eruption, Landslide and Mine Subsidence in the list of named causes of loss for which coverage for buildings in a state of imminent collapse applies.

All other exclusions and limitations in this policy continue to apply.

C. The following additional exclusions apply to this insurance:

1. The Company will not pay for loss or damage caused directly or indirectly by Flood, as defined in the Flood exclusion contained in Section D. of the Property Coverage Form, even if attributable to an Earthquake, Volcanic Eruption, Landslide or Mine Subsidence.
2. This insurance for Earthquake, Volcanic Eruption, Landslide and Mine Subsidence does not apply to, or modify any limits or deductibles that apply to:
 - a. The insurance otherwise provided for loss or damage by fire or explosion that results from an earth movement and for loss or damage by fire or "volcanic action" that results from a Volcanic Eruption; or
 - b. Any other insurance provided for loss or damage to which the Earth Movement exclusion does not apply.
3. The Company will not pay for loss or damage caused by or resulting from any Earthquake, Volcanic Eruption, Landslide or Mine Subsidence that begins before the inception of this insurance.
4. This insurance does not apply to the cost of restoring or remediating land or to loss resulting from the time required to restore or remediate land.

D. The most the Company will pay for the total of all loss or damage caused by Earthquake, Volcanic Eruption, Landslide and Mine Subsidence in any one policy year is the single highest Annual Aggregate Limit of Insurance specified for Earthquake, Volcanic Eruption, Landslide and Mine Subsidence shown in the Supplemental Coverage Declarations. This limit is part of, and does not increase, the Limits of Insurance that apply under this policy.

Subject to the single highest Annual Aggregate Limit of Insurance:

1. Any individual Annual Aggregate Limit of Insurance shown in the Supplemental Coverage Declarations for Earthquake, Volcanic Eruption, Landslide and Mine Subsidence is the most the Company will pay in any one policy year for all loss or damage to which that Limit of Insurance applies.

2. If more than one Annual Aggregate Limit of Insurance applies to loss or damage under this endorsement in any one occurrence, each limit will be applied separately, but the most the Company will pay under this endorsement for all loss or damage in that occurrence is the single highest Annual Aggregate Limit of Insurance applicable to that occurrence.
- E. Under the Property Coverage Form, when a Building at the Insured's premises is Covered Property insured under this policy, the insurance provided under this endorsement is extended to apply to loss or damage to underground pipes, flues and drains at those premises caused by Earthquake, Volcanic Eruption, Landslide or Mine Subsidence. But this will not increase the limit that applies to this insurance.

FLOOD

This endorsement modifies insurance provided under this policy.

A. The following is added to the Covered Causes of Loss and the "specified causes of loss":

Flood, meaning:

1. Flood, surface water, underground water, waves, tides, tidal waves, tsunamis, overflow of any body of water, or their spray, all whether driven by wind or not;
 2. Mudslide or mudflow;
 3. Release of water impounded by a dam; or
 4. Water which backs up through sewers, drains or sumps;
- all whether naturally occurring or due to man made or other artificial causes.

B. All Flood loss that occurs:

1. During a period of continued rising or overflow of any river(s), stream(s) or any body(ies) of water and the subsidence of same within the banks of such river(s), stream(s) or body(ies) of water; or
 2. Due to any tidal waves or tsunamis that occur within any 168 hour period;
- will constitute a single Flood occurrence.

If Flood loss commences prior to the expiration date of this policy and the Flood occurrence, as defined above, extends beyond the expiration date of this policy, the expiration of the policy will not reduce the Flood occurrence period.

C. Under the Exclusions contained in Section D. of the Property Coverage Form:

1. The Earth Movement exclusion does not apply to the insurance otherwise provided under this endorsement for loss or damage caused by or resulting from:
 - a. Mudslide or mudflow that is caused or precipitated by the accumulation of water on or below the surface of the ground; or
 - b. Flood that is attributable to an Earth Movement such as a tsunami.
2. The Flood exclusion does not apply to the insurance specifically provided under this endorsement.
3. The Collapse of Buildings exclusion is amended to include Flood in the list of named causes of loss for which coverage for buildings in a state of imminent collapse applies.

All other exclusions and limitations in this policy continue to apply.

D. The following additional exclusions apply to this insurance:

1. This insurance for Flood does not apply to, or modify any limits or deductibles that apply to:
 - a. The insurance otherwise provided for loss or damage by fire, explosion or leakage from fire protective equipment that results from Flood; or
 - b. Any other insurance provided for loss or damage by Flood to which the Flood exclusion does not apply.
2. The Company will not pay for loss or damage caused by or resulting from any Flood occurrence that begins before the inception of this insurance.
3. This insurance does not apply to the cost of restoring, recovering or de-watering land or to loss resulting from the time required to restore, recover or de-water land.

4. Unless otherwise specified in the Supplemental Coverage Declarations, this insurance for Flood does not apply to loss or damage to, or loss that is a consequence of loss or damage to:
 - a. Any building or structure or any property in the open if, at the time of loss, the building or structure or property in the open is, in whole or in part, located within Flood Zone A, Flood Zones prefixed A, Flood Zone V or Flood Zones prefixed V as classified under the National Flood Insurance Program; or
 - b. Any property in or on any building or structure if, at the time of loss, the building or structure in or on which such property is located is, in whole or in part, within Flood Zone A, Flood Zones prefixed A, Flood Zone V or Flood Zones prefixed V as classified under the National Flood Insurance Program.
- E. If, at the time of loss, a building, a structure or property in the open is located within more than one Flood Zone, Flood coverage for loss or damage to, or loss that is a consequence of loss or damage to that building, structure or property in the open will be subject to the insurance, Annual Aggregate Limit of Insurance and deductible, if any, that would apply under this policy if that building, structure or property in the open was wholly located within the most hazardous of the Flood Zones, as defined below, in which it is located. The most hazardous Flood Zone that is determined to apply to a building or structure will also apply with respect to loss or damage to, or loss or damage that is a consequence of loss or damage to any property in or on such building or structure.
 The following listing of Flood Zones, as classified under the National Flood Insurance Program, is in order of the most hazardous to least hazardous:
 1. Flood Zone V and Flood Zones prefixed V;
 2. Flood Zone A and Flood Zones prefixed A;
 3. Flood Zone D;
 4. Flood Zone B, Flood Zone X (shaded) and Zone X-500;
 5. Flood Zone C and Flood Zone X.
- F. The most the Company will pay for the total of all loss or damage caused by Flood in any one policy year is the single highest Annual Aggregate Limit of Insurance specified for Flood shown in the Supplemental Coverage Declarations. This limit is part of, and does not increase, the Limits of Insurance that apply under this policy.
 Subject to the single highest Annual Aggregate Limit of Insurance:
 1. Any individual Annual Aggregate Limit of Insurance shown in the Supplemental Coverage Declarations for Flood is the most the Company will pay in any one policy year for all loss or damage to which that Limit of Insurance applies.
 2. If more than one Annual Aggregate Limit of Insurance applies to loss or damage under this endorsement in any one occurrence, each limit will be applied separately, but the most the Company will pay under this endorsement for all loss or damage in that occurrence is the single highest Annual Aggregate Limit of Insurance applicable to that occurrence.
- G. Under the Property Coverage Form, when a building at the Insured's premises is Covered Property insured under this policy, the insurance provided under this endorsement is extended to apply to loss or damage to underground pipes, flues and drains at those premises caused by Flood. But this will not increase the limit that applies to this insurance.

ELECTRONIC VANDALISM EXCLUSION AND LIMITED ELECTRONIC VANDALISM CAUSE OF LOSS COVERAGE

This endorsement modifies insurance provided under this policy.

- A. The Computer Virus Exclusion contained in the Property Coverage Form is deleted and replaced by the following Exclusion:

ELECTRONIC VANDALISM

1. Except as provided under the Limited Electronic Vandalism Cause of Loss Coverage in Section B. of this endorsement, the Company will not pay for loss or damage caused directly or indirectly by Electronic Vandalism. Such loss or damage is excluded regardless of any other cause or event that contributes concurrently or in any sequence to the loss.

This exclusion will not apply in the event Electronic Vandalism results in a "specified cause of loss", but the Company will be liable only for loss or damage by the resulting "specified cause of loss".

2. Electronic Vandalism means:

- a. Willful or malicious destruction of computer programs, content, instructions or other electronic or digital data stored within computer systems.
- b. Unauthorized computer code or programming that:
 - (1) Deletes, distorts, corrupts or manipulates computer programs, content, instructions or other electronic or digital data, or otherwise results in damage to computers or computer systems or networks to which it is introduced;
 - (2) Replicates itself, impairing the performance of computers or computer systems or networks; or
 - (3) Gains remote control access to data and programming within computers or computer systems or networks to which it is introduced, for uses other than those intended for authorized users of the computers or computer systems or networks.

B. LIMITED ELECTRONIC VANDALISM CAUSE OF LOSS COVERAGE

The term Covered Cause of Loss, as used in this policy, is extended to include direct physical loss or damage at the Insured's premises caused by or resulting from Electronic Vandalism, as defined in the Electronic Vandalism Exclusion in Section A. of this endorsement. The Electronic Vandalism Exclusion in Section A. of this endorsement does not apply to this Limited Electronic Vandalism Cause of Loss Coverage. But all other exclusions and all limitations applicable to this policy apply to loss or damage under this Limited Electronic Vandalism Cause of Loss Coverage.

Regardless of the number of locations, items or types of property or coverages involved, the most the Company will pay under this Limited Electronic Vandalism Cause of Loss Coverage for all loss or damage caused by or resulting from all incidents of Electronic Vandalism that occur during each separate 12 month period of this policy is the limit of insurance shown in the Supplemental Coverage Declarations for Limited Electronic Vandalism Cause of Loss Coverage. This limit is part of, and does not increase the Limits of Insurance provided under this policy.

FUNGUS, WET ROT, DRY ROT AND OTHER CAUSE OF LOSS CHANGES

This endorsement modifies the insurance provided under this policy.

- A. The EXCLUSIONS contained in Section D. of the Property Coverage Form are amended as follows. These changes apply to all Coverage Forms and endorsements in this policy that are subject to the exclusions contained in the Property Coverage Form.

1. The following exclusion is added to Section D.1.:

"FUNGUS", WET ROT AND DRY ROT

- a. The Company will not pay for loss or damage, or any increase in the amount of loss or damage, caused directly or indirectly by, or resulting from, the presence, growth, proliferation, spread or any activity of "fungus", wet rot or dry rot.

But if "fungus", wet rot or dry rot results in a "specified cause of loss", the Company will pay for the loss or damage caused by that "specified cause of loss".

This exclusion does not apply:

- (1) When "fungus", wet rot or dry rot results from fire or lightning; or
- (2) To the extent that coverage is provided in the Limited "Fungus", Wet Rot and Dry Rot Coverage in b. below with respect to loss or damage by a cause of loss other than fire or lightning.

- b. Limited "Fungus", Wet Rot and Dry Rot Coverage

- (1) The coverage described in b.(2) and b.(3) below only applies when the "fungus", wet rot or dry rot is 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 have been used to save and preserve the property from further damage at the time of and after the occurrence of the "specified cause of loss".

The exclusion of loss or damage caused by or resulting from "fungus", wet rot and dry rot in provision a. above does not apply to the insurance specifically provided under this coverage. But all other exclusions in this policy continue to apply to this Limited "Fungus", Wet Rot and Dry Rot Coverage.

- (2) Limited "Fungus", Wet Rot and Dry Rot Coverage – Direct Damage

- (a) The Company will pay for direct physical loss or damage to Covered Property caused by "fungus", wet rot or dry rot, including:

- (i) The cost of removal of the "fungus", wet rot or dry rot;
- (ii) The cost to tear out and replace any part of the building or other property as needed to gain access to the "fungus", wet rot or dry rot; and
- (iii) 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 "fungus", wet rot or dry rot is present.

- (b) The coverage described in (2)(a) above is limited as follows:

- (i) The most the Company will pay under this coverage for all "fungus", wet rot and dry rot loss or damage arising out of any one occurrence of "specified causes of loss" (other than fire or lightning) is the Limit of Insurance specified in the Supplemental Coverage Declarations for Limited "Fungus", Wet Rot and Dry Rot Coverage – Direct Damage in any one occurrence. With respect to a particular occurrence of loss which results in "fungus", wet rot or dry rot, the Company will

not pay more than this limit even if the "fungus", wet rot or dry rot continues to be present or active, or recurs, in this or a later policy period.

- (ii) The most the Company will pay under this coverage for the total of all "fungus", wet rot and dry rot loss or damage arising out of all "specified causes of loss" (other than fire or lightning) occurring during each separate 12 month period of this policy (starting with the beginning of the present annual policy period) is the aggregate Limit of Insurance specified in the Supplemental Coverage Declarations for Limited "Fungus", Wet Rot and Dry Rot Coverage – Direct Damage in any one policy year.
- (c) The coverage provided under this Limited "Fungus", Wet Rot and Dry Rot Coverage – Direct Damage does not increase the applicable Limit of Insurance on any Covered Property. If a particular occurrence results in loss or damage by "fungus", wet rot or dry rot, and other loss or damage, the Company will not pay more for the total of all loss or damage than the applicable Limit of Insurance on the Covered Property.
- (d) If there is covered loss or damage to Covered Property that is not caused by "fungus", wet rot or dry rot, loss payment will not be limited by the terms of this Limited "Fungus", Wet Rot and Dry Rot Coverage – Direct Damage, except to the extent that "fungus", 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 "Fungus", Wet Rot and Dry Rot Coverage – Direct Damage.
- (3) Limited "Fungus", Wet Rot and Dry Rot Coverage – Business Income, Rental Value and Extra Expense

The following Limited "Fungus", Wet Rot and Dry Rot Coverage provisions for Business Income, Rental Value and Extra Expense apply only if Business Income, Rental Value and/or Extra Expense coverage applies to the Insured's premises and only if the suspension of "operations" satisfies all of the terms of the applicable Business Income, Rental Value and/or Extra Expense coverage:

- (a) If the loss which results in the "fungus", wet rot or dry rot does not in itself necessitate a suspension of "operations", but such suspension of "operations" is necessary due to loss or damage to property at the Insured's premises caused by "fungus", wet rot or dry rot, then the Company's payment for Business Income, Rental Value and/or Extra Expense is limited to the amount of loss and/or expense sustained in a period of not more than 30 days. The days need not be consecutive.
- (b) If a covered suspension of "operations" is caused by loss or damage at the Insured's premises by other than "fungus", wet rot or dry rot, but remediation of "fungus", wet rot or dry rot prolongs the "period of restoration", the Company 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 30 days. The days need not be consecutive.

The coverage provided under this Limited "Fungus", Wet Rot and Dry Rot Coverage – Business Income, Rental Value and Extra Expense is included in, and does not increase the applicable Business Income, Rental Value and/or Extra Expense Limit of Insurance.

- (4) The terms of this Limited "Fungus", Wet Rot and Dry Rot Coverage do not increase or reduce the coverage provided under the Water Damage, Other Liquids, Powder or Molten Damage coverage in Section B.2.i. of the Property Coverage Form or the coverage provided for collapse of buildings or structures under the Collapse of Buildings exclusion in Section D.1.j. of the Property Coverage Form.

2. The exclusions contained in Section D.2. are amended as follows:

- a. Under exclusion D.2. c.(2), the reference to fungus, the reference to wet or dry rot and the reference to mold are deleted.
 - b. Exclusion D.2.I. is replaced by the following:
The Company will not pay for loss or damage caused by or resulting from:
 - (1) Continuous or repeated seepage, leakage or flow of water, or
 - (2) The presence or condensation of humidity, moisture or vapor;
 that occurs over a period of 14 days or more.
- B. The following is added to the LIMITATIONS contained in Section E. of the Property Coverage Form. This limitation applies to all Coverage Forms and endorsements in this policy that are subject to the limitations contained in the Property Coverage Form:
- The Company will not pay for loss of or damage to, or any loss that is a consequence of loss or damage to the interior of any building or structure, or to personal property in the building or structure, caused by or resulting from rain, snow, sleet, ice, sand or dust, whether driven by wind or not, unless:
- a. The building or structure first sustains damage by a Covered Cause of Loss to its roof or walls through which the rain, snow, sleet, ice, sand or dust enters; or
 - b. The loss or damage is caused by or results from thawing of snow, sleet or ice on the building or structure.
- Any portion of a building or structure that is within the exterior-facing surface material of a building or structure shall constitute the interior of that building or structure.
- C. The DEFINITIONS contained in Section G. of the Property Coverage Form are amended as follows. These definition changes apply wherever such defined terms are used in the policy.
- 1. The definition of "Specified Cause of Loss" is deleted and replaced by the following:
"Specified Cause of Loss" means any of the following: Fire; lightning; explosion; windstorm or hail; smoke; aircraft or vehicles; riot or civil commotion; vandalism; leakage from fire extinguishing equipment; "sinkhole collapse"; volcanic action; falling objects as limited below; weight of snow, ice or sleet; or water damage as defined below; all only as otherwise insured against in this policy.
 - a. Falling objects does not include loss 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. Any portion of a building or structure that is within the exterior-facing surface material of a building or structure shall constitute the interior of that building or structure.
 - b. Water damage means accidental discharge or leakage of water or steam as the direct result of the breaking apart or cracking of any part of a system or appliance (other than a sump system including its related equipment and parts) containing water or steam.

"Specified Cause of Loss" also means any cause of loss that is specifically added to the "specified causes of loss" by endorsement, but only to the extent such cause of loss is insured against under this policy.
 - 2. The following definition is added:
"Fungus" means any type or form of fungus, including but not limited to mold or mildew, and any mycotoxins, spores, scents or byproducts produced or released by fungi.
- D. Under:

1. The Ordinance or Law coverage in Section B.2.f. of the Property Coverage Form;
2. The Ordinance or Law – Increased “Period of Restoration” Additional Coverage Extension in Section B.4. of the Business Income Coverage Form Including Extra Expense and the Business Income Coverage Form Excluding Extra Expense;
3. The Ordinance or Law – Increased “Period of Restoration” Additional Coverage Extension in Section B.3. of the Extra Expense Coverage Form; and
4. Any other Ordinance or Law or Ordinance or Law – Increased “Period of Restoration” coverage provided under this policy;

the following exclusion is added:

This coverage does not apply to:

- a. Loss caused by or resulting from the enforcement of any ordinance or law which requires the demolition, repair, replacement, reconstruction, remodeling or remediation of property due to the presence, growth, proliferation, spread or any activity of “fungus”, wet rot or dry rot; or
- b. 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 “fungus”, wet rot or dry rot.

EXCLUSION OF NUCLEAR HAZARD, WAR, MILITARY ACTION AND PATHOGENIC OR POISONOUS BIOLOGICAL OR CHEMICAL MATERIALS

This endorsement modifies the insurance provided under this policy.

- A. The Nuclear Hazard Exclusion is replaced by the following Exclusion. With respect to any form, endorsement or coverage to which the Nuclear Hazard Exclusion does not apply, that Exclusion is hereby added as follows.

NUCLEAR HAZARD

1. The Company will not pay for loss or damage caused directly or indirectly by nuclear reaction or radiation, or radioactive contamination, however caused. Such loss or damage is excluded regardless of any other cause or event that contributes concurrently or in any sequence to the loss.
2. With respect only to direct physical loss or damage to Covered Property occurring within the states of:

Arizona, California, Connecticut, Georgia, Hawaii, Idaho, Illinois, Iowa, Louisiana, Maine, Massachusetts, Michigan, Minnesota, Missouri, Nebraska, New Hampshire, New Jersey, New York, North Carolina, North Dakota, Oklahoma, Oregon, Pennsylvania, Rhode Island, Virginia, Washington, West Virginia, Wisconsin

the following exception to this Nuclear Hazard Exclusion applies:

If nuclear reaction or radiation, or radioactive contamination, results in fire, the Company will pay for the loss or damage caused by that fire. However, this exception for fire applies only to direct loss or damage by fire to Covered Property. This fire exception does not apply to any other insurance provided under this policy including, but not limited to, any insurance provided under this policy for Business Income, Rental Value, Extra Expense, Leasehold Interest or Legal Liability coverage.

In the event of loss or damage under this exception for fire, the value of the lost or damaged Covered Property will be determined at actual cash value at the time of loss, without allowance for any increased cost attributable to enforcement of any ordinance or law regulating the construction, use or repair of the property. Any Ordinance or Law coverage provided under this policy does not apply to loss or damage under this exception for fire.

3. With respect to any activity that comes within the terms of the War and Military Action Exclusion and involves nuclear reaction or radiation, or radioactive contamination, the War and Military Action Exclusion supersedes this Nuclear Hazard Exclusion.
- B. The War and Military Action Exclusion is replaced by the following Exclusion. With respect to any form, endorsement or coverage to which the War and Military Action Exclusion does not apply, that Exclusion is hereby added as follows.

WAR AND MILITARY ACTION

1. The Company will not pay for loss or damage caused directly or indirectly by 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. Hostile or warlike action in time of peace or war, including action in hindering, combating or defending against an actual, impending or expected attack:
 - (1) By any government or sovereign power (de jure or de facto), or by any authority maintaining or using military, naval or air forces;
 - (2) By military, naval or air forces; or
 - (3) By an agent of any such government, power, authority or forces.

- b. Insurrection, rebellion, revolution, civil war, usurped power, or action taken by governmental authority in hindering, combating or defending against such an occurrence.

Any discharge, explosion or use of any weapon of war employing nuclear fission or fusion will be conclusively presumed to be such a hostile or warlike action by such a government, power, authority or forces.

- 2. With respect to any action that comes within the terms of this exclusion and:
 - a. Involves nuclear reaction or radiation, or radioactive contamination, this War and Military Action Exclusion supersedes the Nuclear Hazard Exclusion.
 - b. Involves a discharge, dispersal, seepage, migration, release, escape or application of any pathogenic or poisonous biological or chemical materials that comes within the terms of the Pathogenic or Poisonous Biological or Chemical Materials Exclusion, this War And Military Action Exclusion supersedes the Pathogenic or Poisonous Biological or Chemical Materials Exclusion.

C. PATHOGENIC OR POISONOUS BIOLOGICAL OR CHEMICAL MATERIALS

- 1. The Company will not pay for loss or damage caused directly or indirectly by the discharge, dispersal, seepage, migration, release, escape or application of any pathogenic or poisonous biological or chemical materials. Such loss or damage is excluded regardless of any other cause or event that contributes concurrently or in any sequence to the loss.
- 2. With respect only to direct physical loss or damage to Covered Property occurring within the states of:

Arizona, California, Connecticut, Georgia, Hawaii, Idaho, Illinois, Iowa, Louisiana, Maine, Massachusetts, Michigan, Minnesota, Missouri, Nebraska, New Hampshire, New Jersey, New York, North Carolina, North Dakota, Oklahoma, Oregon, Pennsylvania, Rhode Island, Virginia, Washington, West Virginia, Wisconsin

the following exception to this Pathogenic or Poisonous Biological or Chemical Materials Exclusion applies:

If the discharge, dispersal, seepage, migration, release, escape or application of any pathogenic or poisonous biological or chemical materials results in fire, the Company will pay for the loss or damage caused by that fire. However, this exception for fire applies only to direct loss or damage by fire to Covered Property. This fire exception does not apply to any other insurance provided under this policy including, but not limited to, any insurance provided under this policy for Business Income, Rental Value, Extra Expense, Leasehold Interest or Legal Liability coverage.

In the event of loss or damage under this exception for fire, the value of the lost or damaged Covered Property will be determined at actual cash value at the time of loss, without allowance for any increased cost attributable to enforcement of any ordinance or law regulating the construction, use or repair of the property. Any Ordinance or Law coverage provided under this policy does not apply to loss or damage under this exception for fire.

- 3. This exclusion does not apply when both 3.a. and 3.b. below apply:
 - a. The pathogenic or poisonous biological or chemical materials are normally kept at or brought onto:
 - (1) The Insured's premises, with the Insured's consent, for use in the Insured's business operations at the Insured's premises; or
 - (2) Any premises, other than the Insured's premises, by others for use in conducting their valid business operations at such premises;
 - and

b. The discharge, dispersal, seepage, migration, release, escape or application of the pathogenic or poisonous biological or chemical materials is accidental and is not the result of a willful or malicious act against any persons, organizations or property of any nature;

but all other exclusions continue to apply.

4. With respect to any action that comes within the terms of the War And Military Action Exclusion and involves a discharge, dispersal, seepage, migration, release, escape or application of any pathogenic or poisonous biological or chemical materials that comes within the terms of this Pathogenic or Poisonous Biological or Chemical Materials Exclusion, the War and Military Action Exclusion supersedes this Pathogenic or Poisonous Biological or Chemical Materials Exclusion.

EXCLUSION OF LOSS DUE TO VIRUS OR BACTERIA

This endorsement modifies the insurance provided under this policy

- A. The exclusion set forth in Paragraph B. below applies to all coverage under all forms and endorsements that comprise this policy, including but not limited to forms or endorsements that cover property damage to buildings or personal property and forms or endorsements that cover business income, extra expense, rental value or action of civil authority.
- B. The Company will not pay for loss or damage caused by or resulting from any virus, bacterium or other microorganism that induces or is capable of inducing physical distress, illness or disease.
- C. With respect to any loss or damage subject to the exclusion in Paragraph B. above, such exclusion supersedes any exclusion relating to "pollutants".
- D. The terms of the exclusion in Paragraph B. above, or the inapplicability of this exclusion to a particular loss, do not serve to create coverage for any loss that would otherwise be excluded under this policy.

BUILDERS RISK

This endorsement modifies insurance provided under the Property Coverage Form.

A. The following is added to Section B. 1. Covered Property:

Builders Risk Property

1. This insurance applies to direct physical loss or damage by a Covered Cause of Loss to Builders Risk Property, as described in 2. below, while at any of the following locations for which a Builders Risk Limit of Insurance is shown in the Supplemental Coverage Declarations:

- a. At a Construction Site described in the Supplemental Coverage Declarations, the most recent Statement of Values or other documentation on file with the Company;
- b. At any temporary storage location; or
- c. In transit.

This insurance also applies to the necessary and reasonable expenses incurred by the Insured to reprepare, reexcavate or regrade land or reperform similar land work at a covered Construction Site due to direct physical loss or damage at the Construction Site caused by or resulting from a Covered Cause of Loss. This coverage is subject to, and will not increase the Limit of Insurance that applies to the Construction Site.

2. Builders Risk Property means the following types of property that are owned by the Insured or for which the Insured is liable:

- a. Buildings or structures in the course of construction;
- b. Building materials and supplies, equipment, machinery and fixtures intended to become a permanent part of the buildings or structures in the course of construction; and
- c. Construction forms, cribbing, scaffolding and temporary structures used in the construction of the buildings or structures.

Under the list of Property and Costs Not Covered in Section C. of the Property Coverage Form, the exclusion of underground tanks, pipes, flues and drains does not apply to Builders Risk Property.

3. With respect to each covered building or structure in the course of construction, this coverage for Builders Risk Property will end when any of the following first occurs:
 - a. 30 days expire after the building or structure is occupied or put to its intended use;
 - b. 30 days expire after construction is complete;
 - c. Any other insurance covers the property as a completed building or structure;
 - d. The Construction Site is abandoned with no intent to complete it;
 - e. The Insured's interest in the property ceases; or
 - f. This policy expires or is cancelled.
4. This coverage for Builders Risk Property does not apply to any loss or damage that is covered under any guarantee of any contractor, manufacturer or supplier, whether or not such contractor, manufacturer or supplier is a Named Insured under this policy.

B. The following additional changes apply to Section B. 1. Covered Property:

1. Items B.1.a., Building(s), and B.1.b., Business Personal Property, do not include Builders Risk Property.
2. Item B.1.g., Newly Constructed or Acquired Property, is amended as follows:

When the Construction Sites and the Limit of Insurance applicable to each Construction Site are specifically identified on the Supplemental Coverage Declarations for Builders Risk coverage, the Newly Constructed or Acquired Property coverage applies to new Construction Sites, except that the most the Company will pay for loss or damage at any one new Construction Site is the highest Builders Risk Limit of Insurance indicated in the Supplemental Coverage Declarations for a specifically identified Construction Site.

When the Construction Sites are not specifically identified, and a maximum Limit of Insurance at any one Construction Site, subject to a maximum Limit of Insurance at all Construction Sites, is indicated in the Supplemental Coverage Declarations for Builders Risk coverage, the Newly Constructed or Acquired Property coverage applies at new Construction Sites, except that the most the Company will pay for loss or

damage at any one new Construction Site is the Maximum Limit of Insurance at any one Construction Site indicated in the Supplemental Coverage Declarations.

3. Item B.1.j., Covered Property at Undescribed Premises, does not apply to any Builders Risk Property.
4. When a Builders Risk Limit of Insurance is shown in the Supplemental Coverage Declarations for Property in Transit, the provisions of item B.1.k., Covered Property in Transit, apply to Builders Risk Property. But the most the Company will pay for loss or damage to Builders Risk Property in the due course of transit is the Builders Risk Limit of Insurance shown in the Supplemental Coverage Declarations for Property in Transit.

CONTRACTORS EQUIPMENT

This endorsement modifies insurance provided under the Property Coverage Form.

The following coverage is added:

Contractors Equipment

- A. The Company will pay for direct physical loss or damage by a Covered Cause of Loss to Contractors Equipment, as described in B. below, that is:
1. The Insured's property or property of others in the care, custody or control of the Insured; and
 2. Described in the most recent Schedule of Contractors Equipment or other documentation on file with the Company;
- while the property is at the insured premises or away from the insured premises, or in the due course of transit, within the Policy Territory.
- B. As used in this endorsement, Contractors Equipment means mobile machinery and equipment that is:
1. Used by the Insured for the purpose for which it was designed and manufactured; and
 2. Used in the Insured's business.
- C. The Company will also provide each of the following Additional Coverage Extensions for which a Limit of Insurance is shown in the Supplemental Coverage Declarations:

1. Newly Acquired Contractors Equipment

The insurance provided for Contractors Equipment is extended to apply to direct physical loss or damage by a Covered Cause of Loss to newly acquired Contractors Equipment. This coverage will end when one of the following first occurs:

- a. This policy is canceled or expires;
- b. 60 days expire from the date of such acquisition;
- c. The property is reported to the Company; or
- d. The property is more specifically insured elsewhere.

The Company will charge the Insured an additional premium for Contractors Equipment values reported from the date that the Insured acquires the property.

The most the Company will pay for loss or damage in any one occurrence under this coverage is the Limit of Insurance specified for Newly Acquired Contractors Equipment shown in the Supplemental Coverage Declarations.

2. Equipment Rental Expense

- a. In the event of covered loss or damage to Contractors Equipment by a Covered Cause of Loss, the Company will pay any necessary and reasonable expenses incurred by the Insured for the rental of temporary substitute Contractors Equipment to continue, as nearly as practicable, the Insured's operations on work in progress or under contract.
- b. Payment under this coverage is limited to such expenses incurred during the period of time that:
 - (1) Begins one working day after the date the direct physical loss or damage is reported to the Company, meaning a period of twenty four consecutive hours of a normally scheduled workday beginning at midnight on the date the loss is reported to the Company; and
 - (2) Ends on the earlier of the following dates:

(a) The date the damaged Contractors Equipment should be repaired or replaced with reasonable speed and similar quality; or

(b) The date the need for the substitute equipment ceases to exist.

The expiration date of this policy will not cut short the Rental Expense.

c. This coverage does not apply to:

(1) Any expense if the Insured has suitable substitute equipment available to continue operations;

(2) Any expense for the rental of equipment not of the same type or not to be used for the same purpose as the equipment for which it is substituted; or

(3) Any loss of market, loss of income or any other consequential loss.

d. The most the Company will pay for loss or damage in any one occurrence under this coverage is the Limit of Insurance specified for Equipment Rental Expense shown in the Supplemental Coverage Declarations.

D. The following changes apply to Section B. 1. of the Property Coverage Form:

1. Items B.1. b., Business Personal Property, and B. 1. j., Covered Property at Undescribed Premises, do not include Contractors Equipment.

2. Item B.1.g., Newly Constructed or Acquired Property, does not apply to newly acquired Contractors Equipment.

3. The provisions of item B.1.k., Covered Property in Transit, apply to the insurance provided under this endorsement for Contractors Equipment in the due course of transit. But the most the Company will pay for loss or damage to such property is subject to the Limits of Insurance described in Section G. of this endorsement.

E. All of the Property and Costs Not Covered in Section C. of the Property Coverage Form apply to the insurance provided under this endorsement, except:

1. Item C. 7. is replaced by the following:

Vehicles or self-propelled machines that are licensed for road use.

2. The following items are added as property not covered:

a. Any Contractors Equipment while leased, rented or loaned to others;

b. Any Contractors Equipment while underground or underwater;

c. Any Contractors Equipment while waterborne, except while in the due course of transit;

d. Tires unless the loss or damage to the tires is coincident with other covered loss or damage to the Contractors Equipment; or

e. "Electronic data processing equipment" unless the "electronic data processing equipment" is an integral part of the Contractors Equipment.

F. With respect only to the insurance provided under this endorsement, the following exclusion is added to the exclusions in Section D. of the Property Coverage Form:

The Company will not pay for loss or damage caused by or resulting from:

1. The weight of a load exceeding, at the time of loss, the maximum lifting or operating capacity established by the manufacturer for the property; or

2. Work upon or service of the Contractors Equipment, but if loss or damage by fire or explosion results, the Company will pay for loss or damage to the Contractors Equipment caused by the resulting fire or explosion.

- G. The most the Company will pay in any one occurrence under this endorsement for loss or damage to Contractors Equipment, other than newly acquired Contractors Equipment, is the applicable Limit of Insurance specified for Contractors Equipment shown in the Supplemental Coverage Declarations. The Limits of Insurance that apply to the Newly Acquired Contractors Equipment and Equipment Rental Expense Additional Coverage Extensions apply in addition to the Contractors Equipment Limit(s) of Insurance.
- H. The valuation provisions of this policy are amended by the following:
- In the event of a covered loss or damage, the Company will determine the value of Contractors Equipment at Actual Cash Value, meaning the cost to repair, rebuild or replace the lost or damaged property, at the time and place of the loss, with other property of comparable size, material and quality, less allowance for physical deterioration, depreciation, obsolescence and depletion.

REIMBURSEMENT OF MASTER KEY COSTS

This endorsement modifies insurance provided under the Property Coverage Form.

The following coverage is added to Section B. 2., Covered Costs and Expenses:

Reimbursement of Master Key Costs

1. The Company will pay for the actual and necessary costs to:
 - a. Replace keys; and
 - b. Either:
 - (1) Readjust existing locks to accept the new keys; or
 - (2) Replace existing locks, but only if necessary or less expensive than the cost of adjusting the existing locks;

which the Insured incurs due to the theft or disappearance of a master key to buildings, rooms or compartments that are Covered Property or house Covered Property.
2. With respect only to the insurance specifically provided under this coverage, the following changes apply to the Exclusions in Section D.:
 - a. Under exclusion D.2.b., the exclusion of loss or damage caused by or resulting from loss of use does not apply;
 - b. The exclusion of loss or damage caused by or resulting from dishonest or criminal act under D.2.e. does not apply, except with respect to dishonest or criminal acts by the Insured or any of the Insured's partners, directors or trustees;
 - c. Exclusion D.2.i., which excludes loss or damage caused by or resulting from voluntary parting with any property by the Insured or anyone else to whom the Insured has entrusted the property, does not apply to the voluntary parting with a master key if the Insured or anyone else to whom the Insured has entrusted the master key is induced to so by any fraudulent scheme, trick, device or false pretence; and
 - d. The exclusion of loss of property when there is no physical evidence to show what happened to the property under D.2.m. does not apply.
3. The most the Company will pay for costs arising out of any one occurrence under this coverage is the Limit of Insurance specified for Reimbursement of Master Key Costs shown in the Supplemental Coverage Declarations.

GENERAL CONDITIONS

All coverages included in this policy are subject to the following conditions.

A. ABANDONMENT

There can be no abandonment of any property to the Company.

B. APPLICATION OF DEDUCTIBLES

1. Any deductibles that apply are specified in the Supplemental Coverage Declarations or in the forms or endorsements attached to this policy.

Unless otherwise specified in the Supplemental Coverage Declarations, or by endorsement, when a deductible is specified as applying separately "at each affected location, in any one occurrence", or at a specific location in any one occurrence, each of the following will be considered a "location":

- a. A single address that is not part of a complex described in b. below, regardless of the number of buildings at that address; or
- b. A multiple building complex, such as an apartment complex, office building complex or industrial park, with multiple addresses, provided:
 - (1) All addresses within the complex are under the same ownership or management; and
 - (2) The complex is known by a single name; and
 - (3) All addresses within the complex are insured premises under this policy; and
 - (4) The addresses are adjacent to one another, or separated only by a street.

2. Dollar Deductibles

When the deductible that applies is specified as a dollar amount, the Company will not pay for loss or damage to which the deductible applies until the amount of loss or damage exceeds the specified deductible amount. The Company will then pay the amount of the loss or damage in excess of the specified deductible, up to the applicable Limit of Insurance.

3. Percentage Deductibles

- a. Percentage deductibles may be written as a percentage of total values or as a percentage per unit of insurance.

- b. Total Values Percentage Deductibles

When the deductible that applies is specified as a percentage of total values, the deductible will be equal to the percentage of the total values specified in the most recent Statement of Values on file with the Company for buildings, structures, personal property and rental values to which the deductible applies.

- c. Per Unit of Insurance Percentage Deductibles

When the deductible that applies is specified as a percentage per unit of insurance, the deductible will be equal to the percentage of value(s) calculated for, and applied separately to, each of the following units of insurance:

- (1) Each building or structure sustaining loss or damage;
- (2) Personal property within each building or structure if that personal property sustains loss or damage;
- (3) Personal property in the open if personal property in the open sustains loss or damage;
- (4) Business Income values impacted by the direct loss or damage to property, when the percentage deductible is indicated as applying to Business Income; and
- (5) Rental values impacted by the direct loss or damage to property, when the percentage deductible is indicated as applying to Rental Value.

The values to be used when calculating the deductible for (1), (2), (3), (4) and (5) above are either those as specified for each unit of insurance shown in the most recent Statement of Values on file with the Company or, if not so specified, or if the damaged property is a building in the course of construction or renovation, the values will be determined at the time of loss. When Business Income values or rental values are determined at the time of loss, the values will be calculated for the 12 months following the inception date of the policy term in which the loss occurs.

- d. When both a percentage deductible and a dollar deductible are specified together as applicable to a coverage or exposure, whether specified as applying in any one occurrence or specified as applying at each affected location in any one occurrence, the percentage deductible will be calculated and applied as described in b. and c. above, but the dollar deductible is the minimum amount the Company will deduct in any one occurrence, or at each affected location in any one occurrence, as specified, for all loss or damage to which the deductible is stated to apply.
- e. When a maximum dollar deductible is also specified as applicable, the specified maximum deductible is the most the Company will deduct in any one occurrence for all loss or damage to which the deductible is stated to apply.

4. Hour Deductibles

If the deductible for Business Income or any other time element coverage is specified in hours, the Company will not be liable for any loss incurred during the specified number of hours immediately following the start of the "period of restoration" or other applicable period during which incurred loss would otherwise be covered. The Company will then pay the amount of loss incurred for the remainder of the "period of restoration" or other applicable period during which incurred loss is covered, up to the Limit of Insurance.

5. Two or More Deductibles in Any One Occurrence

If any causes of loss, coverages or types of property insured against under this policy are subject to separate deductibles and two or more of those causes of loss, coverages and/or types of property are involved in any one loss occurrence, each cause of loss, coverage and type of property loss will be adjusted separately. But the total of the deductible amounts applied will not exceed the highest deductible amount applied in that occurrence for any one involved cause of loss, coverage or type of property.

This provision does not apply to:

- a. Earth Movement, Earthquake, Earthquake Sprinkler Leakage, Flood, Windstorm or Hurricane deductibles; or
- b. Any hour deductible.

6. Application of Earth Movement, Earthquake, Earthquake Sprinkler Leakage, Flood, Sewer Back-Up and Boiler and Machinery Deductibles

Any deductible shown on the Supplemental Coverage Declarations for a cause of loss listed below applies only with respect to loss or damage to which the corresponding cause of loss endorsement applies:

- a. Earth Movement;
- b. Earthquake;
- c. Earthquake Sprinkler Leakage;
- d. Flood;
- e. Sewer Back-Up; or
- f. Boiler and Machinery.

These deductibles do not apply to any loss or damage by these causes of loss that is covered in the absence of such endorsements.

7. Any Other Covered Loss Deductible

Unless otherwise specifically stated in this policy, the deductible shown in the Supplemental Coverage Declarations for "any other covered loss" applies to all causes of loss, coverages and types of property insured against under this policy for which no deductible is specifically shown in the Supplemental Coverage Declarations or in the forms or endorsements attached to this policy, except Extra Expense. No deductible applies to Extra Expense.

C. APPRAISAL

If the Company and the Insured disagree on the value of the property, the amount of net income and operating expense or the amount of loss, either may make written demand for an appraisal of the loss. In this event, each party will select a competent and impartial appraiser. The two appraisers will select an umpire. If they cannot agree, either may request that a judge of a court having jurisdiction make the selection. The appraisers will state separately the value of the property, the amount of loss or the amount of net income and operating expense. 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:

1. Pay its chosen appraiser; and
2. Bear the other expenses of the appraisal and umpire equally.

If there is an appraisal, the Company will still retain its right to deny the claim.

D. CANCELLATION AND NONRENEWAL

1. Cancellation

- a. The first Named Insured shown in the Declarations may cancel this policy by mailing or delivering to the Company advance written notice of cancellation.
- b. The Company may cancel this policy by mailing or delivering to the first Named Insured written notice of cancellation at least:
 - (1) 10 days before the effective date of cancellation if the Company cancels for nonpayment of premium; or
 - (2) 60 days before the effective date of cancellation if the Company cancels for any other reason.
- c. The Company will mail or deliver notice to the first Named Insured's last mailing address known to the Company.
- d. Notice of cancellation will state the effective date of cancellation. If the policy is cancelled, that date will become the end of the policy period. Cancellation will not affect coverage on any shipment in transit on the date of the cancellation. Coverage will continue in full force for such property in transit until it is delivered and accepted.
- e. If this policy is cancelled, the Company will send to the first Named Insured any premium refund due. If the Company cancels, 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 the Company has not made or offered a refund.
- f. If notice is mailed, proof of mailing will be sufficient proof of notice.

2. Nonrenewal

In the event the Company decides not to renew this policy, the Company will mail or deliver to the first Named Insured shown in the Declarations written notice of the nonrenewal not less than 60 days before the expiration date.

E. CHANGES

This policy contains all the agreements between the Insured and the Company concerning the insurance afforded. The policy terms can be amended or waived only by written endorsement issued by the Company as part of this policy.

F. CONCEALMENT, MISREPRESENTATION OR FRAUD

This policy is void in any case of fraud by the Insured as it relates to this policy at any time. It is also void if the Insured or any other person or entity insured under this policy, at any time, intentionally conceals or misrepresents a material fact concerning:

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

G. CONTROL OF PROPERTY

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

The breach of any condition of this policy at any one or more locations will not affect coverage at any location where, at the time of loss or damage, the breach of condition does not exist.

H. CURRENCY

It is understood and agreed that all amounts used herein are in the currency of the United States of America and that premiums and losses are payable in United States currency. In the event of a loss adjustment involving foreign currency, the conversion into the currency of the United States of America will be at the rate of exchange quoted in *The Wall Street Journal* as of the date of the loss.

I. EXAMINATION OF THE INSURED'S BOOKS AND RECORDS

The Company may examine and audit the Insured's books and records as they relate to this policy at any time during the policy period and up to three years afterward.

J. IDENTITY OF INTEREST

If the Named Insured under this policy is comprised of more than one legal entity, liability under this policy will not exceed the amount of loss had all such interests comprised a single legal entity.

K. INSPECTIONS AND SURVEYS

The Company has the right but is not obligated to:

1. Make inspections and surveys at any time;
2. Give the Insured reports on the conditions found resulting therefrom; and
3. Recommend changes.

Neither the right to make inspections nor the making thereof, nor any risk analysis, nor any advice or reports resulting therefrom will imply any liability, or constitute an undertaking on behalf of or for the benefit of the Insured. Any inspections, surveys, reports or recommendations relate only to insurability and the premiums to be charged. The Company does not make safety inspections. The Company does not undertake to perform the duty of any person or organization to provide for the health or safety of workers or the public. In addition, the Company does not warrant that the conditions are safe, healthful or in compliance with any law, rule, regulation, code or standard.

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

L. KNOWLEDGE OF OCCURRENCE

It is hereby understood and agreed that knowledge of an occurrence, accident, claim, loss or damage, or receipt or service of complaint, demand, notice, summons or other legal papers by the agent, servant or employee of the Insured will not in itself constitute knowledge or receipt by the Insured unless an executive officer or risk manager of the Named Insured has such knowledge or receives or is served such documents or notice from its agent, servant or employee.

M. LEGAL ACTION AGAINST THE COMPANY

No one may bring a legal action against the Company under this policy unless:

1. There has been full compliance with all of the terms of this policy; and

2. The action is brought in the United States of America, in a court having proper jurisdiction, within 2 years after the date on which the direct physical loss or damage occurred.

N. LIBERALIZATION

If the Company adopts 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.

O. LIMITS OF INSURANCE

1. The most the Company will pay for loss or damage in any one occurrence is the applicable specified Limit(s) of Insurance shown in the Supplemental Coverage Declarations, Schedules, Coverage Form(s) or endorsement(s).
2. Under the Property Coverage Form, unless otherwise stated in the Supplemental Coverage Declarations, or by endorsement:
 - a. Payments under the following Covered Costs and Expenses will not increase the applicable Covered Property Limit(s) of Insurance:
 - (1) Debris Removal. But if a Limit of Insurance for Debris Removal (additional) is specified in the Supplemental Coverage Declarations, that Limit of Insurance will apply in addition to the applicable Covered Property Limit of Insurance;
 - (2) Fire Department Service Charge;
 - (3) Fire Protective Equipment Discharge;
 - (4) Preservation of Property;
 - (5) Protection of Property; and
 - (6) Water Damage, Other Liquids, Powder or Molten Material Damage.
 - b. The Limits of Insurance that are specified for the remaining Covered Costs and Expenses are in addition to the Covered Property Limit(s) of Insurance.
3. Under the Business Income Coverage Forms or the Extra Expense Coverage Form, unless otherwise stated in the Supplemental Coverage Declarations, or by endorsement:
 - a. Payments under the following Additional Coverage Extensions will not increase the Limit of Insurance that applies to Business Income, Rental Value and/or Extra Expense:
 - (1) Civil Authority;
 - (2) Extended Business Income or Rental Value (Business Income Coverage Forms only);
 - (3) Expenses to Reduce Loss (Business Income Coverage Form Excluding Extra Expense only).
 - b. The Limits of Insurance that are specified for the remaining Additional Coverage Extensions are additional amounts of insurance.
4. Unless otherwise specified in the Supplemental Coverage Declarations, or by endorsement, when a Limit of Insurance is specified as applying separately "at each affected location, in any one occurrence" or on a per location basis, the description of a "location" contained in provision 1. of the Application Of Deductibles condition in Section B. of this form will apply.

P. LOSS PAYMENT

1. In the event of loss or damage to property covered by this policy, at the option of the Company, the Company will either:
 - a. Pay the value of lost or damaged property;
 - b. Pay the cost of repairing or replacing the lost or damaged property subject to 2. below;
 - c. Take all or any part of the property at an agreed or appraised value; or
 - d. Repair, rebuild, or replace the property with other property of like kind, size and quality subject to 2. below.

2. Except as otherwise specifically provided in this policy, the cost to repair, rebuild or replace does not include the increased cost attributable to enforcement of any ordinance or law regulating the construction, use or repair of any property.
3. The Company will give notice of its intentions within 30 days after the Company receives the proof of loss it requires.
4. The Company will not pay the Insured more than the Insured's financial interest in the Covered Property.
5. The Company may adjust losses with the owners of lost or damaged property if other than the Insured. If the Company pays the owners, such payments will satisfy the Insured's claims against the Company for the owner's property. The Company will not pay the owners more than their financial interest in the Covered Property.
6. The Company may elect to defend the Insured against suits arising from claims of owners of property. The Company will do this at its own expense.
7. The Company will pay for covered loss or damage within 30 days after the Company receives the sworn proof of loss it requires, if:
 - a. The Insured has complied with all of the terms of this policy; and
 - b. The Company has reached agreement with the Insured on the amount of loss or an appraisal award has been made.
8. At the option of the Company, the Company may make a partial payment toward any claims, subject to the policy provisions and the Company's normal adjustment process. To be considered for a partial claim payment, the Insured must submit a partial sworn proof of loss with supporting documentation. Any applicable policy deductibles must be satisfied before any partial payments are made.
9. If two or more of this policy's coverages apply to the same loss or damage, the Company will not pay more than the actual amount of the loss or damage

Q. MORTGAGEE INTERESTS AND OBLIGATIONS

Loss or damage, if any, as covered under this policy, will be payable to each mortgagee (or trustee) designated herein in order of their precedence as their interests may appear. With respect to the mortgagee's (or trustee's) interest, this insurance will not be invalidated by any act of the Insured (mortgagor or owner), nor by any foreclosure or other similar proceedings or notice of sale relating to the property, nor by any change in title or ownership of the property, provided that:

1. In the event the Insured (mortgagor or owner) has neglected to pay any premium due under this policy, the mortgagee (or trustee), at the request of the Company, pays the same;
2. The mortgagee (or trustee) has notified the Company of any change in ownership, occupancy or increase in the risk or hazards known to the mortgagee (or trustee) and, at the request of the Company, pays the premium for such increased risk or hazards; and
3. The mortgagee (or trustee) submits a signed, sworn proof of loss within sixty (60) days after having been notified by the Company that the Insured (mortgagor or owner) has failed to do so.

In the event the Company pays the mortgagee (or trustee) for any loss or damage covered under this policy and therefore claims that as to the Insured (mortgagor or owner) no liability existed, the Company will be subrogated to all the rights, to the extent of such payment, of the party to whom such payment was made. The Company may, at the Company's option, pay to the mortgagee (or trustee) the whole principal due plus any accrued interest. Thereupon, the Company will receive a full assignment and transfer of the mortgage and other such securities and the remaining mortgage debt will be payable by the Insured (mortgagor or owner) to the Company.

The Company reserves the right to cancel this policy at any time as provided by its terms but, in such case, this policy will continue in force for the benefit only of the mortgagee (or trustee) for ten (10) days after notice to the mortgagee (or trustee) of cancellation for nonpayment of premium or sixty (60) days after notice to the mortgagee (or trustee) of cancellation for any other reason. In the event the Company elects not to renew this policy, the Company will give written notice to the mortgagee (or trustee) at least thirty (30) days prior to the expiration of this policy.

R. NO BENEFIT TO BAILEE

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

S. NO REDUCTION BY LOSS

Except with respect to any aggregate limit(s) or aggregate sublimit(s) of insurance in this policy, it is mutually understood and agreed that the amount of insurance will not be reduced by the payment of losses under this policy.

T. NOTICE OF LOSS AND DUTIES IN THE EVENT OF LOSS OR DAMAGE

1. The Insured must see that the following are done in the event of loss of or damage:
 - a. Notify the police if a law may have been broken.
 - b. Give the Company prompt notice of the loss or damage. Include a description of the property involved.
 - c. As soon as possible, give the Company a description of how, when, and where the loss or damage occurred.
 - d. Promptly make claim in writing against any other party, which had custody of the Covered Property at the time of loss.
 - e. Take all reasonable steps to protect the Covered Property from further damage, and keep a record of expenses necessary to protect the Covered Property, for consideration in the settlement of the claim. This will not increase the Limit of Insurance. However, the Company will not pay for any subsequent loss or damage resulting from a cause of loss that is not a Covered Cause of Loss. Also, if feasible, set the damaged property aside and in the best possible order for examination.
 - f. At the request of the Company, give the Company complete inventories of the damaged and undamaged property. Include quantities, costs, values and amount of loss claimed.
 - g. As often as may be reasonably required, permit the Company to inspect the property and records proving the loss or damage and examine the Insured's books and records.
Also permit the Company to take samples of damaged and undamaged property for inspection, testing and analysis and permit the Company to make copies from the Insured's books and records.
 - h. Send the Company a signed, sworn proof of loss containing the information that the Company requests to investigate the claim. The Insured must do this within 60 days after the Company's request. The Company will supply the Insured with the necessary forms.
 - i. Cooperate with the Company in the investigation or settlement of the claim.
2. The Company may examine any Insured under oath, while not in the presence of any other Insured and at such times as may be reasonably required, about any matter relating to this insurance or the claim, including an Insured's books and records. In the event of an examination, an Insured's answers must be signed.

U. OTHER INSURANCE**1. Underlying Insurance**

Permission is granted to the Insured to purchase insurance on all or any part of the deductibles of this policy, and the existence of such underlying insurance will not prejudice any recovery otherwise payable under this policy. If the limits of such underlying insurance exceed the deductible which would apply under this policy, then the insurance provided by this policy will apply only as excess after the limits applicable to the underlying insurance, including that portion which exceeds such deductible, have been exhausted.

2. Excess Insurance

Permission is granted to the Insured to have excess insurance over the Limit(s) of Insurance set forth in this policy without prejudice to this policy. The existence of such insurance will not reduce the Company's liability under this policy.

3. Other Insurance Subject to Same Plan, Terms, Conditions and Provisions

In the event the Insured has other insurance subject to the same plan, terms, conditions and provisions as the insurance under this policy, the Company will pay its share of the covered loss or damage. The Company's share is the proportion that the applicable Limit of Insurance under this policy bears to the Limits of Insurance of all insurance covering on the same basis.

If there is other insurance covering the same loss or damage, other than that described above, the Company will pay only for the amount of covered loss or damage in excess of the amount due from that other insurance, whether the Insured can collect on it or not. But, the Company will not pay more than the applicable Limit of Insurance.

V. POLICY PERIOD AND TERRITORY

Under this policy, the Company will cover loss or damage that commences during the policy period as specified in the Declarations and, except as otherwise specifically provided, within the Policy Territory. The Policy Territory is:

1. The United States of America (including its territories and possessions);
2. Puerto Rico; and
3. Canada.

W. RECOVERED PROPERTY

In the event either the Insured or the Company recovers any property after loss settlement, that party must give the other prompt notice. At the option of the Insured, the property will be returned to the Insured. The Insured must then return to the Company the amount the Company paid to the Insured for the property.

1. The Company will pay:
 - a. Recovery expenses; and
 - b. Costs to repair the recovered property;
2. But the amount the Company pays will not exceed:
 - a. The total of 1. a. and 1. b. above;
 - b. The value of the recovered property; or
 - c. The Limit of Insurance;
 whichever is less.

X. SUBROGATION AND SUBROGATION WAIVER

1. Subrogation – Transit

The following subrogation provisions apply to any transit coverage provided under this policy:

- a. If any person or organization to or for whom the Company makes payment under any transit coverage provisions of this policy has rights to recover damages from another, those rights are transferred to the Company to the extent of such payment. That person or organization must do everything necessary to secure the Company's rights and must do nothing after the loss to impair them.
- b. Insurance under the transit coverage provisions will be null and void if any Insured does any act or enters into any agreement, before or after loss, which in any way releases, impairs or destroys the right to recover against any carrier for hire, or other party liable for the loss, or transfers such right to anyone other than the Company. Even if the transit coverage becomes null and void, the Company has the right to retain and recover the premium for this coverage. The Insured does have permission to accept the limited liability form receipts or bills of lading commonly used by carriers for hire without prejudice to this coverage. The Company is not liable however, for any loss that is settled or compromised without the written consent of the Company.
- c. If the Company pays for loss or advances or loans money under the transit coverage, the Insured will, upon request and at the expense of the Company, make claim upon and

institute legal proceedings against any carrier, bailee or other party liable for the loss. At the option of the Company, such claims or legal proceedings may be instituted in the name of the Insured. The Insured agrees to fully cooperate with the Company in making such claims and prosecuting such legal proceedings.

2. Subrogation – All Other Coverages

If any person or organization to or for whom the Company makes payment under this policy has rights to recover damages from another; those rights are transferred to the Company to the extent of such payment. That person or organization must do everything necessary to secure the Company's rights and must do nothing after the loss to impair them. The Company will be entitled to priority of recovery against any such third party (including interest) to the extent payment has been made by the Company, plus attorney's fees, expenses or costs incurred by the Company.

But, the Insured may waive its rights against another party by specific written agreement:

- a. Prior to a loss to Covered Property.
- b. After a loss to Covered Property or Covered Income only if, at time of loss, that party is one of the following:
 - (1) Someone insured by this insurance;
 - (2) A business firm owned or controlled by the Insured or that owns or controls the Insured; or
 - (3) The Insured's tenant.

Such waiver will not invalidate or restrict this insurance.

Y. TRANSFER OF THE INSURED'S RIGHTS AND DUTIES UNDER THIS POLICY

The Insured's rights and duties under this policy may not be transferred without the written consent of the Company except in the case of death of an individual Named Insured. If an individual Named Insured dies, the Insured's rights and duties will be transferred to the Insured's legal representative but only while acting within the scope of duties as the Insured's legal representative. Until the Insured's legal representative is appointed, anyone having proper temporary custody of the Insured's property will have rights and duties but only with respect to that property.

Z. UNINTENTIONAL ERRORS IN DESCRIPTION

The insurance provided by this policy is extended to apply with respect to loss or damage to property at locations within the Policy Territory that are owned, leased or operated by the Insured, if such loss or damage is not payable under this policy due solely to any unintentional error in the description of the address of the property. But this will not increase any Limits of Insurance that apply under this policy.

Upon discovery of the unintentional error, the Insured will report the correct information to the Company. An additional premium may be charged based upon the corrected information.

REPLACEMENT COST

This endorsement modifies the Property Coverage Form.

The following Valuation Provisions are added:

A. REPLACEMENT COST

In the event of a covered loss or damage, the Company will determine the value of Covered Property at replacement cost as of the time and place of loss, without deduction for physical deterioration, depreciation, obsolescence and depletion, except as otherwise provided in this endorsement or as stipulated by any other endorsement(s) attached to this policy. This replacement cost valuation is subject to the following conditions:

1. The Company will not pay more on a replacement cost basis than the least of:
 - a. The cost to repair, rebuild or replace, at the same site, the lost, damaged or destroyed property, with other property of comparable size, material and quality; or
 - b. The actual amount incurred by the Insured that is necessary to repair, rebuild or replace the lost, damaged or destroyed property; or
 - c. The Limit of Insurance applicable to the lost, damaged or destroyed property.
2. The Company will not pay for any loss or damage on a replacement cost basis until the property is repaired, rebuilt or replaced, and then only if such repair, rebuilding or replacement is made as soon as reasonably possible after the loss or damage. If the property is not repaired, rebuilt or replaced as soon as reasonably possible after the loss or damage, the value of the property will be determined at "Actual Cash Value". This restriction does not apply to losses less than \$25,000.
3. For property to which this replacement cost valuation applies, the Insured may make a claim for loss or damage on an "Actual Cash Value" basis instead of on a replacement cost basis. In the event the Insured elects to have loss or damage settled on an "Actual Cash Value" basis, the Insured may still make a claim on a replacement cost basis if the Insured notifies the Company within 180 days after the loss or damage.
4. The cost to repair, rebuild or replace does not include the increased cost attributable to enforcement of any ordinance or law regulating the construction, use or repair of any property unless a Limit of Insurance is specified for Ordinance or Law in the Supplemental Coverage Declarations, and then only to the extent provided under that coverage.
5. In the event the Insured decides to repair, rebuild or replace the damaged or destroyed property, payment will include any reasonable and necessary architectural, engineering, consulting or supervisory fees related to the construction, repair or replacement of the damaged or destroyed property. This will not increase the applicable Limits of Insurance.

B. REPLACEMENT COST EXCEPTIONS

1. Valuable Papers and Records and Electronic Data Processing Data and Media will be valued as follows:
 - a. At the Insured's cost to research, replace or restore the lost information on lost, damaged or destroyed Valuable Papers and Records or Electronic Data Processing Data and Media for which duplicates do not exist;
 - b. At the cost of blank materials or media and the cost of copying data onto blank materials or media when duplicates of the papers, records or data exist;
 - c. At the cost of blank materials or media of the same kind and quality if the papers, records or data are not replaced;
 - d. At the specified amount per article for those articles which are specifically declared, described and valued in a schedule forming a part of this policy.
2. Brands and Labels - If branded or labeled merchandise that is Covered Property is damaged by a Covered Cause of Loss and the Company takes all or part of the property at an agreed or appraised value, the Company will also pay:

a. Any expenses incurred by the Insured to:

- (1) Stamp the word 'Salvage' on the merchandise or its containers, if the stamp will not physically damage the merchandise; or
- (2) Remove the brands or labels, if doing so will not physically damage the merchandise. The Insured must relabel the merchandise or its containers to comply with the law.

b. Any reduction in the salvage value of the damaged merchandise with the brands or labels removed.

But this will not increase the Limit(s) of Insurance applicable to the lost or damaged property.

3. "Electronic Data Processing Equipment" will be valued on a replacement cost basis as provided in Section A. of this endorsement. However, in the event replacement of "Electronic Data Processing Equipment" with identical property is impossible, the replacement cost will be the cost of items that are similar to the damaged or destroyed equipment and intended to perform the same function, but which may include technological advances.
4. "Fine Arts" will be valued at the least of:
 - a. The cost of reasonably restoring that property; or
 - b. The cost of replacing that property, at the time and place of loss, with substantially the same property; or
 - c. The market value of the property at the time and place of loss or, if the article of property is specifically declared, described and valued in a schedule forming a part of this policy, the amount per article specified in the Schedule.
5. "Finished Stock" will be valued at the selling price less discounts and expenses the Insured otherwise would have had.
6. Pairs, Sets, or Parts
 - a. Pairs or Sets - In case of loss to any part of a pair or set, the Company may, at its option:
 - (1) Repair or replace any part to restore the pair or set to its value before the loss; or
 - (2) Pay the difference between the value of the pair or set before and after the loss.
 - b. Parts - In case of loss to any part of Covered Property consisting of several parts when complete, the Company will only pay for the value of the lost or damaged part.
7. Patterns, dies, molds, and forms not in current usage will be valued at "Actual Cash Value". If loss is paid on an "Actual Cash Value" basis, and within 24 months from the date of the loss the Insured needs to repair or replace one or more of the items, the Company will pay the Insured, subject to the conditions of this insurance, the difference between "Actual Cash Value" and replacement cost for those patterns, molds and dies which are actually repaired or replaced.
8. Business Personal Property sold by the Insured but not delivered will be valued at the selling price less discounts and expenses the Insured otherwise would have had.
9. Business Personal Property of Others will be valued at the amount for which the Insured is liable, not to exceed the replacement cost.
10. "Stock in Process" will be valued at the cost of "raw stock", labor expended, plus the proper proportion of overhead charges.
11. Tenant's Improvements and Betterments will be valued at:
 - a. Replacement cost of the damaged or destroyed property (subject to the provisions of Section A. above) if the insured tenant makes the repairs or replaces promptly.
 - b. A proportion of the insured tenant's original cost if the insured tenant does not make repairs promptly. The Company will determine the proportionate value as follows:
 - (1) Multiply the original cost by the number of days from the loss or damage to the expiration of the lease; and
 - (2) Divide the amount determined in (1) above by the number of days from the installation of improvements to the expiration of the lease.

If the insured tenant's lease contains a renewal option, the expiration of the renewal option period will replace the expiration of the lease in this procedure.

c. If repaired or replaced at the expense of others, there will be no liability hereunder.

12. "Vacant" property will be valued at "Actual Cash Value".

C. ADDITIONAL DEFINITION

The following definition is in addition to those contained in the Property Coverage Form.

"Actual Cash Value" means the cost to repair, rebuild or replace the lost or damaged property, at the time and place of the loss, with other property of comparable size, material and quality, less allowance for physical deterioration, depreciation, obsolescence and depletion.

JOINT OR DISPUTED LOSS AGREEMENT

This endorsement modifies insurance provided under the policy.

- A. This endorsement is intended to facilitate payment of insurance proceeds when:
1. Both a boiler and machinery policy and this property policy are in effect;
 2. Damage occurs to Covered Property that is insured by the boiler and machinery policy and this property policy; and
 3. There is disagreement between the insurers as to whether there is coverage or as to the amount of the loss to be paid, if any, by each insurer under its own policies.
- B. This endorsement does not apply if:
1. Both the boiler and machinery insurer(s) and the Company do not admit to any liability; and
 2. Neither the boiler and machinery insurer(s) nor the Company contends that coverage applies under the other insurer's policy.
- C. The provisions of this endorsement apply only if all of the following requirements are met:
1. The boiler and machinery policy carried by the named insured, insuring the Covered Property, contains a similar provision at the time of the loss or damage, with substantially the same requirements, procedures and conditions as contained in this endorsement;
 2. The damage to the Covered Property was caused by a loss for which:
 - a. Both the boiler and machinery insurer(s) and the Company admit to some liability for payment under the respective policies; or
 - b. Either:
 - (1) The boiler and machinery insurer(s) does not admit to any liability for payment, while the Company contends that:
 - (a) All liability exists under the boiler and machinery policy; or
 - (b) Some liability exists under both the boiler and machinery policy and this property policy;
 - (2) The Company does not admit to any liability for payment, while the boiler and machinery insurer(s) contends that:
 - (a) All liability exists under this property policy; or
 - (b) Some liability exists under both the boiler and machinery policy and this property policy; or
 - (3) Both the boiler and machinery insurer(s) and the Company:
 - (a) Do not admit to any liability for payment; and
 - (b) Contend that some or all liability exists under the other insurer's policy; and
 3. The Insured, the boiler and machinery insurer(s) and the Company agree on the total amount of the loss.
- D. If the requirements listed in Paragraph C. above are satisfied, the Company and the boiler and machinery insurer(s) will make payments to the extent, and in the manner, described as follows:
1. The Company will pay, after receipt of a written request from the Insured, the entire amount of loss that the Company has agreed as being covered, if any, by this property policy and one-half (1/2) the amount of the loss that is in disagreement.
 2. The boiler and machinery insurer(s) will pay, after the Insured's written request, the entire amount of the loss that they have agreed as being covered, if any, by the boiler and machinery policy and one-half (1/2) the amount of loss that is in disagreement.
 3. Payments by the insurer of the amounts that are in disagreement, as described in Paragraphs 1. and 2., do not alter, waive or surrender any rights of any insurer against any other with regard to the portion of the loss for which each insurer is liable.
 4. The amount in disagreement to be paid by the Company under this endorsement will not exceed the amount payable under the equivalent Loss Agreement(s) of the boiler and machinery policy.
 5. The amount to be paid under this endorsement will not exceed the amount the Company would have paid had no boiler and machinery policy been in effect at the time of loss. In no event will the Company pay more than the applicable Limit of Insurance shown in the Supplemental Coverage Declarations.
 6. Acceptance by the Insured of sums paid under this endorsement does not alter, waive or surrender any other rights against the Company.

E. Arbitration

1. If the circumstances described in Paragraph C.2.a. exist and the boiler and machinery insurer(s) and the Company agree to submit their differences to arbitration, the boiler and machinery insurer(s) and the Company will determine the amount each will pay and will pay the Insured within 90 days. Arbitration will then take place within 90 days after payment of the loss under the terms of this endorsement.
2. If any of the circumstances described in Paragraph C.2.b. exist, then the boiler and machinery insurer(s) and the Company agree to submit their differences to arbitration within 90 days after payment of the loss under the terms of this endorsement.
3. The Insured agrees to cooperate with any arbitration procedures. There will be three arbitrators: one will be appointed by the Company, and another will be appointed by the boiler and machinery insurer(s). The two arbitrators will select a third arbitrator. If they cannot agree, either may request that selection be made by a judge of a court having jurisdiction. A decision agreed to by two of the three arbitrators will be binding on both parties. Judgment on any award can be entered in any court that has jurisdiction.

F. Final Settlement Between Insurers

The insurer(s) found responsible for the greater percentage of the ultimate loss must return the excess contribution to the other insurer(s). In addition, the insurer(s) found responsible for the greater portion of the loss must pay Liquidated Damages to the other insurer(s) on the amount of the excess contribution of the other insurer(s). Liquidated Damages are defined as interest from the date the Insured invokes this Agreement to the date the insurer(s) that contributed the excess amount is reimbursed. The interest is calculated at 1.5 times the highest prime rate from the Money Rates column of the Wall Street Journal during the period of the Liquidated Damages. Arbitration expenses are not a part of the excess contribution for which Liquidated Damages are calculated. Arbitration expenses will be apportioned between insurers on the same basis that the ultimate loss is apportioned.

ERRORS AND OMISSIONS

This endorsement modifies the General Conditions.

General Condition Z., Unintentional Errors in Description, is deleted and replaced with the following:

Z. ERRORS AND OMISSIONS

The insurance provided by this policy is extended to apply with respect to loss or damage to property at locations within the Policy Territory that are owned, leased or operated by the Insured, if such loss or damage is not payable under this policy solely due to:

1. Any error or unintentional omission in the description of the address of the property, whether made at the inception of the policy period or at the time of any subsequent endorsement(s) to the policy; or
2. Failure through any error or unintentional omission to:
 - a. Include any location of the Insured at the inception of the policy; or
 - b. Report any newly acquired location before the period of automatic coverage provided under this policy for the newly acquired location expires.

The most the Company will pay for loss or damage under this condition is the Limit of Insurance specified for Errors and Omissions shown in the Supplemental Coverage Declarations. But in no event will the Company pay more for loss or damage than the amount the Company would have paid had no error or unintentional omission occurred or had the period of automatic coverage for the newly acquired location not expired.

Upon discovery of the error or unintentional omission, the Insured will report the correct information to the Company. An additional premium may be charged based upon the corrected information.

EXTRA EXPENSE DEDUCTIBLE

Under the General Conditions, the last sentence of Section B., APPLICATION OF DEDUCTIBLES, which states that no deductible applies to Extra Expense, does not apply. The Extra Expense coverage provided under this policy is subject to the applicable deductible(s) indicated in the Supplemental Coverage Declarations or in the forms or endorsements attached to this policy.

CLAIM DATA EXPENSE ENDORSEMENT

This endorsement modifies insurance provided under the Property Coverage Form, the Business Income Coverage Form and the Extra Expense Coverage Form.

The following is added to the Claim Data Expense coverage:

The Company will not pay for any expenses incurred, directed, or billed by or payable to insurance brokers or agents, or their associates or subsidiaries, without the Company's written consent prior to such expenses being incurred.

HIGH AND MODERATE HAZARD EARTHQUAKE, VOLCANIC ERUPTION, LANDSLIDE AND MINE SUBSIDENCE COUNTIES

The following listing of high hazard and moderate hazard Earthquake, Volcanic Eruption, Landslide and Mine Subsidence counties (and independent cities as indicated by an *) by State is provided to determine applicable Coverage, Limit(s) of Insurance and Deductible(s) referred to in the Supplemental Coverage Declarations.

STATE	HIGH HAZARD COUNTIES	MODERATE HAZARD COUNTIES		
Arizona		Yuma		
Arkansas	Clay	Arkansas	Izard	Prairie
	Mississippi	Craighead	Jackson	Randolph
		Crittenden	Lawrence	Sharp
		Cross	Lee	St. Francis
		Cleburne	Lonoke	Stone
		Fulton	Monroe	White
		Greene	Phillips	Woodruff
		Independence	Poinsett	
Idaho		Bear Lake	Fremont	Teton
Illinois	Pulaski	Alexander	Jackson	Randolph
		Bond	Jasper	Richland
		Clay	Jefferson	St. Clair
		Clinton	Johnson	Saline
		Crawford	Lawrence	Shelby
		Cumberland	Macoupin	Union
		Edwards	Madison	Wabash
		Effingham	Marion	Washington
		Fayette	Massac	Wayne
		Franklin	Monroe	White
		Gallatin	Montgomery	Williamson
		Hamilton	Perry	
		Hardin	Pope	
Indiana		Adams	Pike	Sullivan
		Gibson	Posey	Vanderburgh
		Jay	Randolph	Warrick
		Knox	Spencer	
Kentucky	Fulton	Ballard	Hancock	Muhlenberg
	Hickman	Caldwell	Henderson	Ohio
		Calloway	Hopkins	Todd
		Carlisle	Livingston	Trigg
		Christian	Lyon	Union
		Crittenden	Marshall	Webster
		Daviess	McCracken	

STATE	HIGH HAZARD COUNTIES	Graves	McLean	
		MODERATE HAZARD COUNTIES		
Mississippi		Alcorn	Marshall	Tate
		Bolivar	Panola	Tippah
		Coahoma	Quitman	Tunica
		DeSoto	Pontotoc	Union
		Lafayette	Tallahatchie	
Missouri	Dunklin	Bollinger	Jefferson	St. Francois
	Mississippi	Butler	Perry	St. Louis
	New Madrid	Cape Girardeau	Madison	St. Louis City*
	Pemiscot	Carter	Oregon	Ste. Genevieve
		Crawford	Reynolds	Stoddard
		Dent	Ripley	Texas
		Franklin	Scott	Washington
		Howell	Shannon	Wayne
		Iron	St. Charles	
Montana		Flathead	Lake	
		Gallatin	Madison	
Nevada		Carson City*	Lyon	Storey
		Douglas	Mineral	Washoe
		Esmeralda	Nye	
Ohio		Allen	Hardin	Paulding
		Auglaize	Henry	Preble
		Champaign	Logan	Putnam
		Clark	Madison	Shelby
		Darke	Mercer	Union
		Greene	Miami	Van Wert
		Hancock	Montgomery	Wyandot
Oregon		Coos	Curry	Klamath
South Carolina		Beaufort	Charleston	Dorchester
		Berkeley	Colleton	Georgetown
Tennessee	Dyer	Carroll	Hardeman	Houston
	Lake	Chester	Hardin	Madison
	Lauderdale	Crockett	Haywood	Montgomery
	Obion	Fayette	Henderson	Shelby
	Tipton	Gibson	Henry	Weakley
Utah		Box Elder	Davis	Weber
		Cache	Salt Lake	

STATE	HIGH HAZARD COUNTIES	MODERATE HAZARD COUNTIES		
Washington		Clallam	King	Pierce
		Clark	Kitsap	San Juan
		Cowlitz	Kittitas	Skagit
		Grays Harbor	Lewis	Snohomish
		Island	Mason	Thurston
		Jefferson	Pacific	Whatcom
Wyoming		Lincoln	Teton	

EXCLUSION - CERTAIN COMPUTER RELATED LOSSES DUE TO DATES OR TIMES (Property Coverages)

This endorsement modifies insurance provided under the following:

Property Coverages

- A. This policy does not insure against loss or damage consisting of or 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 except as provided in B.

1. The failure, malfunction or inadequacy or the inability to use or have access to:

- a. Any of the following, whether belonging to the Insured or to others:

- (1) computer hardware, including microprocessors;
- (2) computer application software;
- (3) computer operating systems and related software;
- (4) computer networks;
- (5) microprocessors (computer chips) not part of any computer system;
- (6) any other computerized or electronic equipment or components; or

- b. Any other products or services that directly or indirectly use or rely upon, in any manner, any of the items listed in paragraph 1.a. of this endorsement;

due to the inability of those products or services described in paragraphs 1.a. and 1.b. to correctly recognize, distinguish, interpret or accept one or more dates or times.

2. Any advice, consultation, design, evaluation, inspection, installation, maintenance, repair or supervision done by or for the Insured to determine, rectify or test, any potential or actual failure, malfunction or inadequacy described in paragraph A.1. above.

3. The destruction, disruption, distortion or corruption of any computer data, coding, program or software due to the inability of those products or services described in paragraphs 1.a. and 1.b. to correctly recognize, distinguish, interpret or accept one or more dates or times.

- B. If an excluded Type or Cause of Loss as described in A. 1., 2. and 3. of this endorsement results in a Covered Cause of Loss under the Property Coverages then this policy shall pay only for such resulting direct physical loss or damage subject to the following exceptions:

This policy will not pay for resulting loss or damage if the cause of loss is:

1. Mechanical or machinery breakdown; or
2. Artificially generated electrical current, including electrical arcing, that disturbs items in paragraph A.1. above

unless fire results, and then this policy shall pay only for the direct physical loss or damage caused by that fire.

- C. This policy does not insure against any preventive or remedial costs to repair or modify any items in A.1.a. and b. above to correct any actual or potential deficiencies or change any features of logic or operation.
- D. This policy does not insure against any expense incurred by the insured or others in the defense, safeguarding, protecting or recovering of property whether before or after loss due to any actual or potential loss excluded in paragraph A. above.

INDIANA CHANGES - CANCELLATION AND NONRENEWAL

This endorsement modifies insurance provided under this policy.

The GENERAL CONDITIONS FORM is amended as follows:

A. Section D., CANCELLATION AND NONRENEWAL, Item 1.b. is replaced by the following:

b. (1) Cancellation Of Policies In Effect For 90 Days Or Less.

If this policy has been in effect for 90 days or less, the Company may cancel this policy by mailing or delivering to the first Named Insured written notice of cancellation at least:

- (a) 10 days before the effective date of cancellation if the Company cancels for nonpayment of premium;
- (b) 20 days before the effective date of cancellation if the Insured has perpetrated a fraud or material misrepresentation on the Company; or
- (c) 30 days before the effective date of cancellation if the Company cancels for any other reason.

(2) Cancellation Of Policies In Effect For More Than 90 Days.

If this policy has been in effect for more than 90 days, or is a renewal of a policy the Company issued, the Company may cancel this policy, only for one or more of the reasons listed below, by mailing or delivering to the first Named Insured written notice of cancellation at least:

- (a) 10 days before the effective date of cancellation if the Company cancels for nonpayment of premium;
- (b) 20 days before the effective date of cancellation if the Insured has perpetrated a fraud or material misrepresentation on the Company; or
- (c) 60 days before the effective date of cancellation; if:
 - (i) There has been a substantial change in the scale of risk covered by this policy; or
 - (ii) Reinsurance of the risk associated with this policy has been cancelled.
 - (iii) The Insured has failed to comply with reasonable safety recommendations.

B. Section D., CANCELLATION AND NONRENEWAL, Item 2. is replaced by the following:

2. Nonrenewal

- a. If the Company elects not to renew this policy, the Company will mail or deliver to the first Named Insured written notice of nonrenewal at least 60 days before:
 - (1) The expiration date of this policy, if the policy is written for a term of one year or less; or
 - (2) The anniversary date of this policy, if the policy is written for a term or more than one year.
- b. The Company will mail or deliver notice of nonrenewal to the first Named Insured's last mailing address known to the Company. If notice is mailed, proof of mailing will be sufficient proof of notice.

INDIANA CHANGES

This endorsement modifies insurance provided under this policy with respect to all locations in and coverages provided for locations in the state of Indiana.

A. CHANGE TO THE GENERAL CONDITIONS

1. Section X., SUBROGATION AND SUBROGATION WAIVER, Item 2., Subrogation – All Other Coverages is replaced with the following:

- X. If any person or organization to or for whom the Company makes payment under this policy has rights to recover damages from another; those rights are transferred to the Company to the extent of such payment. The Company's right to recover damages from another may be enforced even if the person or organization to or for whom the Company makes payment has not been fully compensated for damages. That person or organization must do everything necessary to secure the Company's rights and must do nothing after the loss to impair them. The Company will be entitled to priority of recovery against any such third party (including interest) to the extent payment has been made by the Company, plus attorney's fees, expenses or costs incurred by the Company.

But, the Insured may waive its rights against another party by specific written agreement:

- a. Prior to a loss to Covered Property or Covered Income.
- b. After a loss to Covered Property or Covered Income only if, at time of loss, that party is one of the following:
 - (1) Someone insured by this insurance;
 - (2) A business firm owned or controlled by the Insured or that owns or controls the Insured; or
 - (3) The Insured's tenant.

Such waiver will not invalidate or restrict this insurance.

2. Section F., CONCEALMENT, MISREPRESENTATION OR FRAUD

F. CONCEALMENT, MISREPRESENTATION OR FRAUD

The Company will not pay for any loss or damage in any case of:

1. Concealment or misrepresentation of a material fact or
2. Fraud

committed by an insured at any time and relating to a claim under this policy.

B. CHANGES TO THE LEGAL LIABILITY ENDORSEMENT

The following provisions are added if the Legal Liability Endorsement is attached to this policy:

The LEGAL LIABILITY ENDORSEMENT is amended as follows:

1. Section H., Conditions Applicable to This Insurance, Item 2.g., Subrogation, is replaced by the following:
 - g. Subrogation

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If the Insured has rights to recover all or part of any payment the Company has made under this insurance, those rights are transferred to the Company. The Company's right to recover damages may be enforced even if the Insured has not been fully compensated for damages. The Insured must do nothing after loss to impair the Company's rights. At the Company's request, the Insured will bring Suit or transfer those rights to the Company and help the Company enforce them.

2. The following condition is added under Section H.2.c., Notice of Loss and Duties in the Event of Accident, Claim or Suit:

Notice given on behalf of the Insured to any authorized agent of the Company in Indiana, with particulars sufficient to identify the Insured, shall be considered notice to the Company.

C. CHANGE TO THE PROPERTY COVERAGE FORM

Any exclusion, limitation or other provisions relating to "pollutants", or any amendment to or replacement of such exclusion, limitation or other provisions, applies whether or not the "pollutants" have any function in the Insured's business, operations, premises, site or location.

IMPORTANT NOTICE REGARDING INDEPENDENT AGENT AND BROKER COMPENSATION

For information about how Travelers compensates independent agents and brokers, please visit www.Travelers.com, or you may request a written copy from Marketing at One Tower Square, 2GSA, Hartford, Connecticut 06183.

Toll Free Telephone Number: 1-866-904-8348

TERRORISM RISK INSURANCE ACT OF 2002 DISCLOSURE

This endorsement provides supplementary information regarding the insurance provided under this policy.

On December 26, 2007, the President of the United States signed into law amendments to the Terrorism Risk Insurance Act of 2002 (the "Act"), which, among other things, extend the Act and expand its scope. The Act establishes a program under which the Federal Government may partially reimburse "Insured Losses" (as defined in the Act) caused by "acts of terrorism". An "act of terrorism" is defined in Section 102(l) of the Act to mean any act that is certified by the Secretary of the Treasury – in concurrence with the Secretary of State and the Attorney General of the United States – to be an act of terrorism; to be a violent act or an act that is dangerous to human life, property, or infrastructure; 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 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.

The federal government's share of compensation for Insured Losses is 85% of the amount of Insured Losses in excess of each Insurer's statutorily established deductible, subject to the "Program Trigger", (as defined in the Act). In no event, however, will the federal government or any Insurer be required to pay any portion of the amount of aggregate Insured Losses occurring in any one year that exceeds \$100,000,000,000, provided that such Insurer has met its deductible. If aggregate Insured Losses exceed \$100,000,000,000 in any one year, your coverage may therefore be reduced.

The charge for Insured Losses is included in the total premium for this policy. The charge that has been included for this exposure under this policy is the amount indicated below, and does not include any charge for the portion of losses covered by the Federal Government under the Act:

\$ 10,000

CAP ON LOSSES FROM CERTIFIED ACTS OF TERRORISM

This endorsement modifies the insurance provided under this policy.

A. Cap On Certified Terrorism Losses

"Certified act of terrorism" means an act that is certified by the Secretary of the Treasury, in concurrence with the Secretary of State and the Attorney General of the United States, to be an act of terrorism pursuant to the federal Terrorism Risk Insurance Act. The criteria contained in the Terrorism Risk Insurance 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 Terrorism Risk Insurance Act exceed \$100 billion in a Program Year (January 1 through December 31) and the Company has met its insurer deductible under the Terrorism Risk Insurance Act, the Company 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 Coverage Part or Policy, such as losses excluded by the Nuclear Hazard Exclusion or the War And Military Action Exclusion.

MOBILE MACHINERY AND EQUIPMENT

This endorsement modifies insurance provided under the Property Coverage Form.

The following coverage is added:

Mobile Machinery and Equipment

1. The Company will pay for direct physical loss or damage to Mobile Machinery and Equipment owned by the Insured caused by or resulting from a Covered Cause of Loss while located at or away from the Insured's premises within the Policy Territory. Mobile Machinery and Equipment includes machinery and equipment permanently installed in vehicles owned and operated by the Insured.
2. Mobile Machinery and Equipment is not included in the Limits of Insurance shown in the Supplemental Coverage Declarations for: Business Personal Property; Electronic Data Processing Equipment and Electronic Data Processing Media or any Limits of Insurance that otherwise apply to Electronic Data Processing Equipment and Electronic Data Processing Media; Covered Property at Undescribed Premises; Covered Property in Transit; Boiler and Machinery; or Contractors Equipment.
3. All of the Property and Costs Not Covered in Section C. of the Property Coverage Form apply to the insurance provided under this endorsement. In addition, the following items are added as property not covered:
 - a. Any Mobile Machinery and Equipment that is rented or loaned to others;
 - b. Any Mobile Machinery and Equipment while underground or underwater;
 - c. Any Mobile Machinery and Equipment while waterborne, except while in the due course of transit;
 - d. "Electronic data processing equipment" unless the "electronic data processing equipment" is an integral part of the Mobile Machinery and Equipment;
 - e. Any electronic equipment, without regard to whether this equipment is permanently installed or not, that is necessary for the normal operation of any vehicle.
4. With respect only to the insurance provided under this endorsement, the following exclusion is added to the exclusions in Section D. of the Property Coverage Form:

The Company will not pay for loss or damage caused by or resulting from:

- a. The weight of a load exceeding, at the time of loss, the maximum lifting or operating capacity established by the manufacturer for the property;
 - b. Work upon or service of the Mobile Machinery and Equipment but, if loss or damage by fire or explosion results, the Company will pay for loss or damage to the Mobile Machinery and Equipment caused by the resulting fire or explosion;
 - c. Wear and tear;
 - d. Freezing;
 - e. Mechanical or electrical breakdown; or
 - f. Blowouts, punctures or other road damage to tires.
5. The most the Company will pay under this endorsement for physical loss or damage to Mobile Machinery and Equipment in any one occurrence is the applicable Limit of Insurance specified for Mobile Equipment shown in the Supplemental Coverage Declarations.

No other Covered Property Limits stated in the policy apply to Mobile Machinery and Equipment as covered under this endorsement.