

FLORIDA POLICYHOLDER NOTICE

SURPLUS LINES INSURERS' POLICY RATES AND FORMS ARE NOT APPROVED BY ANY FLORIDA REGULATORY AGENCY.

SURPLUS LINES AGENT: Dawn M. Belin

LIC # A290258

318 South US Hwy One, Ste 206

Jupiter, FL 33477

PROD. AGT. Greg Tober

Street 3220 Moss Road

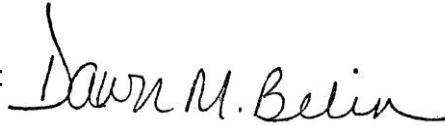
City Bonifay Zip 32425

This insurance is issued pursuant to the Florida Surplus Lines Laws. Persons insured by Surplus Lines carriers do not have the protection of the Florida Insurance Guaranty Act to the extent of any right of recovery for the obligation of an insolvent unlicensed insurer.

Quarter 1ST 2022

Premium \$140,860.00 Tax \$7,000.47

Agents Countersignature:



Policy Fee:	<u>\$850.00</u>
Inspection Fee:	<u>N/A</u>
FL SL Tax:	<u>\$7,000.47</u>
FSLSO Service Fee:	<u>\$85.03</u>
Hurricane Cat. Fund:	<u>N/A</u>
Citizens Assessment Fee:	<u>N/A</u>
EMPA Surcharge:	<u>\$12.00</u>
<u>Total Payable at Inception :</u>	<u>\$148,807.50</u>



Policy of Insurance

**Ventus Risk Management, Inc.
as agents for the Carriers scheduled within**

**Ventus Risk Management, Inc.
P.O. Box 25004
Columbia, SC 29224**

This Policy Jacket, together with a declaration, coverage part, policy provisions and endorsements, if any, issued to form a part thereof, completes this Policy.

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Ventus Risk Management Inc.

(as agent for the carriers scheduled within)

P.O. Box 25004
Columbia, SC 29224

COMMON POLICY DECLARATIONS

Insured Name and Address

Aquavista of Panama City Beach Owners Assoc Inc
17155 Front Beach Road
Panama City Beach, FL 32413

Surplus Lines Agent Name and Address

RSG Specialty, LLC
318 South US Highway One
Jupiter, FL 33458
Dawn Marie Belin
License Number: A290258

Policy Number: VETGF04019220
Renewal of Policy: VETGF04019210
Policy Period: January 1, 2022 to January 1, 2023 (12:01 AM at insured's mailing address)

Description of Business:

In return for the payment of premium, and subject to all terms of this policy, we agree with you to provide insurance as stated in this policy.

This policy consists of the following coverage parts for which premium is indicated. This premium may be subject to adjustment.

Coverage Part	Premium
Commercial Property	\$ 139,221
Equipment Breakdown	1,639
Total Premium	\$ 140,860

Fees

Inspection Fees	0
Modeling Fees	350

These declarations, together with the Common Policy Conditions, Coverage Parts, Coverage Forms and Endorsements, if any, issued to form a part thereof, complete this policy.

Limits shown on the declarations may vary by location or coverage. Refer to the Schedule of Locations for location-specific or coverage-specific limit information. The Schedule of Locations may be updated when policy changes occur. The Schedule at time of policy issuance can be found here:

Link: <https://storage.ventusrisk.com/Pbz6b9sNNoeKuhSYMiBzFp>

PIN: 7VMZCD



Policy Number: VETGF04019220

Coverage Form: Condominium Association Coverage Form

Covered Perils: Direct physical loss of or damage to covered property, subject to any and all exclusions or limitations in the Causes of Loss - Special Form or elsewhere in the policy.

Coinsurance: Coinsurance applies as follows:

Building:	80%
Additional Properties:	Agreed Value (No Coinsurance)
General Contents:	Agreed Value (No Coinsurance)

Claim Valuation: All Coverages: Replacement Cost (RC)

TIV: The Total Insured Values for the policy consist of the following:

Building	19,600,174
Appurtenant Structures	115,753
General Contents	40,000
Total	<u>19,755,927</u>

Limits: \$19,755,927

Subject to the location-specific and coverage-specific limits shown in the Schedule of Locations.

Margin Percentage: 100%

Business Interruption Excluded

AOP Deductible: \$5,000

Water Damage Deductible: \$25,000

Windstorm/Hail Included, subject to the following deductibles:

Named Storm:	5%, Per Unit of Insurance, and subject to Policy Term Aggregate. A minimum per occurrence deductible of \$25,000 also applies.
All Other Windstorm/Hail:	\$25,000

Earthquake: Excluded

Flood: Excluded

Property Enhancement Endorsement: See Schedule on page 57.

Sinkhole: Expanded sinkhole coverage for FL properties, as described in the Sinkhole Loss Coverage Extension, is provided subject to a minimum per occurrence deductible of \$25,000. See the Schedule of Locations for details by building.

Minimum Earned Premium: 20%, subject to increase if the policy is in force at any time during the wind season, as detailed in VT01291119.

Ordinance or Law:

Coverage A:	Included in Building Limit
Coverage B & C Combined:	10% per building Within the Building Limit
Coverage D:	Excluded

Policy Number: VETGF04019220

Terror: Excluded
Equipment Breakdown: Included, subject to the Limit of Insurance of this policy and the sub-limits and deductibles described below.

Equipment Breakdown coverage is subject to the following sub-limits:

Coverage	Sub-limit
Spoilage	50,000
Expediting Expenses	100,000
Utility Interruption	Included within BI/EE limit
Drying Out	10,000
Hazardous Substances	100,000
Data Restoration	100,000
DICC	100,000
Off Premises Property Damage	25,000
Electronic Vandalism	100,000, in any 12-month period

Coverage	Deductible
Direct Damage	\$5000
Business Interruption	72 hours, if applicable
Utility Interruption	12 hours, if applicable
Spoilage	\$5000, or as in Schedule of Locations

Policy Number: VETGF04019220

Countersignature of Authorized Representative

Laurie Comfort
Ventus Risk Management, Inc.
P.O. Box 25004
Columbia, SC 29224



Signature:

Date: January 19, 2022

THIS INSURANCE IS ISSUED PURSUANT TO THE FLORIDA SURPLUS LINES LAW. PERSONS INSURED BY SURPLUS LINES CARRIERS DO NOT HAVE THE PROTECTION OF THE FLORIDA INSURANCE GUARANTY ACT TO THE EXTENT OF ANY RIGHT OF RECOVERY FOR THE OBLIGATION OF AN INSOLVENT UNLICENSED INSURER.

SURPLUS LINES INSURERS' POLICY RATES AND FORMS ARE NOT APPROVED BY ANY FLORIDA REGULATORY AGENCY.

For assistance, please contact your producer, or call Ventus at 844-983-6887.

Policy Number: VETGF04019220

SCHEDULE OF SUBSCRIBING CARRIERS

Coverages: All Except Equipment Breakdown

Carrier Name	Percentage
Arch Specialty Insurance Company	55.0%
United Specialty Insurance Company	17.0%
Underwriters at Lloyds:	
RNR 1458, UMR B1776BP202321O	22.5%
AAL 2012, UMR B1776BP202320O	5.5%

Coverages: Equipment Breakdown

Carrier Name	Percentage
Arch Specialty Insurance Company	100%

Policy Number: VETGF04019220

FOLLOW THE LEADER CLAUSE

All Insurers subscribing hereto agree that all additions, deletions, amendments, alternations, agreements, endorsements, attachments, schedules, adjustments, cancellations, extensions and additional or return premiums to be agreed by Arch Specialty Insurance Company, as the Lead Insurer, shall be binding, without notice, upon all other Insurers and to follow the Lead Insurer in every respect.

All Insurers further agree that the Lead Insurer has the right, in all respects, to decide any matter relating to any claim made under this policy, including but not limited to any decisions, agreements, payments, settlements, claims, surveys, guarantees, towage, salvage, payments on account and claim settlements, excluding ex-gratia payments.

All Insurers shall settle their share of any claim payments within 90 days upon the Lead Insurer's approval of non ex-gratia payments. Otherwise, the Insured may offset the due claim amount with the undue premium up to the share of Insurer(s) who fail to settle.

The subscribing insurers' obligations under contracts of insurance to which they subscribe are several and not joint and are limited solely to the extent of their individual subscriptions. The subscribing insurers are not responsible for the subscription of any co-subscribing insurer who for any reason does not satisfy all or part of its obligations.

SEVERAL LIABILITY CLAUSE

The liability of a subscribing insurer under this contract is several and not joint with other subscribing insurers party to this contract. A subscribing insurer is liable only for the proportion of liability it has underwritten. A subscribing insurer is not jointly liable for the proportion of liability underwritten by any other subscribing insurer. Nor is a subscribing insurer otherwise responsible for any liability of any other subscribing insurer that may underwrite this contract.

The proportion of liability under this contract underwritten by a subscribing insurer (or, in the case of a Lloyd's syndicate, the total of the proportions underwritten by all the members of the syndicate taken together) is shown in this contract.

In the case of a Lloyd's syndicate, each member of the syndicate (rather than the syndicate itself) is an insurer. Each member has underwritten a proportion of the total shown for the syndicate (that total itself being the total of the proportions underwritten by all the members of the syndicate taken together). The liability of each member of the syndicate is several and not joint with other members. A member is liable only for that member's proportion. A member is not jointly liable for any other member's proportion. Nor is any member otherwise responsible for any liability of any other subscribing insurer that may underwrite this contract. The business address of each member is Lloyd's, One Lime Street, London EC3M 7HA. The identity of each member of a Lloyd's syndicate and their respective proportion may be obtained by writing to Market Services, Lloyd's, at the above address.

Although reference is made at various points in this clause to "this contract" in the singular, where the circumstances so require this should be read as a reference to contracts in the plural.

DEFINITION OF OCCURRENCE

This endorsement modifies insurance provided under this policy.

For the purposes of this policy, the term "occurrence" means losses or damages attributable directly or indirectly to one cause, incident, or event, or a series of similar causes, incidents or events that first take place during the policy period, regardless of the number of locations involved or the area over which such loss occurs. This definition applies whenever the word "occurrence" is used, whether the word appears in quotations, italics, bold or normal print.

When an "occurrence" arises from windstorm or hail, flood, terrorism, riot or civil commotion, one "occurrence" shall be construed to be all losses arising during a continuous period of 72 hours. When filing proof of loss, you may elect the moment at which the 72-hour period shall be deemed to have commenced, which shall not be earlier than when the first loss to any covered property occurs.

When an "occurrence" arises from earthquake or volcanic eruption, one "occurrence" shall be construed to be all losses arising during a continuous period of 168 hours. When filing proof of loss, you may elect the moment at which the 168-hour period shall be deemed to have commenced, which shall not be earlier than when the first loss to any covered property occurs.

The expiration of this Policy shall not reduce the periods (72-hours or 168-hours, whichever is applicable) during which losses are considered to be caused by a single "occurrence".

In no event will payment made under this policy exceed the applicable Limit of Insurance shown in the Declarations, regardless of the number of covered locations involved or the sublimits applicable in any one occurrence.

All other terms and conditions remain unchanged.

OCCURRENCE LIMIT OF INSURANCE ENDORSEMENT

This endorsement modifies insurance provided under this Policy.

1. Definition of Occurrence

The term "occurrence" means losses or damages attributable directly or indirectly to one cause, incident, or event, or a series of similar causes, incidents or events that first take place during the policy period, regardless of the number of locations involved or the area over which such loss occurs. This definition applies whenever the word "occurrence" is used, whether the word appears in quotations, italics, bold or normal print.

When an "occurrence" arises from windstorm or hail, flood, terrorism, riot or civil commotion, one "occurrence" shall be construed to be all losses arising during a continuous period of 72 hours. When filing proof of loss, you may elect the moment at which the 72-hour period shall be deemed to have commenced, which shall not be earlier than when the first loss to any covered property occurs.

When an "occurrence" arises from earthquake or volcanic eruption, one "occurrence" shall be construed to be all losses arising during a continuous period of 168 hours. When filing proof of loss, you may elect the moment at which the 168-hour period shall be deemed to have commenced, which shall not be earlier than when the first loss to any covered property occurs.

The expiration of this Policy shall not reduce the periods (72-hours or 168-hours, whichever is applicable) during which losses are considered to be caused by a single "occurrence".

2. Occurrence Limit of Insurance

In the event of loss or damage to Covered Property, for each coverage type shown in the Declarations we will pay the lesser of:

- a. The actual adjusted amount of loss, less applicable deductible(s);
- b. The Total Insured Value for that coverage, as shown on the Declarations, multiplied by the Margin Percentage shown below, for each Covered Property that sustains loss or damage, less applicable deductible(s);
Margin Percentage: 100%
- c. The remaining amount of any applicable aggregate Limit of Insurance for that coverage.

Notwithstanding the foregoing, the most we will pay for loss or damage to Covered Property in any one occurrence is the aggregate of the limits shown in the Declarations for all locations.

Unless Blanket Limits Across Locations apply, as shown in the Declarations, the limits described above apply separately at each location.

Unless Blanket Limits Across Coverages apply, as shown in the Declarations, the limits described above apply separately for each coverage.

3. Blanket Limits Across Locations

If Blanket Limits Across Locations apply, as indicated in the Declarations, the limits per insured location that are shown in the Declarations are aggregated across all locations and Paragraph 2.b. above is modified accordingly to refer to this aggregated limit.

In addition, the Margin Percentage, as shown in 2.b. above, does not apply for those locations subject to Blanket Limits Across Locations.

4. Blanket Limits Across Coverages

If Blanket Limits Across Coverages apply, as indicated in the Declarations, the limits shown in the Declarations are aggregated across the applicable coverages rather than being applied separately. Applicable coverages included within the blanket limit are only those for which a non-zero limit is shown in the Declarations.

All other terms, conditions and exclusions of the Policy remain unchanged.

WATER DAMAGE DEDUCTIBLE

Water Damage Deductible: \$25,000

To the extent that Water Damage, defined below, is a Covered Cause of Loss under this Policy, claims associated with Water Damage will be subject to the Water Damage Deductible shown above.

For this purpose, Water Damage means:

- A. Accidental discharge or leakage of water or steam as the direct result of the breaking apart or cracking of a plumbing, heating, air conditioning or other system or appliance (other than a sump system including its related equipment and parts), that is located on the described premises and contains water or steam; and
- B. Accidental discharge or leakage of water or waterborne material as the direct result of the breaking apart or cracking of a water or sewer pipe that is located off the described premises and is part of a municipal potable water supply system or municipal sanitary sewer system, if the breakage or cracking is caused by wear and tear.

To the extent that accidental discharge or leakage of water falls within the criteria set forth above, such water is not subject to the provisions of the Water Exclusion Endorsement, which precludes coverage for surface water or water under the surface of the ground.

For the avoidance of doubt, Water Damage as defined here does not include loss or damage otherwise excluded under the terms of the Water Exclusion Endorsement.

WINDSTORM OR HAIL DEDUCTIBLE

This endorsement modifies insurance provided under the following:

BUILDING AND PERSONAL PROPERTY COVERAGE FORM
CONDOMINIUM ASSOCIATION COVERAGE FORM
CONDOMINIUM COMMERCIAL UNIT-OWNERS COVERAGE PART

The Windstorm or Hail Deductible set forth in this endorsement applies to covered loss or damage to buildings and business personal property that is caused directly or indirectly by Windstorm or Hail. Coverage for loss of Business Income, if provided for in this policy, remains subject to the Waiting Period as defined elsewhere in this policy and as shown in the Declarations.

Nothing in this endorsement implies or affords coverage for any loss or damage that is excluded under the terms of the Water Exclusion or any other exclusion in this policy. If this policy is endorsed to cover Flood under the Flood Coverage Endorsement, a separate Flood Deductible applies to loss or damage attributable to Flood, in accordance with the terms of that endorsement.

A. Definitions

1. **Hurricane** – A Hurricane is a storm system that has been declared to be a Hurricane by the National Hurricane Center of the National Weather Service (hereafter referred to as NHC). The Hurricane occurrence begins at the time a Hurricane watch or Hurricane warning is issued by the NHC for the area in which the affected premises are located, and ends 72 hours after the termination of the last Hurricane watch or Hurricane warning issued for that area by the NHC.
2. **Named Storm** – A Named Storm is a storm system that has been identified as a tropical storm or hurricane and assigned a name by the National Hurricane Center of the National Weather Service (hereafter referred to as NHC). Under the terms of this endorsement, a Named Storm begins at the time a Named Storm Watch or Named Storm Warning is issued by the NHC for the area in which the affected premises are located, and ends 72 hours after the termination of the last Named Storm Watch or Named Storm Warning issued for that area by the NHC.

B. Basis for Application of Deductible

The Windstorm or Hail Deductible may apply in one of three possible ways:

1. All Windstorm/Hail – If the Windstorm or Hail Deductible in the Declarations indicates an “All Windstorm/Hail” deductible, then the same deductible applies to all windstorm or hail events.
2. Named Storm – If the Windstorm or Hail Deductible in the Declarations indicates a “Named Storm” deductible, then a Named Storm Deductible applies to all wind events classified as a Named Storm, in accordance with the definition herein, and a separate All Other Windstorm or Hail Deductible applies to all other windstorm or hail events not classified as a Named Storm.
3. Hurricane – If the Windstorm or Hail Deductible in the Declarations indicates a “Hurricane” deductible, then a Hurricane Deductible applies to all wind events classified as a Hurricane, in accordance with the definition herein, and a separate All Other Windstorm or Hail Deductible applies to all other windstorm or hail events not classified as a Hurricane.

C. Per Unit of Insurance, Per Building or Per Occurrence Named Storm and Hurricane Deductibles

1. If, as shown in the Declarations, the Named Storm or Hurricane deductible applies Per Unit of Insurance, then for each building that sustains loss or damage, the Windstorm or Hail Deductible will be applied to the loss or damage to the building and a separate Windstorm or Hail Deductible will also be applied to the loss or damage to business personal property at each building.
2. If, as shown in the Declarations, the Named Storm or Hurricane deductible applies Per Building, then for each building that sustains loss or damage, a separate Windstorm or Hail Deductible will be applied to the combined loss or damage to the building and the business personal property.

3. If, as shown in the Declarations, the Named Storm or Hurricane deductible applies Per Occurrence, then a single Windstorm or Hail Deductible will be applied for each occurrence, rather than separately for each building and separately for the loss or damage to the building and the business personal property.
4. Regardless of whether the Named Storm or Hurricane deductible is applied on a Per Unit of Insurance, Per Building or Per Occurrence basis, the All Other Windstorm or Hail Deductible will always be applied on a per occurrence basis.

D. Dollar or Percentage Deductible

1. If, as shown in the Declarations, the Windstorm or Hail Deductible is a dollar amount, then that dollar amount shall be used as described in paragraph C above.
2. If, as shown in the Declarations, the Windstorm or Hail Deductible is stated as a percentage, we will calculate the dollar value of the deductible to be used in paragraph C above by multiplying the percentage by the Limits of Insurance, or in the case of layered policies the Insured Values, applicable to the building and business personal property at the locations that have sustained loss or damage.

E. Per Occurrence Minimum Deductible

In the event that a Per Occurrence Minimum Deductible applies, as shown in the Declarations, for each occurrence we will calculate the sum of all applicable deductibles in accordance with paragraphs C and D, above. The deductible will then be the greater of this sum or the Per Occurrence Minimum Deductible.

If the Per Occurrence Minimum Deductible is stated as a percentage, we will calculate the dollar value of the Per Occurrence Minimum Deductible by multiplying the percentage by the Limits of Insurance, or in the case of layered policies the Insured Values, applicable to the building and business personal property at the locations that have sustained loss or damage.

F. Policy Term Aggregate Deductible

1. If, as shown in the Declarations, a Policy Term Aggregate Deductible applies and is stated as a dollar amount, the Policy Term Aggregate Deductible is the dollar amount shown in the declarations.
2. If, as shown in the Declarations, a Policy Term Aggregate Deductible applies and is stated as a percentage, the dollar value of the Policy Term Aggregate Deductible is the percentage multiplied by the sum for all covered properties of the Limits of Insurance, or in the case of layered policies, the Insured Values.
3. The sum of the Windstorm or Hail deductibles for one or more Named Storms or Hurricanes cannot exceed the Policy Term Aggregate Deductible. If, as the result of a Named Storm or Hurricane, the sum of the Windstorm or Hail Deductibles would exceed the Policy Term Aggregate Deductible, then the Windstorm or Hail Deductible for that Named Storm or Hurricane occurrence will be reduced so that the sum equals the Policy Term Aggregate Deductible. Furthermore, for any subsequent Named Storm or Hurricane during the same policy period, the Windstorm or Hail Deductible will be the All Other Windstorm or Hail Deductible.
4. If the All Other Windstorm or Hail Deductible applies, in accordance with the previous paragraph, that deductible is applied to the total of all loss or damage sustained in one event on a Per Occurrence basis. It does not apply separately Per Unit of Insurance or Per Building, even if such Per Unit of Insurance or Per Building deductible applied to previous Named Storms or Hurricanes.

G. Newly Acquired or Constructed Property

When property is covered under the Coverage Extension for Newly Acquired or Constructed Property, in determining the amount, if any, that we will pay for loss or damage, the deductible for Newly Acquired or Constructed Property will be the highest deductible shown in the Declarations for any described premises. If the deductibles are presented as a percentage in the Declarations, the highest percentage will be applied to the value(s) of the Newly Acquired or Constructed Property at time of loss.

H. What We Will Pay

We will not pay for loss or damage until the amount of loss or damage exceeds the Windstorm or Hail Deductible, as described above. We will then pay the amount of loss or damage in excess of the Windstorm or Hail Deductible, up to the applicable Limit of Insurance, after any reduction required by any Coinsurance Condition that may apply.

CONDOMINIUM ASSOCIATION COVERAGE FORM

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

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

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

A. Coverage

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

1. Covered Property

Covered Property, as used in this Coverage Part, means the type of property described in this section, **A.1.**, and limited in **A.2.**, Property Not Covered, if a Limit of Insurance is shown in the Declarations for that type of property.

a. **Building**, meaning the building or structure described in the Declarations, including:

- (1) Completed additions;
- (2) Fixtures, outside of individual units, including outdoor fixtures;
- (3) Permanently installed:
 - (a) Machinery; and
 - (b) Equipment;
- (4) Personal property owned by you that is used to maintain or service the building or structure or its premises, including:
 - (a) Fire-extinguishing equipment;
 - (b) Outdoor furniture;
 - (c) Floor coverings; and
 - (d) Appliances used for refrigerating, ventilating, cooking, dishwashing or laundering that are not contained within individual units;
- (5) If not covered by other insurance:
 - (a) Additions under construction, alterations and repairs to the building or structure;
 - (b) Materials, equipment, supplies, and temporary structures, on or within 100 feet of the described premises, used for making additions, alterations or repairs to the building or structure; and
- (6) Any of the following types of property contained within a unit, regardless of ownership, if your Condominium Association Agreement requires you to insure it:
 - (a) Fixtures, improvements and alterations that are a part of the building or structure; and
 - (b) Appliances, such as those used for refrigerating, ventilating, cooking, dishwashing, laundering, security or housekeeping.

But Building does not include personal property owned by, used by or in the care, custody or control of a unit-owner except for personal property listed in Paragraph **A.1.a.(6)** above.

b. **Your Business Personal Property** located in or on the building described in the Declarations or in the open (or in a vehicle) within 100 feet of the described premises, consisting of the following:

- (1) Personal property owned by you or owned indivisibly by all unit-owners;
- (2) Your interest in the labor, materials or services furnished or arranged by you on personal property of others;

- (3) Leased personal property for which you have a contractual responsibility to insure, unless otherwise provided for under Personal Property Of Others.

But Your Business Personal Property does not include personal property owned only by a unit-owner.

c. **Personal Property Of Others** that is:

- (1) In your care, custody or control; and
- (2) Located in or on the building described in the Declarations or in the open (or in a vehicle) within 100 feet of the described premises.

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

2. **Property Not Covered**

Covered Property does not include:

- a. Accounts, bills, currency, food stamps or other evidences of debt, money, notes or securities. Lottery tickets held for sale are not securities;
- b. Animals, unless owned by others and boarded by you;
- c. Automobiles held for sale;
- d. Bridges, roadways, walks, patios or other paved surfaces;
- e. Contraband, or property in the course of illegal transportation or trade;
- f. The cost of excavations, grading, backfilling or filling;
- g. Foundations of buildings, structures, machinery or boilers if their foundations are below:
 - (1) The lowest basement floor; or
 - (2) The surface of the ground if there is no basement;
- h. Land (including land on which the property is located), water, growing crops or lawns;
- i. Personal property while airborne or waterborne;
- j. Bulkheads, pilings, piers, wharves or docks;
- k. Property that is covered under this or any other policy in which it is more specifically described, except for the excess of the amount due (whether you can collect on it or not) from that other insurance;
- l. Retaining walls that are not part of a building;
- m. Underground pipes, flues or drains;
- n. Electronic data, except as provided under the Additional Coverage, Electronic Data. Electronic data means information, facts or computer programs stored as or on, created or used on, or transmitted to or from computer software (including systems and applications software), on hard or floppy disks, CD-ROMs, tapes, drives, cells, data processing devices or any other repositories of computer software which are used with electronically controlled equipment. The term computer programs, referred to in the foregoing description of electronic data, means a set of related electronic instructions which direct the operations and functions of a computer or device connected to it, which enable the computer or device to receive, process, store, retrieve or send data;
- o. The cost to replace or restore the information on valuable papers and records, including those which exist as electronic data. Valuable papers and records include but are not limited to proprietary information, books of account, deeds, manuscripts, abstracts, drawings and card index systems. Refer to the Coverage Extension for Valuable Papers And Records (Other Than Electronic Data) for limited coverage for valuable papers and records other than those which exist as electronic data;
- p. Vehicles or self-propelled machines (including aircraft or watercraft) that:
 - (1) Are licensed for use on public roads; or
 - (2) Are operated principally away from the described premises.

This paragraph does not apply to:

- (a) Vehicles or self-propelled machines or autos you manufacture or warehouse;
- (b) Vehicles or self-propelled machines, other than autos, you hold for sale;
- (c) Rowboats or canoes out of water at the described premises; or
- (d) Trailers, but only to the extent provided for in the Coverage Extension for Non-owned Detached Trailers;
- q. The following property while outside of buildings:
 - (1) Grain, hay, straw or other crops; or
 - (2) Fences, radio or television antennas (including satellite dishes) and their lead-in wiring, masts or towers, trees, shrubs, or plants (other than "stock" of trees, shrubs or plants), all except as provided in the Coverage Extensions.

3. Covered Causes Of Loss

See applicable Causes Of Loss Form as shown in the Declarations.

4. Additional Coverages

a. Debris Removal

- (1) Subject to Paragraphs (3) and (4), we will pay your expense to remove debris of Covered Property caused by or resulting from a Covered Cause of Loss that occurs during the policy period. The expenses will be paid only if they are reported to us in writing within 180 days of the date of direct physical loss or damage.
- (2) Debris Removal does not apply to costs to:
 - (a) Extract "pollutants" from land or water; or
 - (b) Remove, restore or replace polluted land or water.
- (3) Subject to the exceptions in Paragraph (4), the following provisions apply:
 - (a) The most we will pay for the total of direct physical loss or damage plus debris removal expense is the Limit of Insurance applicable to the Covered Property that has sustained loss or damage.
 - (b) Subject to (a) above, the amount we will pay for debris removal expense is limited to 25% of the sum of the deductible plus the amount that we pay for direct physical loss or damage to the Covered Property that has sustained loss or damage.
- (4) We will pay up to an additional \$10,000 for debris removal expense, for each location, in any one occurrence of physical loss or damage to Covered Property, if one or both of the following circumstances apply:
 - (a) The total of the actual debris removal expense plus the amount we pay for direct physical loss or damage exceeds the Limit of Insurance on the Covered Property that has sustained loss or damage.
 - (b) The actual debris removal expense exceeds 25% of the sum of the deductible plus the amount that we pay for direct physical loss or damage to the Covered Property that has sustained loss or damage.

Therefore, if **(4)(a)** and/or **(4)(b)** apply, our total payment for direct physical loss or damage and debris removal expense may reach but will never exceed the Limit of Insurance on the Covered Property that has sustained loss or damage, plus \$10,000.

b. Preservation of Property

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

- (1) While it is being moved or while temporarily stored at another location; and
- (2) Only if the loss or damage occurs within 30 days after the property is first moved.

c. Fire Department Service Charge

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

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

No Deductible applies to this Additional Coverage.

d. Pollutant Clean-up And Removal

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

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

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

e. Increased Cost Of Construction

- (1) This Additional Coverage applies only to buildings to which the Replacement Cost Optional Coverage applies.
- (2) In the event of damage by a Covered Cause of Loss to a building that is Covered Property, we will pay the increased costs incurred to comply with enforcement of an ordinance or law in the course of repair, rebuilding or replacement of damaged parts of that property, subject to the limitations stated in e.(3) through e.(9) of this Additional Coverage.
- (3) The ordinance or law referred to in e.(2) of this Additional Coverage is an ordinance or law that regulates the construction or repair of buildings or establishes zoning or land use requirements at the described premises, and is in force at the time of loss.
- (4) Under this Additional Coverage, we will not pay any costs due to an ordinance or law that:
 - (a) You were required to comply with before the loss, even when the building was undamaged; and
 - (b) You failed to comply with.
- (5) Under this Additional Coverage, we will not pay for:
 - (a) The enforcement of any ordinance or law which requires demolition, repair, replacement, reconstruction, remodeling or remediation of property due to contamination by "pollutants" or due to the presence, growth, proliferation, spread or any activity of "fungus", wet or dry rot or bacteria; or
 - (b) Any costs associated with the enforcement of an ordinance or law which requires any insured or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of "pollutants", "fungus", wet or dry rot or bacteria.
- (6) The most we will pay under this Additional Coverage, for each described building insured under this Coverage Form, is \$10,000 or 5% of the Limit of Insurance applicable to that building, whichever is less. If a damaged building is covered under a blanket Limit of Insurance which applies to more than one building or item of property, then the most we will pay under this Additional Coverage, for that damaged building, is the lesser of: \$10,000 or 5% times the value of the damaged building as of the time of loss times the applicable Coinsurance percentage.

The amount payable under this Additional Coverage is additional insurance.

- (7) With respect to this Additional Coverage:
 - (a) We will not pay for the Increased Cost of Construction:
 - (i) Until the property is actually repaired or replaced, at the same or another premises; and

- (ii) Unless the repairs or replacement are made as soon as reasonably possible after the loss or damage, not to exceed two years. We may extend this period in writing during the two years.
- (b) If the building is repaired or replaced at the same premises, or if you elect to rebuild at another premises, the most we will pay for the Increased Cost of Construction, subject to the provisions of e.(6) of this Additional Coverage, is the increased cost of construction at the same premises.
- (c) If the ordinance or law requires relocation to another premises, the most we will pay for the Increased Cost of Construction, subject to the provisions of e.(6) of this Additional Coverage, is the increased cost of construction at the new premises.
- (8) This Additional Coverage is not subject to the terms of the Ordinance Or Law Exclusion, to the extent that such Exclusion would conflict with the provisions of this Additional Coverage.
- (9) The costs addressed in the Loss Payment and Valuation Conditions, and the Replacement Cost Optional Coverage, in this Coverage Form, do not include the increased cost attributable to enforcement of an ordinance or law. The amount payable under this Additional Coverage, as stated in e.(6) of this Additional Coverage, is not subject to such limitation.

f. Electronic Data

- (1) Under this Additional Coverage, electronic data has the meaning described under Property Not Covered, Electronic Data.
- (2) Subject to the provisions of this Additional Coverage, we will pay for the cost to replace or restore electronic data which has been destroyed or corrupted by a Covered Cause of Loss. To the extent that electronic data is not replaced or restored, the loss will be valued at the cost of replacement of the media on which the electronic data was stored, with blank media of substantially identical type.
- (3) The Covered Causes of Loss applicable to Your Business Personal Property apply to this Additional Coverage, Electronic Data, subject to the following:
 - (a) If the Causes Of Loss – Special Form applies, coverage under this Additional Coverage, Electronic Data, is limited to the “specified causes of loss” as defined in that form, and Collapse as set forth in that form.
 - (b) If the Causes Of Loss – Broad Form applies, coverage under this Additional Coverage, Electronic Data, includes Collapse as set forth in that form.
 - (c) If the Causes Of Loss Form is endorsed to add a Covered Cause of Loss, the additional Covered Cause of Loss does not apply to the coverage provided under this Additional Coverage, Electronic Data.
 - (d) The Covered Causes of Loss include a virus, harmful code or similar instruction introduced into or enacted on a computer system (including electronic data) or a network to which it is connected, designed to damage or destroy any part of the system or disrupt its normal operation. But there is no coverage for loss or damage caused by or resulting from manipulation of a computer system (including electronic data) by any employee, including a temporary or leased employee, or by an entity retained by you or for you to inspect, design, install, modify, maintain, repair or replace that system.
- (4) The most we will pay under this Additional Coverage, Electronic Data, is \$2,500 for all loss or damage sustained in any one policy year, regardless of the number of occurrences of loss or damage or the number of premises, locations or computer systems involved. If loss payment on the first occurrence does not exhaust this amount, then the balance is available for subsequent loss or damage sustained in but not after that policy year. With respect to an occurrence which begins in one policy year and continues or results in additional loss or damage in a subsequent policy year(s), all loss or damage is deemed to be sustained in the policy year in which the occurrence began.

5. Coverage Extensions

Except as otherwise provided, the following Extensions apply to property located in or on the building described in the Declarations or in the open (or in a vehicle) within 100 feet of the described premises.

If a Coinsurance percentage of 80% or more is shown in the Declarations, you may extend the insurance provided by this Coverage Part as follows:

a. Newly Acquired Or Constructed Property

(1) Buildings

You may extend the insurance that applies to Building to apply to:

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

The most we will pay for loss or damage under this Extension is \$250,000 at each building.

(2) Your Business Personal Property

- (a) If this policy covers Your Business Personal Property, you may extend that insurance to apply to:
 - (i) Business personal property, including such property that you newly acquire, at any location you acquire other than at fairs, trade shows or exhibitions;
 - (ii) Business personal property, including such property that you newly acquire, located at your newly constructed or acquired buildings at the location described in the Declarations; or
 - (iii) Business personal property that you newly acquire, located at the described premises.

The most we will pay for loss or damage under this Extension is \$100,000 at each building.

- (b) This Extension does not apply to:

- (i) Personal property of others that is temporarily in your possession in the course of installing or performing work on such property; or
- (ii) Personal property of others that is temporarily in your possession in the course of your manufacturing or wholesaling activities.

(3) Period Of Coverage

With respect to insurance on or at each newly acquired or constructed property, coverage will end when any of the following first occurs:

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

We will charge you additional premium for values reported from the date you acquire the property or begin construction of that part of the building that would qualify as covered property.

b. Personal Effects And Property Of Others

You may extend the insurance that applies to Your Business Personal Property to apply to:

- (1) Personal effects owned by you, your officers, your partners or members, your managers or your employees. This Extension does not apply to loss or damage by theft.
- (2) Personal property of others in your care, custody or control.

The most we will pay for loss or damage under this Extension is \$2,500 at each described premises. Our payment for loss of or damage to personal property of others will only be for the account of the owner of the property.

c. Valuable Papers And Records (Other Than Electronic Data)

- (1) You may extend the insurance that applies to Your Business Personal Property to apply to the cost to replace or restore the lost information on valuable papers and records for which duplicates do not ex-

ist. But this Extension does not apply to valuable papers and records which exist as electronic data. Electronic data has the meaning described under Property Not Covered, Electronic Data.

- (2) If the Causes Of Loss – Special Form applies, coverage under this Extension is limited to the “specified causes of loss” as defined in that form, and Collapse as set forth in that form.
- (3) If the Causes Of Loss – Broad Form applies, coverage under this Extension includes Collapse as set forth in that form.
- (4) Under this Extension, the most we will pay to replace or restore the lost information is \$2,500 at each described premises, unless a higher limit is shown in the Declarations. Such amount is additional insurance. We will also pay for the cost of blank material for reproducing the records (whether or not duplicates exist), and (when there is a duplicate) for the cost of labor to transcribe or copy the records. The costs of blank material and labor are subject to the applicable Limit of Insurance on Your Business Personal Property and therefore coverage of such costs is not additional insurance.

d. Property Off-premises

- (1) You may extend the insurance provided by this Coverage Form to apply to your Covered Property while it is away from the described premises, if it is:
 - (a) Temporarily at a location you do not own, lease or operate;
 - (b) In storage at a location you lease, provided the lease was executed after the beginning of the current policy term; or
 - (c) At any fair, trade show or exhibition.
- (2) This Extension does not apply to property:
 - (a) In or on a vehicle; or
 - (b) In the care, custody or control of your salespersons, unless the property is in such care, custody or control at a fair, trade show or exhibition.
- (3) The most we will pay for loss or damage under this Extension is \$10,000.

e. Outdoor Property

You may extend the insurance provided by this Coverage Form to apply to your outdoor fences, radio and television antennas (including satellite dishes), trees, shrubs and plants (other than “stock” of trees, shrubs or plants), including debris removal expense, caused by or resulting from any of the following causes of loss if they are Covered Causes of Loss:

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

The most we will pay for loss or damage under this Extension is \$1,000, but not more than \$250 for any one tree, shrub or plant. These limits apply to any one occurrence, regardless of the types or number of items lost or damaged in that occurrence.

f. Non-owned Detached Trailers

- (1) You may extend the insurance that applies to Your Business Personal Property to apply to loss or damage to trailers that you do not own, provided that:
 - (a) The trailer is used in your business;
 - (b) The trailer is in your care, custody or control at the premises described in the Declarations; and
 - (c) You have a contractual responsibility to pay for loss or damage to the trailer.
- (2) We will not pay for any loss or damage that occurs:
 - (a) While the trailer is attached to any motor vehicle or motorized conveyance, whether or not the

motor vehicle or motorized conveyance is in motion;

(b) During hitching or unhitching operations, or when a trailer becomes accidentally unhitched from a motor vehicle or motorized conveyance.

(3) The most we will pay for loss or damage under this Extension is \$5,000, unless a higher limit is shown in the Declarations.

(4) This insurance is excess over the amount due (whether you can collect on it or not) from any other insurance covering such property.

Each of these Extensions is additional insurance unless otherwise indicated. The Additional Condition, Coinsurance, does not apply to these Extensions.

B. Exclusions And Limitations

See applicable Causes Of Loss Form as shown in the Declarations.

C. Limits Of Insurance

The most we will pay for loss or damage in any one occurrence is the applicable Limit of Insurance shown in the Declarations.

The most we will pay for loss or damage to outdoor signs, whether or not the sign is attached to a building, is \$2,500 per sign in any one occurrence.

The amounts of insurance stated in the following Additional Coverages apply in accordance with the terms of such coverages and are separate from the Limit(s) of Insurance shown in the Declarations for any other coverage:

1. Fire Department Service Charge;
2. Pollutant Clean-up And Removal;
3. Increased Cost Of Construction; and
4. Electronic Data.

Payments under the Preservation Of Property Additional Coverage will not increase the applicable Limit of Insurance.

D. Deductible

In any one occurrence of loss or damage (hereinafter referred to as loss), we will first reduce the amount of loss if required by the Coinsurance Condition or the Agreed Value Optional Coverage. If the adjusted amount of loss is less than or equal to the Deductible, we will not pay for that loss. If the adjusted amount of loss exceeds the Deductible, we will then subtract the Deductible from the adjusted amount of loss, and will pay the resulting amount or the Limit of Insurance, whichever is less.

When the occurrence involves loss to more than one item of Covered Property and separate Limits of Insurance apply, the losses will not be combined in determining application of the Deductible. But the Deductible will be applied only once per occurrence.

E. Loss Conditions

The following conditions apply in addition to the Common Policy Conditions and the Commercial Property Conditions.

1. Abandonment

There can be no abandonment of any property to us.

2. Appraisal

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

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

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

3. Duties In The Event Of Loss Or Damage

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

- (1) Notify the police if a law may have been broken.
- (2) Give us prompt notice of the loss or damage. Include a description of the property involved.
- (3) As soon as possible, give us a description of how, when and where the loss or damage occurred.
- (4) Take all reasonable steps to protect the Covered Property from further damage, and keep a record of your expenses necessary to protect the Covered Property, for consideration in the settlement of the claim. This will not increase the Limit of Insurance. However, we will not pay for any subsequent loss or damage resulting from a 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.
- (5) At our request, give us complete inventories of the damaged and undamaged property. Include quantities, costs, values and amount of loss claimed.
- (6) As often as may be reasonably required, permit us to inspect the property proving the loss or damage and examine your books and records.
Also permit us to take samples of damaged and undamaged property for inspection, testing and analysis, and permit us to make copies from your books and records.
- (7) Send us a signed, sworn proof of loss containing the information we request to investigate the claim. You must do this within 60 days after our request. We will supply you with the necessary forms.
- (8) Cooperate with us in the investigation or settlement of the claim.

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

4. Loss Payment

a. In the event of loss or damage covered by this Coverage Form, at our option, we will either:

- (1) Pay the value of lost or damaged property;
- (2) Pay the cost of repairing or replacing the lost or damaged property, subject to b. below;
- (3) Take all or any part of the property at an agreed or appraised value; or
- (4) Repair, rebuild or replace the property with other property of like kind and quality, subject to b. below.

We will determine the value of lost or damaged property, or the cost of its repair or replacement, in accordance with the applicable terms of the Valuation Condition in this Coverage Form or any applicable provision which amends or supersedes the Valuation Condition.

- b. The cost to repair, rebuild or replace does not include the increased cost attributable to enforcement of any ordinance or law regulating the construction, use or repair of any property.
- c. We will give notice of our intentions within 30 days after we receive the sworn proof of loss.
- d. We will not pay you more than your financial interest in the Covered Property.
- e. We may adjust losses with the owners of lost or damaged property if other than you. If we pay the owners, such payments will satisfy your claims against us for the owners' property. We will not pay the owners more than their financial interest in the Covered Property.
- f. We may elect to defend you against suits arising from claims of owners of property. We will do this at our expense.
- g. We will pay for covered loss or damage to Covered Property within 30 days after we receive the sworn proof of loss, if you have complied with all of the terms of this Coverage Part and:
 - (1) We have reached agreement with you on the amount of loss; or

(2) An appraisal award has been made.

If you name an insurance trustee, we will adjust losses with you, but we will pay the insurance trustee. If we pay the trustee, the payments will satisfy your claims against us.

- h. A party wall is a wall that separates and is common to adjoining buildings that are owned by different parties. In settling covered losses involving a party wall, we will pay a proportion of the loss to the party wall based on your interest in the wall in proportion to the interest of the owner of the adjoining building. However, if you elect to repair or replace your building and the owner of the adjoining building elects not to repair or replace that building, we will pay you the full value of the loss to the party wall, subject to all applicable policy provisions including Limits of Insurance, the Valuation and Coinsurance Conditions and all other provisions of this Loss Payment Condition. Our payment under the provisions of this paragraph does not alter any right of subrogation we may have against any entity, including the owner or insurer of the adjoining building, and does not alter the terms of the Transfer Of Rights Of Recovery Against Others To Us Condition in this policy.

5. Recovered Property

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

6. Unit-owner's Insurance

A unit-owner may have other insurance covering the same property as this insurance. This insurance is intended to be primary, and not to contribute with such other insurance.

7. Vacancy

a. Description Of Terms

(1) As used in this Vacancy Condition, the term building and the term vacant have the meanings set forth in (1)(a) and (1)(b) below:

- (a) When this policy is issued to a tenant, and with respect to that tenant's interest in Covered Property, building means the unit or suite rented or leased to the tenant. Such building is vacant when it does not contain enough business personal property to conduct customary operations.
- (b) When this policy is issued to the owner or general lessee of a building, building means the entire building. Such building is vacant unless at least 31% of its total square footage is:
 - (i) Rented to a lessee or sub-lessee and used by the lessee or sub-lessee to conduct its customary operations; and/or
 - (ii) Used by the building owner to conduct customary operations.

(2) Buildings under construction or renovation are not considered vacant.

b. Vacancy Provisions

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

(1) We will not pay for any loss or damage caused by any of the following even if they are Covered Causes of Loss:

- (a) Vandalism;
- (b) Sprinkler leakage, unless you have protected the system against freezing;
- (c) Building glass breakage;
- (d) Water damage;
- (e) Theft; or
- (f) Attempted theft.

(2) With respect to Covered Causes of Loss other than those listed in b.(1)(a) through b.(1)(f) above, we will reduce the amount we would otherwise pay for the loss or damage by 15%.

8. Valuation

We will determine the value of Covered Property in the event of loss or damage as follows:

- a. At actual cash value as of the time of loss or damage, except as provided in **b** and **c** below.
- b. If the Limit of Insurance for Building satisfies the Additional Condition, Coinsurance, and the cost to repair or replace the damaged building property is \$2,500 or less, we will pay the cost of building repairs or replacement.

The cost of building repairs or replacement does not include the increased cost attributable to enforcement of any ordinance or law regulating the construction, use or repair of any property. However, the following property will be valued at the actual cash value even when attached to the building:

- (1) Awnings or floor coverings;
 - (2) Appliances for refrigerating, ventilating, cooking, dishwashing or laundering; or
 - (3) Outdoor equipment or furniture.
- c. Glass at the cost of replacement with safety-glazing material if required by law.

9. Waiver Of Rights Of Recovery

We waive our rights to recover payment from any unit-owner of the condominium that is shown in the Declarations.

F. Additional Conditions

The following conditions apply in addition to the Common Policy Conditions and the Commercial Property Conditions.

1. Coinsurance

If a Coinsurance percentage is shown in the Declarations, the following condition applies.

- a. We will not pay the full amount of any loss if the value of Covered Property at the time of loss times the Coinsurance percentage shown for it in the Declarations is greater than the Limit of Insurance for the property.

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

- (1) Multiply the value of Covered Property at the time of loss by the Coinsurance percentage;
- (2) Divide the Limit of Insurance of the property by the figure determined in Step (1);
- (3) Multiply the total amount of loss, before the application of any deductible, by the figure determined in Step (2); and
- (4) Subtract the deductible from the figure determined in Step (3).

We will pay the amount determined in Step **(4)** or the Limit of Insurance, whichever is less. For the remainder, you will either have to rely on other insurance or absorb the loss yourself.

2. Mortgageholders

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

All of the terms of this Coverage Part will then apply directly to the mortgageholder.

- e. If we pay the mortgageholder for any loss or damage and deny payment to you because of your acts or because you have failed to comply with the terms of this Coverage Part:
 - (1) The mortgageholder's rights under the mortgage will be transferred to us to the extent of the amount we pay; and
 - (2) The mortgageholder's right to recover the full amount of the mortgageholder's claim will not be impaired.At our option, we may pay to the mortgageholder the whole principal on the mortgage plus any accrued interest. In this event, your mortgage and note will be transferred to us and you will pay your remaining mortgage debt to us.
- f. If we cancel this policy, we will give written notice to the mortgageholder at least:
 - (1) 10 days before the effective date of cancellation if we cancel for your non-payment of premium; or
 - (2) 30 days before the effective date of cancellation if we cancel for any other reason.
- g. If we elect not to renew this policy, we will give written notice to the mortgageholder at least 10 days before the expiration date of this policy.

G. **Optional Coverages**

If shown as applicable in the Declarations, the following Optional Coverages apply separately to each item.

1. **Agreed Value**

- a. The Additional Condition, Coinsurance, does not apply to Covered Property to which this Optional Coverage applies. We will pay no more for loss of or damage to that property than the proportion that the Limit of Insurance under this Coverage Part for the property bears to the Agreed Value shown for it in the Declarations.
- b. If the expiration date for this Optional Coverage shown in the Declarations is not extended, the Additional Condition, Coinsurance, is reinstated and this Optional Coverage expires.
- c. The terms of this Optional Coverage apply only to loss or damage that occurs:
 - (1) On or after the effective date of this Optional Coverage; and
 - (2) Before the Agreed Value expiration date shown in the Declarations or the policy expiration date, whichever occurs first.

2. **Inflation Guard**

- a. The Limit of Insurance for property to which this Optional Coverage applies will automatically increase by the annual percentage shown in the Declarations.
- b. The amount of increase will be:
 - (1) The Limit of Insurance that applied on the most recent of the policy inception date, the policy anniversary date, or any other policy change amending the Limit of Insurance, times
 - (2) The percentage of annual increase shown in the Declarations, expressed as a decimal (example: 8% is .08), times
 - (3) The number of days since the beginning of the current policy year or the effective date of the most recent policy change amending the Limit of Insurance, divided by 365.

3. **Replacement Cost**

- a. Replacement Cost (without deduction for depreciation) replaces Actual Cash Value in the Loss Condition, Valuation, of this Coverage Form.
- b. This Optional Coverage does not apply to:
 - (1) Personal property of others;
 - (2) Contents of a residence; or
 - (3) Works of art, antiques or rare articles, including etchings, pictures, statuary, marbles, bronzes, porcelains and bric-a-brac.

Under the terms of this Replacement Cost Optional Coverage, personal property owned indivisibly by all unit-

owners, and the property covered under Paragraph **A.1.a.(6)** of this Coverage Form, are not considered to be the personal property of others.

- c. You may make a claim for loss or damage covered by this insurance on an actual cash value basis instead of on a replacement cost basis. In the event you elect to have loss or damage settled on an actual cash value basis, you may still make a claim for the additional coverage this Optional Coverage provides if you notify us of your intent to do so within 180 days after the loss or damage.
- d. We will not pay on a replacement cost basis for any loss or damage:
 - (1) Until the lost or damaged property is actually repaired or replaced; and
 - (2) Unless the repairs or replacement are made as soon as reasonably possible after the loss or damage.
- e. We will not pay more for loss or damage on a replacement cost basis than the least of (1), (2) or (3), subject to f. below:
 - (1) The Limit of Insurance applicable to the lost or damaged property;
 - (2) The cost to replace the lost or damaged property with other property:
 - (a) Of comparable material and quality; and
 - (b) Used for the same purpose; or
 - (3) The amount actually spent that is necessary to repair or replace the lost or damaged property.

If a building is rebuilt at a new premises, the cost described in **e.(2)** above is limited to the cost which would have been incurred if the building had been rebuilt at the original premises.
- f. The cost of repair or replacement does not include the increased cost attributable to enforcement of any ordinance or law regulating the construction, use or repair of any property.

4. **Extension Of Replacement Cost To Personal Property Of Others**

- a. If the Replacement Cost Optional Coverage is shown as applicable in the Declarations, then this Extension may also be shown as applicable. If the Declarations show this Extension as applicable, then Paragraph 3.b.(1) of the Replacement Cost Optional Coverage is deleted and all other provisions of the Replacement Cost Optional Coverage apply to replacement cost on personal property of others.
- b. With respect to replacement cost on the personal property of others, the following limitation applies:

If an item(s) of personal property of others is subject to a written contract which governs your liability for loss or damage to that item(s), then valuation of that item(s) will be based on the amount for which you are liable under such contract, but not to exceed the lesser of the replacement cost of the property or the applicable Limit of Insurance.

H. **Definitions**

- 1. "Fungus" means any type or form of fungus, including mold or mildew, and any mycotoxins, spores, scents or by-products produced or released by fungi.
- 2. "Pollutants" means any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste. Waste includes materials to be recycled, reconditioned or reclaimed.

CAUSES OF LOSS – SPECIAL FORM

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

A. Covered Causes Of Loss

Covered Causes of Loss means direct physical loss unless the loss is excluded or limited in this policy.

B. Exclusions

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

a. Ordinance Or Law

The enforcement of or compliance with 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.

This exclusion, Ordinance Or Law, applies whether the loss results from:

- (a) An ordinance or law that is enforced even if the property has not been damaged; or
- (b) The increased costs incurred to comply with an ordinance or law in the course of construction, repair, renovation, remodeling or demolition of property, or removal of its debris, following a physical loss to that property.

b. Earth Movement

- (1) Earthquake, including tremors and aftershocks and any earth sinking, rising or shifting related to such event;
- (2) Landslide, including any earth sinking, rising or shifting related to such event;
- (3) Mine subsidence, meaning subsidence of a man-made mine, whether or not mining activity has ceased;
- (4) Earth sinking (other than sinkhole collapse), rising or shifting including soil conditions which cause settling, cracking or other disarrangement of foundations or other parts of realty. Soil conditions include contraction, expansion, freezing, thawing, erosion, improperly compacted soil and the action of water under the ground surface.

But if Earth Movement, as described in **b(1)** through **b(4)** above, results in fire or explosion, we will pay for the loss or damage caused by that fire or explosion.

- (5) Volcanic eruption, explosion or effusion. But if volcanic eruption, explosion or effusion results in fire, building glass breakage or Volcanic Action, we will pay for the loss or damage caused by that fire, building glass breakage or Volcanic Action.

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.

With respect to coverage for Volcanic Action as set forth in **(5)(a)**, **(5)(b)** and **(5)(c)**, all volcanic eruptions that occur within any 168-hour period will constitute a single occurrence.

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

This exclusion applies regardless of whether any of the above, in Paragraphs **(1)** through **(5)**, is caused by an act of nature or is otherwise caused.

c. Governmental Action

Seizure or destruction of property by order of governmental authority.

But we 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 Part.

d. **Nuclear Hazard**

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

But if nuclear reaction or radiation, or radioactive contamination, results in fire, we will pay for the loss or damage caused by that fire.

e. **Utility Services**

The failure of power, communication, water or other utility service supplied to the described premises, however caused, if the failure:

- (1) Originates away from the described premises; or
- (2) Originates at the described premises, but only if such failure involves equipment used to supply the utility service to the described premises from a source away from the described premises.

Failure of any utility service includes lack of sufficient capacity and reduction in supply.

Loss or damage caused by a surge of power is also excluded, if the surge would not have occurred but for an event causing a failure of power.

But if the failure or surge of power, or the failure of communication, water or other utility service, results in a Covered Cause of Loss, we will pay for the loss or damage caused by that Covered Cause of Loss.

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

f. **War And Military Action**

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

g. **Water**

- (1) Flood, surface water, waves (including tidal wave and tsunami), tides, tidal water, overflow of any body of water, or spray from any of these, all whether or not driven by wind (including storm surge);
- (2) Mudslide or mudflow;
- (3) Water that backs up or overflows or is otherwise discharged from a sewer, drain, sump, sump pump or related equipment;
- (4) Water under the ground surface pressing on, or flowing or seeping through:
 - (a) Foundations, walls, floors or paved surfaces;
 - (b) Basements, whether paved or not; or
 - (c) Doors, windows or other openings; or
- (5) Waterborne material carried or otherwise moved by any of the water referred to in Paragraph (1), (3) or (4), or material carried or otherwise moved by mudslide or mudflow.

This exclusion applies regardless of whether any of the above, in Paragraphs **(1)** through **(5)**, is caused by an act of nature or is otherwise caused. An example of a situation to which this exclusion applies is the situation where a dam, levee, seawall or other boundary or containment system fails in whole or in part, for any reason, to contain the water.

But if any of the above, in Paragraphs **(1)** through **(5)**, results in fire, explosion or sprinkler leakage, we will pay for the loss or damage caused by that fire, explosion or sprinkler leakage (if sprinkler leakage is a Covered

Cause of Loss).

h. **Fungus, Wet Rot, Dry Rot, Virus and Bacteria**

The presence, existence, growth, proliferation, release, transmission, migration, dispersal, exposure or spread, activity, threat or perceived threat of "fungus", wet rot, dry rot, virus, bacteria or any other microorganism, whether living or otherwise, that induces, or is capable of inducing, physical distress, illness or disease.

However, if "fungus", wet rot, dry rot, virus or bacteria result in a "specified cause of loss", we will pay for the loss or damage caused by that "specified cause of loss".

This exclusion does not apply:

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

For the avoidance of doubt, loss or damage with respect to this exclusion includes but is not limited to cost and expense arising out of:

- (1) The removal of "fungus", wet rot, dry rot, virus or bacteria from any real or personal property;
- (2) Any demolition or increased cost of construction, repair, debris removal or loss of use, including that necessitated by the enforcement of any law or ordinance;
- (3) Any governmental direction or request declaring that your property can no longer be used for the purpose it was intended or installed and must be removed or modified because of the actual or perceived presence of "fungus", wet rot, dry rot, virus or bacteria in or on any part of such property.

We have no duty to defend or indemnify any insured against any loss, damage, claim, suit or other legal action or proceedings alleging loss or damage to which this exclusion applies.

Exclusions **B.1.a.** through **B.1.h.** apply whether or not the loss event results in widespread damage or affects a substantial area.

2. We will not pay for loss or damage caused by or resulting from any of the following:
 - a. Artificially generated electrical, magnetic or electromagnetic energy that damages, disturbs, disrupts or otherwise interferes with any:
 - (1) Electrical or electronic wire, device, appliance, system or network; or
 - (2) Device, appliance, system or network utilizing cellular or satellite technology.For the purpose of this exclusion, electrical, magnetic or electromagnetic energy includes but is not limited to:
 - (a) Electrical current, including arcing;
 - (b) Electrical charge produced or conducted by a magnetic or electromagnetic field;
 - (c) Pulse of electromagnetic energy; or
 - (d) Electromagnetic waves or microwaves.But if fire results, we will pay for the loss or damage caused by that fire.
 - b. Delay, loss of use or loss of market.
 - c. Smoke, vapor or gas from agricultural smudging or industrial operations.
 - d.
 - (1) Wear and tear;
 - (2) Rust or other corrosion, decay, deterioration, hidden or latent defect or any quality in property that causes it to damage or destroy itself;
 - (3) Smog;
 - (4) Settling, cracking, shrinking or expansion;
 - (5) Nesting or infestation, or discharge or release of waste products or secretions, by insects, birds, rodents or other animals.

- (6) Mechanical breakdown, including rupture or bursting caused by centrifugal force. But if mechanical breakdown results in elevator collision, we will pay for the loss or damage caused by that elevator collision.
- (7) The following causes of loss to personal property:
 - (a) Dampness or dryness of atmosphere;
 - (b) Changes in or extremes of temperature; or
 - (c) Marring or scratching.

But if an excluded cause of loss that is listed in **2.d.(1)** through **(7)** results in a "specified cause of loss" or building glass breakage, we will pay for the loss or damage caused by that "specified cause of loss" or building glass breakage.

- e. Explosion of steam boilers, steam pipes, steam engines or steam turbines owned or leased by you, or operated under your control. But if explosion of steam boilers, steam pipes, steam engines or steam turbines results in fire or combustion explosion, we will pay for the loss or damage caused by that fire or combustion explosion. We 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.
- f. Continuous or repeated seepage or leakage of water, or the presence or condensation of humidity, moisture or vapor, that occurs over a period of 14 days or more.
- g. Water, other liquids, powder or molten material that leaks or flows from plumbing, heating, air conditioning or other equipment (except fire protective systems) caused by or resulting from freezing, unless:
 - (1) You do your best to maintain heat in the building or structure; or
 - (2) You drain the equipment and shut off the supply if the heat is not maintained.
- h. Dishonest or criminal act (including theft) by you, any of your partners, members, officers, managers, employees (including temporary employees and leased workers), directors, trustees or authorized representatives, whether acting alone or in collusion with each other or with any other party; or theft by any person to whom you entrust the property for any purpose, whether acting alone or in collusion with any other party.

This exclusion:

- (1) Applies whether or not an act occurs during your normal hours of operation;
 - (2) Does not apply to acts of destruction by your employees (including temporary employees and leased workers) or authorized representatives; but theft by your employees (including temporary employees and leased workers) or authorized representatives is not covered.
- i. Voluntary parting with any property by you or anyone else to whom you have entrusted the property if induced to do so by any fraudulent scheme, trick, device or false pretense.
 - j. Rain, snow, ice or sleet to personal property in the open.
 - k. Collapse, including any of the following conditions of property or any part of the property:
 - (1) An abrupt falling down or caving in;
 - (2) Loss of structural integrity, including separation of parts of the property or property in danger of falling down or caving in; or
 - (3) Any cracking, bulging, sagging, bending, leaning, settling, shrinkage or expansion as such condition relates to (1) or (2) above.

But if collapse results in a Covered Cause of Loss at the described premises, we will pay for the loss or damage caused by that Covered Cause of Loss. This exclusion, **k.**, does not apply:

- (1) To the extent that coverage is provided under the Additional Coverage, Collapse; or
- (2) To collapse caused by one or more of the following:
 - (a) The "specified causes of loss";

- (b) Breakage of building glass;
 - (c) Weight of rain that collects on a roof; or
 - (d) Weight of people or personal property.
 - l. Discharge, dispersal, seepage, migration, release or escape of "pollutants" unless the discharge, dispersal, seepage, migration, release or escape is itself caused by any of the "specified causes of loss". But if the discharge, dispersal, seepage, migration, release or escape of "pollutants" results in a "specified cause of loss", we will pay for the loss or damage caused by that "specified cause of loss".
This exclusion, **2.I**, does not apply to damage to glass caused by chemicals applied to the glass.
 - m. Neglect of an insured to use all reasonable means to save and preserve property from further damage at and after the time of loss.
3. We will not pay for loss or damage caused by or resulting from any of the following, 3.a. through 3.c. But if an excluded cause of loss that is listed in 3.a. through 3.c. results in a Covered Cause of Loss, we will pay for the loss or damage caused by that Covered Cause of Loss.
- a. Weather conditions. But this exclusion only applies if weather conditions contribute in any way with a cause or event excluded in Paragraph 1. above to produce the loss or damage.
 - b. Acts or decisions, including the failure to act or decide, of any person, group, organization or governmental body.
 - c. Faulty, inadequate or defective:
 - (1) Planning, zoning, development, surveying, siting;
 - (2) Design, specifications, workmanship, repair, construction, renovation, remodeling, grading, compaction;
 - (3) Materials used in repair, construction, renovation or remodeling; or
 - (4) Maintenance;of part or all of any property on or off the described premises.

4. **Special Exclusions**

The following provisions apply only to the specified Coverage Forms:

a. **Business Income (And Extra Expense) Coverage Form, Business Income (Without Extra Expense) Coverage Form, Or Extra Expense Coverage Form**

We will not pay for:

- (1) Any loss caused by or resulting from:
 - (a) Damage or destruction of "finished stock"; or
 - (b) The time required to reproduce "finished stock".This exclusion does not apply to Extra Expense.
- (2) Any loss caused by or resulting from direct physical loss or damage to radio or television antennas (including satellite dishes) and their lead-in wiring, masts or towers.
- (3) Any increase of loss caused by or resulting from:
 - (a) Delay in rebuilding, repairing or replacing the property or resuming "operations", due to interference at the location of the rebuilding, repair or replacement by strikers or other persons; or
 - (b) Suspension, lapse or cancellation of any license, lease or contract. But if the suspension, lapse or cancellation is directly caused by the "suspension" of "operations", we will cover such loss that affects your Business Income during the "period of restoration" and any extension of the "period of restoration" in accordance with the terms of the Extended Business Income Additional Coverage and the Extended Period Of Indemnity Optional Coverage or any variation of these.
- (4) Any Extra Expense caused by or resulting from suspension, lapse or cancellation of any license, lease or contract beyond the "period of restoration".

(5) Any other consequential loss.

b. Leasehold Interest Coverage Form

(1) Paragraph B.1.a., Ordinance Or Law, does not apply to insurance under this Coverage Form.

(2) We will not pay for any loss caused by:

- (a) Your cancelling the lease;
- (b) The suspension, lapse or cancellation of any license; or
- (c) Any other consequential loss.

c. Legal Liability Coverage Form

(1) The following exclusions do not apply to insurance under this Coverage Form:

- (a) Paragraph B.1.a. Ordinance Or Law;
- (b) Paragraph B.1.c. Governmental Action;
- (c) Paragraph B.1.d. Nuclear Hazard;
- (d) Paragraph B.1.e. Utility Services; and
- (e) Paragraph B.1.f. War And Military Action.

(2) The following additional exclusions apply to insurance under this Coverage Form:

(a) Contractual Liability

We will not defend any claim or "suit", or pay damages that you are legally liable to pay, solely by reason of your assumption of liability in a contract or agreement. But this exclusion does not apply to a written lease agreement in which you have assumed liability for building damage resulting from an actual or attempted burglary or robbery, provided that:

- (i) Your assumption of liability was executed prior to the accident; and
- (ii) The building is Covered Property under this Coverage Form.

(b) Nuclear Hazard

We will not defend any claim or "suit", or pay any damages, loss, expense or obligation, resulting from nuclear reaction or radiation, or radioactive contamination, however caused.

5. Additional Exclusion

The following provisions apply only to the specified property:

Loss Or Damage To Products

We will not pay for loss or damage to any merchandise, goods or other product caused by or resulting from error or omission by any person or entity (including those having possession under an arrangement where work or a portion of the work is outsourced) in any stage of the development, production or use of the product, including planning, testing, processing, packaging, installation, maintenance or repair. This exclusion applies to any effect that compromises the form, substance or quality of the product. But if such error or omission results in a Covered Cause of Loss, we will pay for the loss or damage caused by that Covered Cause of Loss.

C. Limitations

The following limitations apply to all policy forms and endorsements, unless otherwise stated:

1. We will not pay for loss of or damage to property, as described and limited in this section. In addition, we 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 we will pay for loss of or damage to such equipment caused by or resulting from an explosion of gases or fuel within the furnace of any fired vessel or within the flues or passages through which the gases of combustion pass.
- 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 an explosion.

- c. 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:
 - (1) 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
 - (2) The loss or damage is caused by or results from thawing of snow, sleet or ice on the building or structure.
 - d. Building materials and supplies not attached as part of the building or structure, caused by or resulting from theft.
However, this limitation does not apply to:
 - (1) Building materials and supplies held for sale by you, unless they are insured under the Builders Risk Coverage Form; or
 - (2) Business Income Coverage or Extra Expense Coverage.
 - e. Property that is missing, where the only evidence of the loss or damage is a shortage disclosed on taking inventory, or other instances where there is no physical evidence to show what happened to the property.
 - f. Property that has been transferred to a person or to a place outside the described premises on the basis of unauthorized instructions.
 - g. Lawns, trees, shrubs or plants which are part of a vegetated roof, caused by or resulting from:
 - (1) Dampness or dryness of atmosphere or of soil supporting the vegetation;
 - (2) Changes in or extremes of temperature;
 - (3) Disease;
 - (4) Frost or hail; or
 - (5) Rain, snow, ice or sleet.
2. We will not pay for loss of or damage to the following types of property unless caused by the "specified causes of loss" or building glass breakage:
- a. Animals, and then only if they are killed or their destruction is made necessary.
 - b. Fragile articles such as statuary, marbles, chinaware and porcelains, if broken. This restriction does not apply to:
 - (1) Glass; or
 - (2) Containers of property held for sale.
 - c. Builders' machinery, tools and equipment owned by you or entrusted to you, provided such property is Covered Property.
However, this limitation does not apply:
 - (1) If the property is located on or within 100 feet of the described premises, unless the premises is insured under the Builders Risk Coverage Form; or
 - (2) To Business Income Coverage or to Extra Expense Coverage.
3. The special limit shown for each category, a. through d., is the total limit for loss of or damage to all property in that category. The special limit applies to any one occurrence of theft, regardless of the types or number of articles that are lost or damaged in that occurrence. The special limits are (unless a higher limit is shown in the Declarations):
- a. \$2,500 for furs, fur garments and garments trimmed with fur.
 - b. \$2,500 for jewelry, watches, watch movements, jewels, pearls, precious and semiprecious stones, bullion, gold, silver, platinum and other precious alloys or metals. This limit does not apply to jewelry and watches worth \$100 or less per item.
 - c. \$2,500 for patterns, dies, molds and forms.
 - d. \$250 for stamps, tickets, including lottery tickets held for sale, and letters of credit.

These special limits are part of, not in addition to, the Limit of Insurance applicable to the Covered Property. This limitation, **C.3.**, does not apply to Business Income Coverage or to Extra Expense Coverage.

4. We 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 we will pay the cost to repair or replace damaged parts of fire-extinguishing equipment if the damage:
 - a. Results in discharge of any substance from an automatic fire protection system; or
 - b. Is directly caused by freezing.

However, this limitation does not apply to Business Income Coverage or to Extra Expense Coverage.

D. Additional Coverage - Collapse

The coverage provided under this Additional Coverage, Collapse, applies only to an abrupt collapse as described and limited in **D.1.** through **D.7.**

1. For the purpose of this Additional Coverage, Collapse, abrupt collapse means an abrupt falling down or caving in of a building or any part of a building with the result that the building or part of the building cannot be occupied for its intended purpose.
2. We will pay for direct physical loss or damage to Covered Property, caused by abrupt collapse of a building or any part of a building that is insured under this Coverage Form or that contains Covered Property insured under this Coverage Form, if such collapse is caused by one or more of the following:
 - a. Building decay that is hidden from view, unless the presence of such decay is known to an insured prior to collapse;
 - b. Insect or vermin damage that is hidden from view, unless the presence of such damage is known to an insured prior to collapse;
 - c. Use of defective material or methods in construction, remodeling or renovation if the abrupt collapse occurs during the course of the construction, remodeling or renovation.
 - d. Use of defective material or methods in construction, remodeling or renovation if the abrupt collapse occurs after the construction, remodeling or renovation is complete, but only if the collapse is caused in part by:
 - (1) A cause of loss listed in 2.a. or 2.b.;
 - (2) One or more of the "specified causes of loss";
 - (3) Breakage of building glass;
 - (4) Weight of people or personal property; or
 - (5) Weight of rain that collects on a roof.
3. This **Additional Coverage - Collapse** does **not** apply to:
 - a. A building or any part of a building that is in danger of falling down or caving in;
 - b. A part of a building that is standing, even if it has separated from another part of the building; or
 - c. A building that is standing or any part of a building that is standing, even if it shows evidence of cracking, bulging, sagging, bending, leaning, settling, shrinkage or expansion.
4. With respect to the following property:
 - a. Outdoor radio or television antennas (including satellite dishes) and their lead-in wiring, masts or towers;
 - b. Awnings, gutters and downspouts;
 - c. Yard fixtures;
 - d. Outdoor swimming pools;
 - e. Fences;
 - f. Piers, wharves and docks;
 - g. Beach or diving platforms or appurtenances;

- h. Retaining walls; and
- i. Walks, roadways and other paved surfaces;

if an abrupt collapse is caused by a cause of loss listed in **2.a.** through **2.d.**, we will pay for loss or damage to that property only if:

- a. Such loss or damage is a direct result of the abrupt collapse of a building insured under this Coverage Form; and
 - b. The property is Covered Property under this Coverage Form.
5. If personal property abruptly falls down or caves in and such collapse is not the result of abrupt collapse of a building, we will pay for loss or damage to Covered Property caused by such collapse of personal property only if:
- a. The collapse of personal property was caused by a cause of loss listed in 2.a. through 2.d.;
 - b. The personal property which collapses is inside a building; and
 - c. The property which collapses is not of a kind listed in 4., regardless of whether that kind of property is considered to be personal property or real property.

The coverage stated in this Paragraph **5.** does not apply to personal property if marring and/or scratching is the only damage to that personal property caused by the collapse.

6. This Additional Coverage, Collapse, does not apply to personal property that has not abruptly fallen down or caved in, even if the personal property shows evidence of cracking, bulging, sagging, bending, leaning, settling, shrinkage or expansion.
7. This Additional Coverage, Collapse, will not increase the Limits of Insurance provided in this Coverage Part.
8. The term Covered Cause of Loss includes the Additional Coverage, Collapse, as described and limited in D.1. through D.7.

E. Additional Coverage - Limited Coverage For "Fungus", Wet Rot, Dry Rot And Bacteria

1. The coverage described in E.2. and E.6. only applies when the "fungus", wet or dry rot or bacteria are the result of one or more of the following causes that occur during the policy period and only if all reasonable means were used to save and preserve the property from further damage at the time of and after that occurrence:

- a. A "specified cause of loss" other than fire or lightning; or
- b. Flood, if the Flood Coverage Endorsement applies to the affected premises.

This Additional Coverage does not apply to lawns, trees, shrubs or plants which are part of a vegetated roof.

2. We will pay for loss or damage by "fungus", wet or dry rot or bacteria. As used in this Limited Coverage, the term loss or damage means:
- a. Direct physical loss or damage to Covered Property caused by "fungus", wet or dry rot or bacteria, including the cost of removal of the "fungus", wet or dry rot or bacteria;
 - b. The cost to tear out and replace any part of the building or other property as needed to gain access to the "fungus", wet or dry rot or bacteria; and
 - c. The cost of testing performed after removal, repair, replacement or restoration of the damaged property is completed, provided there is a reason to believe that "fungus", wet or dry rot or bacteria are present.
3. The coverage described under E.2. of this Limited Coverage is limited to \$15,000. Regardless of the number of claims, this limit is the most we will pay for the total of all loss or damage arising out of all occurrences of "specified causes of loss" (other than fire or lightning) and Flood which take place in a 12-month period (starting with the beginning of the present annual policy period). With respect to a particular occurrence of loss which results in "fungus", wet or dry rot or bacteria, we will not pay more than a total of \$15,000 even if the "fungus", wet or dry rot or bacteria continue to be present or active, or recur, in a later policy period.
4. The coverage provided under this Limited Coverage does not increase the applicable Limit of Insurance on any Covered Property. If a particular occurrence results in loss or damage by "fungus", wet or dry rot or bacteria, and other loss or damage, we will not pay more, for the total of all loss or damage, than the applicable Limit of Insurance on the affected Covered Property.

If there is covered loss or damage to Covered Property, not caused by "fungus", wet or dry rot or bacteria, loss payment will not be limited by the terms of this Limited Coverage, except to the extent that "fungus", wet or dry rot or bacteria cause an increase in the loss. Any such increase in the loss will be subject to the terms of this Limited Coverage.

5. The terms of this Limited Coverage do not increase or reduce the coverage provided under Paragraph F.2. (Water Damage, Other Liquids, Powder Or Molten Material Damage) of this Causes Of Loss form or under the Additional Coverage, Collapse.
6. The following, 6.a. or 6.b., applies only if Business Income and/or Extra Expense Coverage applies to the described premises and only if the "suspension" of "operations" satisfies all terms and conditions of the applicable Business Income and/or Extra Expense Coverage Form:
 - a. If the loss which resulted in "fungus", wet or dry rot or bacteria does not in itself necessitate a "suspension" of "operations", but such "suspension" is necessary due to loss or damage to property caused by "fungus", wet or dry rot or bacteria, then our payment under Business Income 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" was caused by loss or damage other than "fungus", wet or dry rot or bacteria but remediation of "fungus", wet or dry rot or bacteria prolongs the "period of restoration", we will pay for loss and/or expense sustained during the delay (regardless of when such a delay occurs during the "period of restoration"), but such coverage is limited to 30 days. The days need not be consecutive.

F. Additional Coverage Extensions

1. Property In Transit

This Extension applies only to your personal property to which this form applies.

- a. You may extend the insurance provided by this Coverage Part to apply to your personal property (other than property in the care, custody or control of your salespersons) in transit more than 100 feet from the described premises. Property must be in or on a motor vehicle you own, lease or operate while between points in the coverage territory.
- b. Loss or damage must be caused by or result from one of the following causes of loss:
 - (1) Fire, lightning, explosion, windstorm or hail, riot or civil commotion, or vandalism.
 - (2) Vehicle collision, upset or overturn. Collision means accidental contact of your vehicle with another vehicle or object. It does not mean your vehicle's contact with the roadbed.
 - (3) Theft of an entire bale, case or package by forced entry into a securely locked body or compartment of the vehicle. There must be visible marks of the forced entry.
- c. The most we will pay for loss or damage under this Extension is \$5,000.

This Coverage Extension is additional insurance. The Additional Condition, Coinsurance, does not apply to this Extension.

2. Water Damage, Other Liquids, Powder Or Molten Material Damage

If loss or damage caused by or resulting from covered water or other liquid, powder or molten material damage loss occurs, we will also pay the cost to tear out and replace any part of the building or structure to repair damage to the system or appliance from which the water or other substance escapes. This Coverage Extension does not increase the Limit of Insurance.

3. Glass

- a. We will pay for expenses incurred to put up temporary plates or board up openings if repair or replacement of damaged glass is delayed.
- b. We will pay for expenses incurred to remove or replace obstructions when repairing or replacing glass that is part of a building. This does not include removing or replacing window displays.

This Coverage Extension **F.3.** does not increase the Limit of Insurance.

G. Definitions

1. "Fungus" means any type or form of fungus, including mold or mildew, and any mycotoxins, spores, scents or by-products produced or released by fungi.
2. "Specified causes of loss" means 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; water damage.
 - a. Sinkhole collapse means the sudden sinking or collapse of land into underground empty spaces created by the action of water on limestone or dolomite. This cause of loss does not include:
 - (1) The cost of filling sinkholes; or
 - (2) Sinking or collapse of land into man-made underground cavities.
 - b. 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.
 - c. Water damage means:
 - (1) Accidental discharge or leakage of water or steam as the direct result of the breaking apart or cracking of a plumbing, heating, air conditioning or other system or appliance (other than a sump system including its related equipment and parts), that is located on the described premises and contains water or steam; and
 - (2) Accidental discharge or leakage of water or waterborne material as the direct result of the breaking apart or cracking of a water or sewer pipe that is located off the described premises and is part of a municipal potable water supply system or municipal sanitary sewer system, if the breakage or cracking is caused by wear and tear.

But water damage does not include loss or damage otherwise excluded under the terms of the Water Exclusion. Therefore, for example, there is no coverage under this policy in the situation in which discharge or leakage of water results from the breaking apart or cracking of a pipe which was caused by or related to weather-induced flooding, even if wear and tear contributed to the breakage or cracking. As another example, and also in accordance with the terms of the Water Exclusion, there is no coverage for loss or damage caused by or related to weather-induced flooding which follows or is exacerbated by pipe breakage or cracking attributable to wear and tear.

To the extent that accidental discharge or leakage of water falls within the criteria set forth in **c.(1)** or **c.(2)** of this definition of "specified causes of loss," such water is not subject to the provisions of the Water Exclusion which preclude coverage for surface water or water under the surface of the ground.

COMMERCIAL PROPERTY CONDITIONS

In addition to the Common Policy Conditions, Loss Conditions, and Additional Conditions in the Commercial Property Coverage Forms applicable to Commercial Property Coverage, the following conditions apply to the Commercial Property Coverage Part.

In the event of any inconsistency between the conditions stated on this form and any other conditions applicable to the Commercial Property Coverage Part, the conditions stated on this form shall apply and supersede such other conditions.

A. **CONCEALMENT, MISREPRESENTATION OR FRAUD**

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

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

B. **CONTROL OF PROPERTY**

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

The breach of any condition of this Coverage Part 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.

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

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

D. **LEGAL ACTION AGAINST US**

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

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

E. **LIBERALIZATION**

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

F. **NO BENEFIT TO BAILEE**

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

G. **OTHER INSURANCE**

1. You may have other insurance subject to the same plan, terms, conditions and provisions as the insurance under this Coverage Part. If you do, we will pay our share of the covered loss or damage. Our share is the proportion that the applicable Limit of Insurance under this Coverage Part bears to the total limits of insurance of all policies providing coverage on the same basis as our coverage.
2. If there is other insurance covering the same loss or damage, other than i) that described in the preceding paragraph or ii) insurance specifically written as excess over this insurance, we will pay only for the amount of covered loss or damage in excess of the amount due from the other insurance, whether you can collect on it or not. But we will not pay more than the applicable Limit of Insurance.

H. **POLICY PERIOD, COVERAGE TERRITORY**

Under this Coverage Part:

1. We cover loss or damage commencing:
 - a. During the policy period shown in the Declarations; and

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- b. Within the coverage territory.
- 2. The coverage territory is:
 - a. The United States of America (including its territories and possessions); and
 - b. Puerto Rico.

I. TRANSFER OF RIGHTS OF RECOVERY AGAINST OTHERS TO US

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

- 1. Prior to a loss to your Covered Property or Covered Income.
- 2. After a loss to your Covered Property or Covered Income only if, at time of loss, that party is one of the following:
 - a. Someone insured by this insurance;
 - b. A business firm:
 - (1) Owned or controlled by you; or
 - (2) That owns or controls you; or
 - c. Your tenant.

This will not restrict your insurance.

COMMON POLICY CONDITIONS

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

A. Cancellation

1. The first Named Insured shown in the Declarations may cancel this policy by mailing or delivering to us advance written notice of cancellation.
2. We may cancel this policy by mailing or delivering to the first Named Insured written notice of cancellation.
3. We will provide advanced notice of cancellation in accordance with the statutory provisions for cancellation of policies for the state in which the first Named Insured is domiciled.
4. We will mail or deliver our notice to the first Named insured's last mailing address known to us.
5. Notice of cancellation will state the effective date of cancellation. The policy period will end on that date.
6. If this policy is cancelled, we will send the first Named Insured any premium refund due. If we cancel, the refund will be pro rata. If the first Named Insured cancels, the refund may be less than pro rata. The cancellation will be effective even if we have not made or offered a refund.
7. If notice is mailed, proof of mailing will be sufficient proof of notice.

B. Changes

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

C. Examination of Your Books and Records

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

D. Inspections and Surveys

1. We have the right to:
 - a. Make inspections and surveys at any time;
 - b. Give you reports on the conditions we find; and
 - c. Recommend changes
2. We are not obligated to make any inspections, surveys, reports or recommendations and any such actions we do undertake relate only to insurability and the premiums to be charged. We do not make safety inspections. We do not undertake to perform the duty of any person or organization to provide for the health or safety of workers or the public. And we do not warrant that conditions:
 - a. Are safe or healthful; or
 - b. Comply with laws, regulations, codes or standards.
3. Paragraphs 1. and 2. of this condition apply not only to us, but also to any rating, advisory, rate service or similar organization which makes insurance inspections, surveys, reports or recommendations.
4. Paragraph 2. of this condition does not apply to any inspections, surveys, reports or recommendations we may make relative to certification, under state or municipal statutes, ordinances or regulations, of boilers, pressure vessels or elevators.

E. Premiums

The first Named Insured shown in the Declarations:

1. Is responsible for the payment of all premiums; and
2. Will be the payee for any return premiums we pay.

F. Transfer Of Your Rights And Duties Under This Policy

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Your rights and duties under this policy may not be transferred without our written consent except in the case of death of an individual named insured. If you die, your rights and duties will be transferred to your legal representative but only while acting within the scope of duties as your legal representative. Until your legal representative is appointed, anyone having proper temporary custody of your property will have your rights and duties but only with respect to that property.

PROPERTY ENHANCEMENT ENDORSEMENT

This endorsement modifies insurance provided under the following:

BUILDING AND PERSONAL PROPERTY COVERAGE FORM
CONDOMINIUM ASSOCIATION COVERAGE FORM
CONDOMINIUM COMMERCIAL UNIT-OWNERS COVERAGE FORM
BUSINESS INCOME (AND EXTRA EXPENSE) COVERAGE FORM
BUSINESS INCOME (WITHOUT EXTRA EXPENSE) COVERAGE FORM
CAUSES OF LOSS – SPECIAL FORM
CAUSES OF LOSS – WINDSTORM OR HAIL ONLY

Each of the coverages listed below apply only to losses resulting from a Covered Cause of Loss under the applicable coverage form and, in each instance, reflect sub-limits that apply within, and not in addition to, the limits offered under the policy.

The sub-limits applicable to each coverage are as shown in the Property Enhancement Endorsement Schedule attached to this form. No coverage applies under this endorsement if the sub-limit shown in the Property Enhancement Endorsement Schedule is zero.

All other terms, conditions, limitations and exclusions of the policy apply.

Building and BPP Coverages

1. **Accounts Receivable**

We will pay, up to the amount shown in the Property Enhancement Endorsement Schedule if, as the result of the occurrence of a covered cause of loss, you incur losses due to any of the following:

- A. Amounts due from customers that you are unable to collect due to lack of proper documentation of your accounts receivable;
- B. Interest charges on any loan required to offset amounts you are unable to collect pending our payments of these amounts;
- C. Collection expenses in excess of your normal collection expenses that are made necessary by the loss; and
- D. Other reasonable expenses that you incur to re-establish your records of accounts receivable that results from a Covered Cause of Loss to your records of accounts receivable.

2. **Asbestos Removal**

We will pay, up to the amount shown in the Property Enhancement Endorsement Schedule, for removal of asbestos-containing materials from covered property in the event the asbestos-containing materials themselves are damaged by a covered cause of loss.

3. **Builder's Risk**

We will pay, up to the amount shown in the Property Enhancement Endorsement Schedule, for direct physical loss of or damage to covered property caused by or resulting from a covered cause of loss, if at the time of the loss the covered property is in course of construction or renovation. For this purpose, the covered property will include:

- A. Foundations
- B. The following property, provided such property is intended to be permanently located in or on the building or structure:
 - a. Fixtures and machinery;
 - b. Equipment used to service the building; and
 - c. Your building materials and supplies used for construction.
- C. If not covered by other insurance, temporary structures built or assembled on site, including cribbing, scaffolding and construction forms.

We will not pay, under this Builder's Risk endorsement, for damage to land, existing buildings or structures which are not in course of construction or renovation, or tools or equipment not owned by the insured.

4. Debris Removal

In Section A, 4. Additional Coverages, of the applicable coverage form, Paragraph a. (3) is modified to read:

"Subject to (a) above, the amount we will pay for debris removal expense is limited to the i) sum of the deductible plus the amount that we pay for direct physical loss or damage to the Covered Property that has sustained loss or damage, times ii) the percentage of loss shown in the Property Enhancement Endorsement Schedule, subject to the maximum dollar amount shown in the Property Enhancement Endorsement Schedule."

In Section A, 4. Additional Coverages, of the applicable coverage form, Paragraph a. (4) is modified to read:

"We will pay, up to the Additional Amount shown in the Property Enhancement Endorsement Schedule, for debris removal expense, for each location, in any one occurrence of physical loss or damage to Covered Property, if one or both the following circumstances apply:"

5. Electronic Data and Data Processing Media

A. Paragraphs A.2.n, A.2.o and A.4.f of the applicable coverage form are deleted in their entirety.

B. This Policy excludes any:

- i. Cyber Loss;
- ii. loss, damage, liability, claim, cost, expense of whatsoever nature directly or indirectly caused by, contributed to by, resulting from, arising out of or in connection with any loss of use, reduction in functionality, repair, replacement, restoration or reproduction of any Electronic Data, including any amount pertaining to the value of such Electronic Data, unless subject to the provisions of paragraph C below;

regardless of any other cause or event contributing concurrently or in any other sequence thereto.

C. Subject to the amount shown in the Property Enhancement Endorsement Schedule as the Electronic Data and Data Processing Media sub-limit and all of the terms, conditions, limitations and exclusions of this Policy or any endorsement thereto, should Data Processing Media owned or operated by the Insured suffer physical loss or physical damage insured by this Policy, then this Policy will cover the cost to repair or replace the Data Processing Media itself plus the costs of copying the Electronic Data from back-up or from originals of a previous generation. These costs will not include research and engineering nor any costs of recreating, gathering or assembling the Electronic Data. If such media is not repaired, replaced or restored the basis of valuation shall be the cost of the blank Data Processing Media. However, this Policy excludes any amount pertaining to the value of such Electronic Data, to the Insured or any other party, even if such Electronic Data cannot be recreated, gathered or assembled.

D. In the event any portion of this endorsement is found to be invalid or unenforceable, the remainder shall remain in full force and effect.

E. This endorsement supersedes and, if in conflict with any other wording in the Policy or any endorsement thereto having a bearing on Cyber Loss, Electronic Data or Data Processing Media, replaces that wording.

F. The following definitions apply to Electronic Data and Media Coverage:

- i. Cyber Loss means any loss, damage, liability, claim, cost or expense of whatsoever nature directly or indirectly caused by, contributed to by, resulting from, arising out of or in connection with any Cyber Act or Cyber Incident including, but not limited to, any action taken in controlling, preventing, suppressing or remediating any Cyber Act or Cyber Incident.
- ii. Cyber Act means an unauthorised, malicious or criminal act or series of related unauthorised, malicious or criminal acts, regardless of time and place, or the threat or hoax thereof involving access to, processing of, use of or operation of any Computer System.
- iii. Cyber Incident means any error or omission or series of related errors or omissions involving access to, processing of, use of or operation of any Computer System; or any partial or total unavailability or failure or series of related partial or total unavailability or failures to access, process, use or operate any Computer System.
- iv. Computer System means any computer, hardware, software, communications system, electronic device (in-

cluding, but not limited to, smart phone, laptop, tablet, wearable device), server, cloud or microcontroller including any similar system or any configuration of the aforementioned and including any associated input, output, data storage device, networking equipment or back up facility, owned or operated by the Insured or any other party.

- v. Electronic Data means information, facts, concepts, code or any other information of any kind that is recorded or transmitted in a form to be used, accessed, processed, transmitted or stored by a Computer System.
- vi. Data Processing Media means any property insured by this Policy on which Electronic Data can be stored but not the Electronic Data itself.

6. **Emergency Removal Expense**

We will pay, up to the amount shown in the Property Enhancement Endorsement Schedule, for your expenses to move or store Covered Property from the described premises to preserve it from loss or damage by a Covered Cause of Loss.

7. **Errors or Omissions**

We will pay, up to the amount shown in the Property Enhancement Endorsement Schedule, for direct physical loss or damage to Covered Property if such loss or damage is not payable under this policy solely due to:

- A. Any error or unintentional omission in the description of the address of the property whether made at the inception of the policy period or subsequent thereto; or
- B. Failure through any error or unintentional omission to:
 - a. Include any location of the named 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 newly acquired location(s) expires.

With respect to A and B above, this Errors or Omissions Coverage does not allow you to correct or modify any value shown in the Statement of Values.

This policy covers such direct physical loss or damage to the extent it would have provided coverage had such error or unintentional omission not been made.

It is a condition of this additional coverage that any error or unintentional omission be reported by when discovered and an additional premium be paid for any location added to the policy.

There is no coverage under this paragraph for loss or damage which is covered under newly acquired property or miscellaneous unnamed locations provisions of this policy.

8. **Fine Arts**

The policy is extended to cover direct physical loss or damage to Fine Arts, defined to mean paintings, etchings, pictures, tapestries, statuary, marbles, bronzes, antique furniture, rare books, antique silver, porcelains, bric-a-brac or other similar articles of art rarity or antiquity, up to the limit shown in the Property Enhancement Endorsement Schedule.

However, no coverage is provided for:

- A. Breakage, marring, scratching, chipping or denting of art, glass, windows, statuary, sculptures, marble, glassware, porcelain, bric-a-brac, antique furniture, antique jewelry or similar fragile articles, unless such breakage, marring, scratching, chipping or denting is caused by a Covered Cause of Loss; or
- B. Physical loss or damage as the result of restoring, repairing or retouching processes.

If loss or damage to Fine Arts, occurs, the basis of adjustment will be:

- A. The fair market value if the item is newly acquired; or
- B. For unscheduled Fine Arts, at the time and place of the loss or damage, the lesser of:
 - a. The cost of restoring the Fine Arts to their condition immediately before the loss or damage occurred;
 - b. The cost of replacing the Fine Art with substantially identical property; or
 - c. The fair market value.

9. Fire Department Service Charges

In Section A, 4. Additional Coverages, of the applicable coverage form, Paragraph c. is modified to read:

"When the fire department is called to save or protect Covered Property from a Covered Cause of Loss, we will pay, up to the amount shown in the Property Enhancement Endorsement Schedule, for your liability for fire department service charges:

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

No Deductible applies to this Additional Coverage."

10. Fraud and Deceit

We will pay, up to the amount shown in the Property Enhancement Endorsement Schedule, for the theft of Covered Property when you or your agents, customers, or consignees are fraudulently induced to part with the Covered Property:

- A. To persons who falsely represent themselves as the proper persons to receive the property; or
- B. By the acceptance of fraudulent bills of lading or shipping receipts.

11. Fungus, Wet Rot, Dry Rot and Bacteria

In the Causes of Loss – Special Form and Causes of Loss – Windstorm or Hail Only Form, Section E. 3. Additional Coverage – Limited Coverage for Fungus, Wet Rot, Dry Rot and Bacteria, paragraph 3 is amended as follows:

"The coverage described under E. 2. of this Limited Coverage is limited to the amount shown as the Per Occurrence Limit in the Property Enhancement Endorsement Schedule. Regardless of the number of claims, the Aggregate Limit shown in the Property Enhancement Endorsement Schedule is the most we will pay for the total of all loss or damage arising out of all covered causes of loss which take place during the policy period. With respect to a particular occurrence of loss which results in fungus, wet or dry rot or bacteria, we will not pay more than the amount shown in the Property Enhancement Endorsement Schedule, even if the fungus, wet or dry rot or bacteria continues to be present or active, or recurs, in a later policy period."

12. Green Upgrades

We will pay the reasonable and necessary amount to make Green Upgrades, as defined below, to covered property damaged as the result of a covered cause of loss, up to the lesser of:

- A. the actual cost of covered Green Upgrades as determined in accordance with the provisions of this endorsement;
- B. 25% of the covered direct physical loss or damage to covered property, after application of the applicable deductible; or
- C. the amount shown in the Property Enhancement Endorsement Schedule for Green Upgrades.

For the purposes of this endorsement, Green Upgrades means upgrades to achieve enhanced energy efficiency or to use environmentally preferable, sustainable materials, products or methods in design, construction, manufacture or operation, as recognized by a Green standards-setter, such as the Leadership in Energy and Environmental Design (LEED™) program of the U.S. Green Building Council.

In the event of a loss for which we determine that it is necessary to replace a building component (such as a roof) or building system (such as a heating system), such replacement is limited to replacement of the damaged building component or system with a Green building component or system which serves the same primary function as the damaged property, and does not extend to modification or replacement of any other building component or system.

Exclusions and Restrictions

With respect to business personal property, Green Upgrade Coverage does not apply to:

- A. Personal property of others;
- B. The Coverage Extension for Personal Effects and Property of Others;
- C. Leased personal property; or
- D. Stock.

We will not pay under this endorsement unless the property is actually repaired or replaced at the same or another premises, and unless the repair or replacement is made as soon as reasonably possible after the loss or damage, not to exceed two years. If the property is being relocated to another premises, the most we will pay for Green Upgrades is the cost of Green Upgrades at the original premises, subject to all other terms and conditions of this endorsement.

We will not pay under this endorsement for the costs associated with enforcement of or conformance to any standard which:

- A. Requires the demolition, repair, replacement, reconstruction, remodeling or remediation of property due to contamination by pollutants or due to the presence, growth, proliferation, spread or any activity of fungus, wet or dry rot or bacteria;
- B. Requires any insured or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of pollutants, fungus, wet or dry rot or bacteria. However, this paragraph does not negate the coverage set forth in Building Air-out and Related Air Testing below, provided such coverage applies; or
- C. You were required to comply with before the loss (even if the property was undamaged) and you failed to comply.

If you elect not to make a Green Upgrade in course of necessary repair or replacement of the property that has sustained loss or damage, we will settle the loss to such property in accordance with the applicable terms and conditions of this policy excluding this endorsement.

Related Expenses

With respect to a loss that is covered by this Green Upgrade endorsement, we will pay the following related expenses, subject to the sub-limits indicated:

- A. Waste Reduction and Recycling – We will pay, up to \$25,000, your expense to reuse or salvage building materials and contents and to extract and transport recyclable construction waste to appropriate sites, but any income or remuneration received as the result of such waste reduction and recycling reduces the amount of loss that otherwise would have been payable under this endorsement.
- B. Design and Engineering Professional Fees – We will pay, up to \$50,000, reasonable and customary fees for the services of an accredited architect or engineer with respect to any necessary design and engineering recommendations in course of repair or replacement of damaged portions of the building.
- C. Certification Fees and Related Equipment Testing – We will pay, up to \$25,000, fees imposed by a Green standards-setter in order to determine if certification or recertification is appropriate according to the organization's standard; your reasonable expenses to test building systems and building equipment following their repair or installation as replacements, when such testing is undertaken in course of submitting to the certification or recertification process; and for further modification if the building fails to obtain certification, recertification or a specific level of certification.
- D. Building Air-out And Related Air Testing – After repair or reconstruction is completed, we will pay, up to \$25,000, for your reasonable expenses to flush out the renovated space and/or conduct air quality testing of the renovated space in accordance with the recommended procedures of a Green standards-setter and for the purposes of mitigating indoor air quality deficiencies resulting from the repair or reconstruction.

Business Interruption

If Business Interruption is covered on the policy:

- A. the period of restoration is extended to include the increased period attributable to the Green Upgrades coverage described above. Such extension is limited to 30 days.
- B. the Additional Coverage – Extended Business Income, in the applicable Business Income Coverage Forms does not commence until the extended period of restoration ends.
- C. The provisions of this section do not increase the applicable Business Income and/or Extra Expense Limit(s) of Insurance.

13. Leased or Rented Equipment

We will pay, up to the amount shown in the Property Enhancement Endorsement Schedule on a per item basis and in

the aggregate, for loss or damage to equipment and machinery that is leased, rented or borrowed from others, that is similar to the type of equipment and machinery used to conduct your business.

14. Leasehold Interest

We will pay the Net Leasehold Interest, up to the amount shown in the Property Enhancement Endorsement Schedule, for loss of Covered Leasehold Interest you sustain due to the cancellation of your lease. The cancellation must result from direct physical loss of or damage to Covered Property caused by or resulting from a Covered Cause of Loss.

Covered Leasehold Interest means the following for which an amount of Net Leasehold Interest at inception is shown in the Leasehold Interest Coverage Schedule:

- A. Tenants' Lease Interest, meaning the difference between the:
 - a. Rent you pay at the Covered Property; and
 - b. Rental value of the Covered Property that you lease.
- B. Bonus Payments, meaning the unamortized portion of a cash bonus that will not be refunded to you. A cash bonus is money you paid to acquire your lease. It does not include:
 - a. Rent, whether or not prepaid; or
 - b. Security.
- C. Improvements and Betterments, meaning the unamortized portion of payments made by you for improvements and betterments. It does not include the value of improvements and betterments recoverable under any other insurance, but only to the extent of such other insurance.

Improvements and betterments are fixtures, alterations, installations or additions:

 - a. Made a part of the building or structure you occupy but do not own; and
 - b. You acquired or made at your expense but cannot legally remove.
- D. Prepaid Rent, meaning the unamortized portion of any amount of advance rent you paid that will not be refunded to you. This does not include the customary rent due at:
 - a. The beginning of each month; or
 - b. Any other rental period.

Net Leasehold Interest

For the purposes of calculating the Net Leasehold Interest, the Tenant's Lease Interest shown in Item A above is discounted at a 6% annual effective rate of interest. In addition, the Bonus Payments, Improvements and Betterments and Prepaid Rent shown in Items B, C and D above are calculated on a monthly basis and applied to the remaining number of months in the lease.

The most we will pay for loss because of the cancellation of any one lease is your Net Leasehold Interest at the time of loss.

But, if your lease is cancelled and your landlord lets you continue to use your premises under a new lease or other arrangement, the most we will pay for loss because of the cancellation of any one lease is the lesser of:

- A. The difference between the rent you now pay and the rent you will pay under the new lease or other arrangement; or
- B. Your Net Leasehold Interest at the time of loss.

Appraisal

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

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

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

Other Conditions

There shall be no liability under this policy for any increase of loss which may be occasioned by the suspension, lapse or cancellation of any license or by the named insured exercising any option to cancel the lease.

Furthermore, the named insured shall use due diligence, including all things reasonably practicable, to diminish loss under this additional coverage.

15. Limited Pollution Coverage (Annual Aggregate)

This policy is extended to cover the reasonable and necessary additional expense incurred to remove, dispose of, or clean-up the actual presence of Pollutants or Contaminants from land or water at a covered location when such land or water is contaminated or polluted due to a Covered Cause of Loss that occurs during the policy period, provided that, as a condition of coverage, such expenses are reported within 180 days of the date of direct physical loss or damage. The most we will pay during the policy period is the limit shown in the Property Enhancement Endorsement Schedule.

16. Lock Replacement

This policy covers, up to the limit shown in the Property Enhancement Endorsement Schedule, the necessary expense to repair or replace the exterior or interior door locks of a covered building:

- A. if the door keys are stolen in a covered theft loss; or
- B. when the Covered Property is damaged and the door keys are stolen by burglars.

17. Miscellaneous Unnamed Locations

Coverage under this policy is extended, up to the limit shown in the Property Enhancement Endorsement Schedule, for Miscellaneous Unnamed Locations, defined as locations that have not been included in the Statement of Values on file with the Insurer and which have not been reported to Ventus Risk Management, Inc. as required by the policy provisions.

There is no coverage under this Miscellaneous Unnamed Locations provision for loss or damage which is covered under the Errors or Omissions or Newly Acquired Property provisions of this Endorsement.

18. Newly Acquired Property

This policy covers, up to the Maximum Limit shown in the Property Enhancement Endorsement Schedule, real or personal property of the type insured under this policy for the perils insured under this policy that is rented, leased, or purchased by the Named Insured after the inception date of this policy. Coverage under this additional coverage ceases at the earlier of the following dates:

- A. The number of days from the date of acquisition or lease of such property shown in the Property Enhancement Endorsement Schedule; or
- B. When the newly acquired property is covered by this policy; or
- C. When Ventus Risk Management Inc. or the Insurer notifies the Named Insured that it will not bind the newly acquired property.

There is no coverage for any property that is partially or wholly insured under any other insurance.

There is no coverage under this Newly Acquired Property provision for loss or damage which is covered under the Errors or Omissions or Miscellaneous Unnamed Locations provisions of this policy.

19. Outdoor Property

In Section A, 5. Coverage Extensions, of the applicable coverage form, Paragraph e. is modified to read:

“You may extend the insurance provided by this Coverage Form to apply to your outdoor fences, radio and television antennas (including satellite dishes), trees, shrubs and plants (other than stock of trees, shrubs or plants), including debris removal expense, caused by or resulting from any of the following causes of loss if they are Covered Causes of Loss:

- (1) Fire;
- (2) Lightning;

- (3) Explosion;
- (4) Riot or Civil Commotion; or
- (5) Aircraft.

The most we will pay for loss or damage under this extension is the amount shown as the Aggregate Limit in the Property Enhancement Endorsement Schedule, subject to the Per Item Limit for Plants, Trees and Shrubs shown in the Property Enhancement Endorsement Schedule. These limits apply to any one occurrence, regardless of the types or number of items lost or damaged in that occurrence.”

20. Personal Property of Others

We will pay, up to the amount shown in the Property Enhancement Endorsement Schedule, for damage to personal property of others in your care, custody or control as the result of a covered cause of loss.

21. Preservation of Property (Days)

In Section A, 4. Additional Coverages, of the applicable coverage form, Paragraph b. (2) of Preservation of Property is deleted and replaced by the following:

“(2) Only if the loss or damage occurs within the number of days shown in the Property Enhancement Endorsement Schedule after the property is first moved, but not after the date on which the policy expires.”

22. Professional Fees for Claim Preparation (Annual Aggregate)

We will pay, up to the amount shown in the Property Enhancement Endorsement Schedule, as an annual aggregate limit, for expenses associated with the taking of inventory and appraisals, incurred by you at our request to assist us in the determination of the amount of a loss caused by a Covered Cause of Loss.

23. Property in Course of Construction (Non-Structural)

We will pay, up to the amount shown in the Property Enhancement Endorsement Schedule, for direct physical loss of or damage to covered property caused by or resulting from a covered cause of loss, if at the time of the loss the covered property is in course of construction or renovation of a non-structural nature. For this purpose, the covered property will include:

- A. The following property, provided such property is intended to be permanently located in or on the building or structure:
 - a. Fixtures and machinery;
 - b. Equipment used to service the building; and
 - c. Your building materials and supplies used for construction.
- B. If not covered by other insurance, temporary structures built or assembled on site, including cribbing, scaffolding and construction forms.

We will not pay, under this Builder’s Risk endorsement, for damage to land, existing buildings or structures which are not in course of construction or renovation, or tools or equipment not owned by the insured.

24. Recharging of Fire Extinguishing Equipment

We will pay, up to the amount shown in the Property Enhancement Endorsement Schedule, to cover your incurred expenses to recharge your automatic fire extinguishing equipment or hand held fire extinguishing equipment when the equipment is discharged:

- A. to fight a fire;
- B. as a result of a Covered Cause of Loss; or
- C. as a result of an accidental discharge.

If it is less expensive to do so, we will pay your costs to replace your automatic fire extinguishing equipment or hand held fire extinguishing equipment rather than recharge the equipment.

However, we will not pay your expenses to recharge equipment as a result of discharge during testing or installation.

25. Reclaiming, Restoring, or Repairing Land Improvements

We will pay, up to the amount shown in the Property Enhancement Endorsement Schedule for the cost of reclaiming,

restoring or repairing land improvements, provided the loss is from a Covered Cause of Loss.

26. Reward Reimbursement

We will pay, up to the amount shown in the Property Enhancement Endorsement Schedule as a reward for information that leads to a conviction of arson, theft or vandalism. The conviction must involve a Covered Cause of Loss by arson, theft or vandalism.

The amount we pay is not increased by the number of persons involved in providing the information.

27. Service Interruption Direct Damage

Notwithstanding any policy provision to the contrary, we will pay, up to the amount shown in the Property Enhancement Endorsement Schedule as the Direct Damage Service Interruption Limit, for direct loss or damage from a Covered Cause of Loss to Covered Property resulting from the failure of power or other utility service supplied to the described premises. The failure of power or other utility service must result from a Covered Cause of Loss and the failure must occur away from the described premises.

Coverage under this provision does not include loss or damage to Covered Property resulting from loss or damage to overhead transmission lines that deliver utility service to you. Overhead transmission lines include, but are not limited to:

- A. Overhead transmission and distribution lines;
- B. Overhead transformers and similar equipment; or
- C. Supporting poles and towers.

In the event that the Property Enhancement Endorsement Schedule indicates a Combined Direct Damage and Time Element Limit, the coverage described above and in the Service Interruption Time Element coverage below, will be subject to the Combined Direct Damage and Time Element Limit.

28. Sewer, Drain or Sump Backup or Overflow

Notwithstanding any policy provision to the contrary, we will pay, up to the amount shown in the Property Enhancement Endorsement Schedule for loss or damage caused directly or indirectly by water that backs up or overflows from a sewer, drain or sump.

29. Transit

We will cover, up to the amount shown in the Property Enhancement Endorsement Schedule, for loss or damage to Business Personal Property not otherwise excluded by this policy, while such property is in transit.

It is agreed that coverage under this extension shall include the following:

- A. Personal property shipped to customers on F.O.B., C & F, or similar terms. The Named Insured's contingent interest in such shipments is admitted.
- B. The interest of the Named Insured in, and legal liability for, personal property of others in the actual or constructive custody of the Named Insured.
- C. Personal property of others sold by the Named Insured which the Named Insured has agreed prior to loss to insure during course of delivery.

It is agreed that the following additional exclusions apply to coverage as provided under this additional coverage:

- A. Property insured under import or export ocean cargo policies.
- B. Waterborne shipments to and from the Coverage Territory.
- C. Shipments made by air, unless via regularly scheduled airlines.
- D. Property shipped by mail.
- E. Property of others, including the Insured's legal liability therefor, hauled on vehicles owned, leased, or operated by the NAMED INSURED when acting as a common or contract carrier as defined by the Interstate Commerce Commission Regulations or other state regulatory agencies.
- F. Any transporting vehicle or conveyance.

This additional coverage attaches from the time the property leaves the original point of shipment for the commence-

ment of transit and covers thereafter continuously in the due course of transit within the within the United States of America, being the 50 states of the Union plus the District of Columbia, until delivered at destination.

Coverage on export shipments not insured under ocean cargo policies does not extend beyond the time when the property is loaded on board overseas vessels or aircraft. Coverage on import shipments not insured under ocean cargo policies does not attach until after discharge from overseas vessels or aircraft.

This additional coverage does not cover or apply to delay, loss of market, or any Time Element Coverage.

Permission is granted to the Named Insured without prejudice to this insurance to accept the ordinary bills of lading used by carriers, including released and/or undervalued bills of lading and/or shipping or messenger receipts. The Named Insured may waive subrogation against railroads under sidetrack agreements, but the Named Insured shall not enter into any special agreement with carriers releasing them from their common law or statutory liability.

30. **Valuable Papers & Records**

In Section A, 5. Coverage Extensions, of the applicable coverage form, Paragraph c. Valuable Papers and Records (Other Than Electronic Data), the most we will pay under this extension is the amount shown in the Property Enhancement Endorsement Schedule, at each described premises.

31. **Wind-Driven Precipitation**

We will pay, up to the amount shown in the Property Enhancement Endorsement Schedule for each sudden precipitation event, for direct physical loss or damage to the interior of any Building or structure covered under this policy, or to the covered Business Personal Property located inside such building or structure, caused by the sudden (abrupt) and temporary entry of rain, snow, sleet or ice into the building when propelled by wind through roofs, doors, windows or other openings, provided you give us notice of the sudden event within 180 days of its occurrence.

No coverage for Wind-Driven Precipitation will be provided in the event the direct physical loss or damage is caused directly or indirectly by:

- A. Wind-driven sand or dust;
- B. Thawing of snow, sleet or ice on the building; or
- C. Faulty, inadequate or defective:
 - a. Planning, zoning, development, surveying or siting;
 - b. Design, specifications, workmanship, repair, construction, renovation, remodeling, grading, compactions;
 - c. Materials used in repair, construction, renovation or remodeling; or
 - d. Maintenance;

of part or all of any property on or off the described premises.

Coverage for Wind-Driven Precipitation does not apply to continuous or repeated seepage or leakage of water into a building, or if the entry of rain, snow, sleet or ice into the building was caused by failure to protect the building against normal wear and tear, rust, corrosion or decay. The coverage does not apply to a building under construction or renovation prior to the roof, walls, doors, and windows being completed and made air tight.

The deductible applicable to any recovery under this coverage is the All Other Wind, Named Storm or Hurricane deductible otherwise applicable under this policy based on the type and description of the wind event at the time of the Wind-Driven Precipitation direct loss.

Time Element Coverages

32. **Builder's Risk Soft Costs**

For property under construction, this policy is extended to cover, up to the amount shown in the Property Enhancement Endorsement Schedule, Builder's Risk Soft Costs incurred by the named insured arising out of delay of the completion of buildings or additions under construction during the period of interruption that are the result of direct damage from a covered cause of loss.

Builder's Risk Soft Costs means reasonable and necessary costs over and above those that would have been incurred by the named insured during the period of interruption at the location had no loss occurred, limited to the following:

1. Construction Loan Fees – The additional cost incurred to arrange loans necessary for the completion of construction, repairs or reconstruction, including: the cost to arrange financing, accounting work necessary to restructure financing, legal work necessary to prepare new documents, and charges by the lenders for the extension or renewal of loans necessary to complete the construction;
2. Commitment Fees: The cost of returning any commitment fees received from any prospective tenant(s) or purchaser(s);
3. Additional fees for architects, engineers, consultants, attorneys or accountants for the completion of construction, repairs or reconstruction; and
4. Property taxes, building permits, additional interest on loans, realty taxes and insurance premiums.

33. Interruption by Civil or Military Authority

Section A. 4. b. Civil Authority of the Business Income (Without Extra Expense) Coverage Form and Section A. 5. A. of the Business Income (and Extra Expense) Coverage Form are amended as follows:

Condition (1) is changed to state: "Access to the area surrounding the damaged property, within the distance limitation shown in the Property Enhancement Endorsement Schedule, is prohibited by civil authority as a result of the damage."

The time period is amended to state:

"Civil Authority Coverage for Business Income will begin 72 hours after the time of the first action of civil authority that prohibits access to the described premises and will apply from the date on which such coverage began and up to the number of consecutive weeks shown in the Property Enhancement Endorsement Schedule."

In addition, the maximum we will pay under this extension is the maximum amount shown in the Property Enhancement Endorsement Schedule.

With respect to Interruption by Civil or Military Authority and Ingress/Egress, if a Covered Cause of Loss results in coverage under both of those additional coverages, this policy will only pay for loss under one of those additional coverages, whichever the Named Insured selects.

34. Contingent Time Element

If direct physical loss or damage to the real or business personal property of a direct supplier or direct customer of the Named Insured is damaged by a Covered Cause of Loss under this policy, and such damage:

- A. wholly or partially prevents any direct supplier to the Named Insured from supplying their goods and/or services to the Named Insured; or
- B. wholly or partially prevents any direct customer of the Named Insured from accepting the Named Insured's goods and/or services;

then this policy is extended to cover the actual loss sustained, up to the maximum limit shown in the Property Enhancement Endorsement Schedule, by the Named Insured during the period of interruption with respect to such real or business personal property, if the property of the supplier or customer that sustains loss or damage is of the type of property that would be Covered Property under this policy.

This coverage applies to the Named Insured's direct suppliers or direct customers located in the United States of America, being the 50 states of the Union plus the District of Columbia.

35. Extended Period of BI Indemnity

Coverage is provided for such additional length of time as is required to restore the Named Insured's business to the condition that would have existed had no loss occurred, commencing with the later of the following dates:

- A. the date on which the coverage for loss or damage would otherwise terminate; or
- B. the earliest date on which either normal operations resume, or repair, replacement, or rebuilding of the property that has been damaged is completed;

but in no event for a period exceeding the number of days specified in the Property Enhancement Endorsement Schedule. This Extended Period of Indemnity does not apply to any additional Time Element Coverages under this policy.

This additional coverage does not include coverage for any increase in loss due to fines or damages for breach of contract or for late or non-completion of orders, or penalties of any nature.

36. Extra Expense/Expediting Expense

If, under the policy, Business Interruption does not cover Extra Expense, we will pay, up to the amount shown in the Property Enhancement Endorsement Schedule, the reasonable extra costs for temporary repair of damaged property and for expediting the permanent repair or replacement of such damaged property. This includes overtime wages and extra costs of express or other rapid means of transportation. This does not include expenses recoverable elsewhere under this policy.

The Named Insured agrees to use any suitable property or service owned or controlled by the Named Insured or obtainable from other sources in reducing the Extra Expense incurred under this policy.

37. Ingress/Egress

This policy is extended to cover the actual loss sustained, up to the maximum limit shown in the Property Enhancement Endorsement Schedule, during the period when ingress to or egress from the Named Insured's covered location is prohibited as a direct result of a Covered Cause of Loss to real property not insured hereunder. Such period begins on the date that ingress to or egress from real or personal property is prohibited and ends when ingress or egress is no longer prohibited, but no later than the number of weeks shown in the Property Enhancement Endorsement Schedule.

The physical loss or damage to real property insured hereunder must occur within the distance limitation specified in the Property Enhancement Endorsement Schedule from the Covered Property for coverage to apply.

With respect to Interruption by Civil or Military Authority and Ingress/Egress, if a Covered Cause of Loss results in coverage under both of those additional coverages, this policy will only pay for loss under one of those additional coverages, whichever the Named Insured selects.

38. Ordinary Payroll

Business Income includes Ordinary Payroll Expenses, as defined in the Ordinary Expense Limitation and Exclusions Form, only up to the number of days shown in the Property Enhancement Endorsement Schedule. The number of days need not be consecutive but must fall within the "period of restoration" or extension of the "period of restoration" if an extension is provided under this policy.

If the Property Enhancement Endorsement Schedule indicates the number of days is zero, then Ordinary Payroll Expense is excluded.

In determining the operating expenses for the policy year for Coinsurance purposes, payroll expenses will not include Ordinary Payroll Expenses, except for Ordinary Payroll Expenses incurred during the number of days shown in the Property Enhancement Endorsement Schedule. If the Ordinary Payroll Expenses for the policy year vary during the year, the period of greatest Ordinary Payroll Expenses will be used.

Ordinary Payroll Expenses means payroll expenses for all your employees except:

- A. Officers;
- B. Executives;
- C. Department managers;
- D. Employees under contract; and
- E. Additional Exemptions, shown in form VT15100521 (Ordinary Payroll Limitation and Exclusion)

Ordinary Payroll Expenses include:

- A. Payroll;
- B. Employee benefits, if directly related to payroll;
- C. FICA payments;
- D. Union dues; and
- E. Workers compensation premiums.

39. Royalties

This policy is extended to cover, up to the amount shown in the Property Enhancement Endorsement Schedule, loss of income sustained by the Named Insured under a royalty, licensing fee, or commission agreement between the Named

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Insured and another party during the period of interruption arising out of direct physical loss or damage by a covered cause of loss during the term of this policy to real or personal property of such other party, only if such royalties are shown as such on the Statement of Values. When determining the amount payable, consideration will be given to the amount of income derived by the Named Insured from such agreements before, and the probable amount of income after, the date of loss or damage.

40. Service Interruption Time Element

If Business Income is covered under this policy, coverage is extended to include, up to the amount shown in the Property Enhancement Endorsement Schedule as the Service Interruption Time Element Limit, Business Income resulting from the failure of power or other utility service supplied to the described premises. The failure of power or other utility service must result from a Covered Cause of Loss and the failure must occur away from the described premises.

There shall be no loss payable under this additional coverage unless the interruption exceeds 72 hours. In such case, the loss shall be measured from the date and time of the Covered Cause of Loss. With respect to any time element coverage provided herein, the period of interruption ends when power or other utility service is restored.

In the event the Property Enhancement Endorsement Schedule indicates a Combined Direct Damage and Time Element Limit, the coverage described here and in the Service Interruption Direct Damage coverage above, will be subject to the Combined Direct Damage and Time Element Limit.

PROPERTY ENHANCEMENT ENDORSEMENT SCHEDULE

The sub-limits applicable to each coverage described in the Property Enhancement Endorsement are shown below. No coverage applies under this endorsement if the amount shown for the respective coverage is zero or if no amount is shown.

Building and BPP Coverages

Accounts Receivable	100,000
Asbestos Removal	0
Builder's Risk	0
Debris Removal	
% of Loss	25
Maximum	1,000,000
Additional Limit	50,000
Electronic Data and Data Processing Media	0
Emergency Removal Expense	5,000
Errors or Omissions	0
Fine Arts	25,000
Fire Department Service Charges	25,000
Fraud and Deceit	5,000
Fungus, Wet Rot, Dry Rot and Bacteria	
Per Occurrence	25,000
Aggregate	100,000
Green Upgrades	0
Leased or Rented Equipment	
Per Item Limit	0
Aggregate Limit	0
Leasehold Interest	0
Limited Pollution Coverage (Annual Aggregate)	25,000
Lock Replacement	0
Miscellaneous Unnamed Locations	0
Newly Acquired Property	
Days	0
Maximum	0
Outdoor Property	
Per Item Limit for Plants, Trees and Shrubs	500
Aggregate Limit	25,000
Personal Property of Others	0
Preservation of Property (Days)	180
Professional Fees for Claim Preparation (Annual Aggregate)	50,000
Property in Course of Construction (Non-Structural)	0
Recharging of Fire Extinguishing Equipment	50,000
Reclaiming, restoring, or repairing land improvements	0
Reward Reimbursement	10,000
Service Interruption Direct Damage	
Direct Damage Limit	50,000
Combined Direct Damage and Time Element Limit	0

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Sewer, Drain or Sump Backup or Overflow	25,000
Transit	25,000
Valuable Papers and Records	100,000
Wind-Driven Precipitation	100,000

Time Element Coverages

Builder's Risk Soft Costs	0
Interruption by Civil or Military Authority	
Distance Limitation (Miles)	0
Weeks	0
Maximum	\$0
Contingent Time Element	0
Extended Period of BI Indemnity	0
Extra Expense, Expediting Expense	0
Ingress, Egress	
Distance Limitation (Miles)	0
Weeks	0
Maximum	\$0
Ordinary Payroll	0
Royalties	0
Service Interruption Time Element	0

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TOTAL LOSS ENDORSEMENT

This endorsement modifies insurance provided under this Policy.

BUILDING AND PERSONAL PROPERTY COVERAGE FORM
CONDOMINIUM ASSOCIATION COVERAGE FORM
CONDOMINIUM COMMERCIAL UNIT-OWNERS COVERAGE FORM
BUSINESS INCOME (AND EXTRA EXPENSE) COVERAGE FORM
BUSINESS INCOME (WITHOUT EXTRA EXPENSE) COVERAGE FORM
EXTRA EXPENSE COVERAGE FORM

In consideration of the premium charged under this policy, we agree with you that in the event of a constructive total loss of the insured property, the full policy premium for the property shall be deemed fully earned for all coverages insured hereunder. No return premium shall be payable to the insured for the unexpired term of the policy.

RESIDENTIAL CONDOMINIUM ASSOCIATION COVERED PROPERTY ENDORSEMENT

Section A.1(a) of the CONDOMINIUM ASSOCIATION COVERAGE FORM is deleted in its entirety and replaced with the following:

- a. **Building**, meaning the building or structure described in the Declarations, including:
- (1) Additions, alterations and repairs;
 - (2) Fixtures, outside of individual units, including outdoor fixtures;
 - (3) Permanently installed:
 - (a) Machinery; and
 - (b) Equipment;
 - (4) Personal property owned by you that is used to maintain or service the building or structure or its premises, including:
 - (a) Fire extinguishing equipment;
 - (b) Outdoor furniture;
 - (c) Floor coverings that are not contained within individual units; and
 - (d) Appliances used for refrigerating, ventilating, cooking, dishwashing or laundering that are not contained within individual units;
 - (5) If not covered by other insurance, materials, equipment, supplies and temporary structures, on or within 100 feet of the described premises, used for making additions, alterations or repairs to the building or structure;
 - (6) Air conditioning and heating equipment, including air conditioning compressors and air handlers, used to service any part of the building or structure, including individual units and the limited common elements;
 - (7) Sheetrock and plaster board comprising the walls and ceilings of the condominium units;
 - (8) Any other portion of the condominium property located outside of individual units, including improvements, additions and alterations; and
 - (9) The following property:
 - (a) Fixtures, installations and additions comprising a part of the building;
 - (b) Floor coverings, wall coverings and ceiling coverings;
 - (c) Electrical lines and fixtures, plumbing lines and fixtures, water heaters, built-in cabinets and built-in countertops; and
 - (d) Appliances used for refrigerating, ventilating, cooking, dishwashing, laundering, security or housekeeping, provided, and only to the extent that, either:
 - (i) your Condominium Association Agreement requires you to cover these items and such coverage is not prohibited by law; or
 - (ii) any other law, statute or act in your state requires you to insure these items.

With respect to items (a) - (d) in this paragraph a. (9), coverage is provided for property of the type and quality initially installed, or as such property existed at the time the condominium unit was initially conveyed to the condominium unit owner.

ADDITIONAL PROPERTY NOT COVERED

This endorsement modifies insurance provided under the following:

BUILDING AND PERSONAL PROPERTY COVERAGE FORM
CONDOMINIUM ASSOCIATION COVERAGE FORM
CONDOMINIUM COMMERCIAL UNIT-OWNER COVERAGE FORM

The following are added to **A. Coverage, 2. Property Not Covered** unless specifically listed in the Declarations, Statement of Values, or on the Additional Covered Property Endorsement (VT0109 attached to this policy):

1. Machinery and equipment in the open including gasoline pumps
2. Contractor's Equipment including trailers used to transport such equipment
3. Buildings or structures in the course of construction including materials and supplies except additions to or alterations and repairs on or within the existing walls of existing buildings or structures covered by this policy pursuant to **A1.a.(5)**
4. Power transmission and/or feeder lines
5. Property line walls, gates, latticework and trellises
6. Walkways, boardwalks, catwalks, trestles, dams, and tunnels, all whether for pedestrians or vehicles
7. Seawalls
8. Swimming pools, wading pools, decorative pools, spas, hot tubs and Jacuzzis, whether in the ground or above the ground, waterfalls, fountains, diving platforms or diving boards, all while situated outdoors
9. Gazebos, cabanas, bars and snack bars situated outside covered buildings
10. Signs not attached to a building or structure
11. Signs attached to a building or structure with a value greater than \$2,500
12. Awnings, canopies, and carports whether attached or not to a building or structure including any structure or covering over gasoline pumps, swimming pools or wading pools
13. Light poles including attached fixtures, and street signs
14. Lanai or any similar structure abutting, enclosing or partially enclosing a swimming or wading pool
15. Greenhouses, shade houses, hot houses and glass houses
16. Tennis, basketball or shuffleboard courts including lighting and fencing
17. Other buildings and structures at a Covered Location not specifically described and included as Covered Property

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ADDITIONAL COVERED PROPERTY

This endorsement modifies insurance provided under the following:

BUILDING AND PERSONAL PROPERTY COVERAGE FORM
CONDOMINIUM ASSOCIATION COVERAGE FORM
CONDOMINIUM COMMERCIAL UNIT-OWNER COVERAGE FORM

The following scheduled properties are added to section A.1. COVERED PROPERTY of the relevant coverage form, whether or not they are included among the types of Property Not Covered as per A.2 PROPERTY NOT COVERED.

Location	Building	Description of Property	Structure Limit	Contents Limit
1	1	Pool and Spa	115,753	0

SINKHOLE LOSS COVERAGE

This endorsement modifies insurance provided under the following:

BUILDING AND PERSONAL PROPERTY COVERAGE FORM
CONDOMINIUM ASSOCIATION COVERAGE FORM
CONDOMINIUM COMMERCIAL UNIT-OWNERS COVERAGE FORM
CAUSES OF LOSS – BASIC
CAUSES OF LOSS – SPECIAL

- A. Coverage – Sinkhole Loss, as defined below, is added as a Covered Cause of Loss to the applicable Coverage Form and/or the applicable Cause of Loss Form in this policy.
- B. Coverage Does Not Increase the Limit of Insurance – Coverage for Sinkhole Loss under this extension does not increase the applicable Limit of Insurance. In addition, even if loss or damage qualifies under, or includes, both Catastrophic Ground Cover Collapse, as defined elsewhere in this policy, and Sinkhole Loss, only one Limit of Insurance will apply to such loss or damage.
- C. Deductible – Sinkhole Loss is subject to a per occurrence deductible as shown in the Declarations. If more than one building is involved in the same loss occurrence, the per occurrence deductible that applies is the largest of the applicable per occurrence deductibles for each building.
- D. Definition of Sinkhole Loss (States Other than Florida) – For Covered Property in all states other than Florida, Sinkhole Loss is defined as the loss or damage caused by 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 the cost of filling sinkholes or sinking or collapse of land into man-made underground cavities. This definition of Sinkhole Loss is identical to the definition of Sinkhole Collapse elsewhere in this policy.
- E. Definition of Sinkhole Loss (Florida) – For Covered Property located in Florida, Sinkhole Loss is defined as the loss or damage to Covered Property when Structural Damage to the covered building, including the foundation, is caused by settlement or systematic weakening of the earth supporting the covered building, but only if the settlement or systematic weakening results from contemporaneous movement or raveling of soils, sediments, or rock materials into subterranean voids created by the effect of water on a limestone, or similar rock, formation.
 1. Stabilization of Building and Repair to the Foundation – In Florida, coverage for Sinkhole Loss includes stabilization of the building (including land stabilization) and repair to the foundation, provided such work is in accordance with the requirements of Florida Insurance Law and in accordance with the recommendation of a professional engineer and with notice to you. The professional engineer must be selected or approved by us.

However, until you enter into a contract for performance of building stabilization or foundation repair in accordance with the recommendations of the professional engineer as set forth in a report from us:

 - a. We will not pay for underpinning or grouting or any other repair technique performed below the existing foundation of the building; and
 - b. Our payment for Sinkhole Loss to Covered Property may be limited to the actual cash value of the loss to such property.

You must enter into a contract for the performance of building stabilization and/or foundation repair in accordance with the aforementioned recommendations, within 90 days after we notify you that there is coverage for your Sinkhole Loss. After you have entered into such contract, we will pay the amounts necessary to begin and perform such repairs as the work is performed and the expenses are incurred.

However, if the professional engineer determines, prior to your entering into the aforementioned contract or prior to the start of repair work, that the repairs will exceed the applicable Limit of Insurance, we must either complete the recommended repairs or pay that Limit of Insurance upon such determination. If the aforementioned determination is made during the course of repair work and we have begun making payments for the work performed, we must either complete the recommended repairs or pay only the remaining portion of the applicable Limit of Insurance upon such determination. The most we will pay for the total of all Sinkhole Loss, including building and land stabilization and foundation repair, is the applicable Limit of Insurance on the affected building.

The stabilization and all other repairs to the Covered Property must be completed within 12 months after entering into the contract for the performance of these repairs, unless:

- a. There is a mutual agreement between you and us;
 - b. The claim is involved with the Neutral Evaluation Process;
 - c. The claim is in litigation; or
 - d. The claim is under appraisal or mediation.
2. Neutral Evaluation – Following receipt by us of a report from a professional engineer or professional geologist on the cause of loss and recommendations for land stabilization and repair of property, or if we deny your claim, we will notify you of your right to participate in a neutral evaluation program administered by the Florida Department of Financial Services (hereinafter referred to as the Department). For alleged Sinkhole Loss to commercial residential properties, this program applies instead of any mediation procedure set forth elsewhere in this policy, but does not invalidate the Appraisal Condition.

You or we may file a request with the Department for neutral evaluation; the other party must comply with such request. We will pay reasonable costs associated with the neutral evaluation, regardless of which party makes the request. But if a party chooses to hire a court reporter or stenographer to contemporaneously record and document the neutral evaluation, that party must bear the costs of those services. The neutral evaluator will be selected from a list maintained by the Department. The recommendation of the neutral evaluator will not be binding on you or us.

Participation in the neutral evaluation program does not change your right to file suit against us in accordance with the Legal Action Against Us Condition in this policy, except that the time for filing suit is extended for a period of 60 days following the conclusion of the neutral evaluation process or five years, whichever is later.

3. Testing – If we deny your claim for Sinkhole Loss without performing testing under section 627.7072, Florida Statutes, you may demand testing by communicating such demand to us in writing within 60 days after you receive our denial of the claim. You are responsible for 50% of the testing costs, or \$2,500, whichever is less. If our professional engineer or geologist provides written certification, pursuant to section 627.7073, that there is Sinkhole Loss, we will reimburse you for the testing costs.
4. Potential Reimbursement Requirement – If we deny your claim for Sinkhole Loss upon receipt of written certification from a professional engineer or geologist, pursuant to section 627.7073, that there is no Sinkhole Loss or that the cause of the damage was not sinkhole activity, and if the sinkhole claim was submitted without good faith grounds for submitting such claim, you shall reimburse us for 50% of the actual costs of the analyses and services provided under sections 627.7072 and 627.7073, or \$2,500, whichever is less. You are not required to pay such reimbursement unless you requested the analysis and services and we, before ordering the analysis, informed you in writing of the potential for reimbursement and gave you the opportunity to withdraw the claim.
5. Court Filing – As a precondition to accepting payment for Sinkhole Loss, you must file with the county clerk of court, a copy of any sinkhole report regarding your property which was prepared on behalf or at your request. You will bear the cost of filing and recording the sinkhole report.

F. Exclusions – Sinkhole Loss does not include:

1. Sinking or collapse of land into man-made underground cavities;
2. Earthquake;
3. Land or the replacement, rebuilding, restoration or value of land except as in E.1. above;
4. Loss or damage to any of the following:
 - a. Appurtenant structures, including screen enclosures, porches, lanais, carports, pools, pool decks, spas, gazebos, buildings that are not fully enclosed, buildings or structures that are constructed to be open to the weather and open-sided structures.
 - b. Driveways, sidewalks, decks or patios;
 - c. Structures and other property excluded or not covered elsewhere in this policy.

G. Earth Movement and Collapse Exclusions – With respect to coverage provided by this endorsement, the Earth Move-

ment Exclusion and the Collapse Exclusion do not apply.

- H. Duties in the Event of Loss or Damage – A claim for Sinkhole Loss, including but not limited to initial, supplemental and reopened claims, is barred unless notice of claim is provided to us in accordance with the terms of this policy within two years after you knew or reasonably should have known about the Sinkhole Loss.
- I. Prior Loss Exclusion – Coverage for Sinkhole Loss under this endorsement does not include visible damage to Covered Property caused by sinkhole activity occurring prior to the inception of this policy.
- J. Prohibition Against Rebates – You may not accept a rebate from any person performing repairs for Sinkhole Loss covered under this endorsement. If you receive a rebate, coverage under this endorsement is void and you must refund the amount of the rebate to us.
- K. Definitions – The following definitions apply to the coverage provided under this endorsement:
 - 1. Structural Damage means a covered building, regardless of the date of its construction, has experienced the following:
 - a. Interior floor displacement or deflection in excess of acceptable variances as defined in ACI 117-90 or the Florida Building Code, which results in settlement related damage to the interior such that the interior building structure or members become unfit for service or represent a safety hazard as defined within the Florida Building Code;
 - b. Foundation displacement or deflection in excess of acceptable variances as defined in ACI 318-95 or the Florida Building Code, which results in settlement related damage to the Primary Structural Members or Primary Structural Systems and that prevents those members or systems from supporting the loads and forces they were designed to support to the extent that stresses in those Primary Structural Members or Primary Structural Systems exceed one and one-third the nominal strength allowed under the Florida Building Code for new buildings of similar structure, purpose, or location;
 - c. Damage that results in listing, leaning, or buckling of the exterior load bearing walls or other vertical Primary Structural Members to such an extent that a plumb line passing through the center of gravity does not fall inside the middle one-third of the base as defined within the Florida Building Code;
 - d. Damage that results in the building, or any portion of the building containing Primary Structural Members or Primary Structural Systems, being significantly likely to imminently collapse because of the movement or instability of the ground within the influence zone of the supporting ground within the shear plane necessary for the purpose of supporting such building as defined within the Florida Building Code; or
 - e. Damage occurring on or after October 15, 2005, that qualifies as substantial structural damage as defined in the Florida Building Code.
 - 2. Primary Structural Member means a structural element designed to provide support and stability for the vertical or lateral loads of the overall structure.
 - 3. Primary Structural System means an assemblage of Primary Structural Member.
 - 4. Rebate means remuneration, payment, gift, discount or transfer of any item of value to the insured by or on behalf of a person performing the repairs as an incentive or inducement to obtain repairs performed by that person.

PROTECTIVE SAFEGUARDS AND POLICY CONDITIONS

This endorsement modifies insurance provided under the following:

BUILDING AND PERSONAL PROPERTY COVERAGE FORM
CONDOMINIUM ASSOCIATION COVERAGE PART
CONDOMINIUM COMMERCIAL UNIT-OWNERS COVERAGE PART
CAUSES OF LOSS - SPECIAL FORM
CAUSES OF LOSS - BASIC FORM
CAUSES OF LOSS -WINDSTORM OR HAIL ONLY FORM

A. The following **Protective Safeguards** and **Policy Conditions** are added to the Commercial Property Conditions.

As a condition of this policy, you are required to have and maintain the protective devices and/or services listed in the Schedule below. The protective safeguard(s) to which this endorsement applies are identified by the following symbols:

Fire Protective Safeguards

P1: Functioning Sprinkler System with central station alarm response covering 100% of the building.

P2: Functioning Sprinkler System with central station alarm response covering part of the building.

For the purposes of P1 and P2 above, "Sprinkler System" means:

- a. a fully functioning automatic fire protective or extinguishing system supplied with the proper extinguishing agent for which the system was designed, including connected sprinklers and discharge nozzles; ducts, pipes, valves and fittings; tanks, their component parts and supports; and pumps and private fire protection mains; and
- b. when supplied from an automatic fire protective system, non-automatic fire protective systems, hydrants, stand-pipes and outlets.

P3: Each unit and all common areas are protected by functioning smoke detection devices that are maintained at least annually.

P4: All buildings and occupancies are protected by functioning smoke detection devices that are maintained at least annually.

P5: Functioning central station fire alarm covering 100% of the building.

P6: Functioning central station fire alarm system covering part of the building.

P7: Service Contract with a privately owned fire department providing fire protection services to the described premises.

Burglary and Theft Protective Safeguards

B1: Automatic Burglary Alarm, protecting the entire building, which signals to an outside central station or a police station.

B2: Automatic Burglary Alarm, protecting the entire building, which has a loud sounding gong or siren on the outside of the building.

B3: Security Service with a recording system or watch clock, making hourly rounds covering the entire building, when the premises are not in actual operation.

B4: Premises protected by a functioning and activated central station burglar alarm system that is in the "on" position during all non-working hours and when the premises are unoccupied.

B5: Premises protected by a functioning and activated central station burglary alarm system having contacts on all doors, windows and accessible building openings and motion detection covering 100% of the interior of the building. The system must be in the "on" position during all non-working hours and when the premises of the insured are unoccupied.

Vacant Building Protective Safeguards

V1: All vacant buildings must be locked and secured to prevent unauthorized entry.

V2: All partially vacant portions of a building must be secured to prevent unauthorized entry.

V3: Heat levels must be maintained at a minimum temperature of 55 degrees or all plumbing and sprinkler piping must be drained, to prevent plumbing and sprinkler pipes from freezing.

Policy Conditions

R1: Unused flammable materials must be stored in NFPA approved storage containers.

R2: All used flammable materials must be disposed of in NFPA approved disposal containers.

R3: Woodworking operations must be in compliance with NFPA 664 standards (Standards for Prevention of Fires and Explosions in Wood Processing and Woodworking Facilities).

R4: All commercial painting/staining/finishing operations are required to have NFPA approved paint booths with explosion proof wiring connection and fixtures.

R5: All computer and telephone systems and related electronic equipment must be protected by functioning surge protectors.

R6: The entire electrical system is protected by functioning circuit breakers (no fuses are present).

R7: All electrical wiring throughout the entire building consists of solid copper wire with plastic coating or polyvinyl sheathing.

R8: Within the past 25 years the entire electrical system has been completely replaced throughout the entire building starting at the point where the electrical service enters the building, including circuit breakers and all wiring.

R9: All plumbing supplying water throughout the entire building consists of copper, PVC or CVPC pipes.

R10: Within the past 25 years the entire plumbing system supplying water has been completely replaced throughout the entire building starting at the point where the water service enters the building.

R11: Roof surface has been completely replaced within the past 15 years.

R12: Roof surface has been completely replaced within the past 20 years.

R13: Roof surface has been completely replaced or recoated within the past 25 years.

R14: Flat roofs have been resurfaced or replaced within the past 15 years and all roof drains are kept clear of debris and maintained in operating condition.

R15: Pitched shingled roofs have been re-shingled or replaced within the past 20 years.

R16: The covering (other than shingles) on pitched roofs has been completely replaced within the past 35 years.

B. The following is added to the **Exclusions** section of the Causes of Loss – Basic Form and Causes of Loss - Special Form.

1. We will not pay for loss or damage caused by or resulting from fire if, prior to the fire, you:
 - a. are not in compliance with any Fire Protective Safeguards, including any Custom Fire Protective Safeguards, listed in the Schedule;
 - b. knew of any suspension or impairment in any Protective Safeguard listed in the Schedule and failed to notify us of that fact; or
 - c. failed to maintain any Protective Safeguard listed in the schedule, and over which you had control, in complete working order.

If an automatic Sprinkler System is shut off due to breakage, leakage, freezing conditions or opening of sprinkler heads, notification to us will not be necessary if you can restore full protection within 48 hours.

2. We will not pay for loss or damage caused by or resulting from theft (if covered under the Causes of Loss – Special Form) or vandalism to the interior of the building or its contents if, prior to the theft or vandalism, you:
 - a. are not in compliance with any Burglary and Theft Protective Safeguards, including any Custom Burglary and Theft Protective Safeguards, listed in the Schedule;
 - b. knew of any suspension or impairment in any Burglary and Theft Protective Safeguards listed in the Schedule and failed to notify us of that fact; or
 - c. failed to maintain any Burglary and Theft Protective Safeguards listed in the Schedule, and over which you had control, in complete working order.
3. We will not pay for loss or damage caused to vacant buildings, or the vacant portion of partially vacant buildings, if prior to the event giving rise to the loss or damage you are not in compliance with any of the Vacant Building

Protective Safeguards, V1 to V3, shown in the Schedule.

4. We will not pay for loss or damage caused by or resulting from fire or explosion, if prior to the fire or explosion, any of Policy Conditions R1 through R4 are included in the Schedule and you are not in compliance with those conditions.
 5. We will not pay for loss or damage caused by or resulting from power surge or electrical arcing, if prior to the power surge or electrical arcing, Policy Condition R5 is included in the Schedule and you are not in compliance with that conditions.
 6. We will not pay for loss or damage caused by or resulting from electrical arcing or fire, if prior to the electrical arcing or fire, any of Policy Conditions R6 through R8 are included in the Schedule and you are not in compliance with those conditions.
 7. We will not pay for loss or damage caused by or resulting from water damage, if prior to the water damage, any of Policy Conditions R9 through R10 are included in the Schedule and you are not in compliance with those conditions.
 8. We will not pay for loss or damage caused by or resulting from water damage originating from the roof, if prior to the water damage, any of Policy Conditions R11 through R16 are included in the Schedule and you are not in compliance with those conditions.
 9. We will not pay for loss or damage, from any cause of loss, if prior to the loss or damage, you are not in compliance with any of the Custom Policy Conditions included in the Schedule, if any.
- C. If any of Policy Conditions R11 through R16 are included in the Schedule and you are not in compliance with those conditions, the following is added to G. Optional Coverages, 3. Replacement Cost of the Building and Personal Property Coverage Form:

This optional coverage also does not apply to the roofing system, which includes, but is not limited to, the roof covering, decking, support and flashing.

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PROTECTIVE SAFEGUARD SCHEDULE

Item	Applicable Buildings (Location # - Building #)
P2	All
R11	All
P3	All

AUTOMATIC SPRINKLER SYSTEM REQUIREMENT

This endorsement modifies insurance provided under the following:

BUILDING AND PERSONAL PROPERTY COVERAGE FORM
CONDOMINIUM ASSOCIATION COVERAGE FORM
CONDOMINIUM COMMERCIAL UNIT-OWNERS COVERAGE FORM

As a condition of this insurance, you are required to maintain an operational Automatic Sprinkler System, including related supervisory services at the premises shown in the Schedule below.

Automatic Sprinkler System means:

1. Any automatic fire protective or extinguishing system, including connected:
 - a. Sprinklers and discharge nozzles;
 - b. Ducts, pipes, valves and fittings;
 - c. Tanks, their component parts and supports; and
 - d. Pumps and private fire protection mains.
2. When supplied from an automatic fire protection system:
 - a. Non-automatic fire protection systems; and
 - b. Hydrants, standpipes and outlets.

This insurance will be automatically suspended at any premises where you fail to maintain the Automatic Sprinkler System in complete working order.

If part of the Automatic Sprinkler System is shut off for less than 48 hours due to breakage, leakage, freezing conditions or opening of sprinkler heads, this insurance will not be automatically suspended.

Schedule

Sprinkler System	Applicable Buildings
Full, Central Alarm	All Except 3-1

FLORIDA CHANGES

This endorsement modifies insurance provided under the following:

COMMERCIAL PROPERTY COVERAGE PART

- A. When this endorsement is attached to Standard Property Policy **CP 00 99**, the term Coverage Part in this endorsement is replaced by the term Policy.
- B. The following provision applies when a Coinsurance percentage is shown in the Declarations:
Florida law states as follows:
Coinsurance contract: The rate charged in this policy is based upon the use of the coinsurance clause attached to this policy, with the consent of the Insured.
- C. The following is added:
If windstorm is a Covered Cause of Loss and loss or damage to Covered Property is caused by or results from windstorm, the following exclusion applies in:
1. Broward County;
 2. Miami-Dade County;
 3. Martin County;
 4. Monroe County;
 5. Palm Beach County; and
 6. All the areas east of the west bank of the Intracoastal Waterway in the counties of:
 - a. Indian River; and
 - b. St. Lucie.

Windstorm Exterior Paint And Waterproofing Exclusion

We will not pay for loss or damage caused by windstorm to:

1. Paint; or
2. Waterproofing material;

applied to the exterior of buildings unless the building to which such loss or damage occurs also sustains other loss or damage by windstorm in the course of the same storm event. But such coverage applies only if windstorm is a Covered Cause of Loss.

When loss or damage to exterior paint or waterproofing material is excluded, we will not include the value of paint or waterproofing material to determine:

- a. The amount of the Windstorm or Hail Deductible; or
- b. The value of Covered Property when applying the Coinsurance Condition.

- D. The **Loss Payment** Condition dealing with the number of days within which we must pay for covered loss or damage is replaced by the following:
Provided you have complied with all the terms of this Coverage Part, we will pay for covered loss or damage upon the earliest of the following:
- (1) Within 20 days after we receive the sworn proof of loss and reach written agreement with you;
 - (2) Within 30 days after we receive the sworn proof of loss and:
 - (a) There is an entry of a final judgment; or
 - (b) There is a filing of an appraisal award with us; or
 - (3) Within 90 days of receiving notice of an initial, reopened or supplemental claim, unless we deny the claim during

that time or factors beyond our control reasonably prevent such payment. If a portion of the claim is denied, then the 90-day time period for payment of claim relates to the portion of the claim that is not denied.

Paragraph **(3)** applies only to the following:

- (a) A claim under a policy covering residential property;
- (b) A claim for building or contents coverage if the insured structure is 10,000 square feet or less and the policy covers only locations in Florida; or
- (c) A claim for contents coverage under a tenant's policy if the rented premises are 10,000 square feet or less and the policy covers only locations in Florida.

E. Sinkhole Collapse Coverage Removed

Sinkhole Collapse coverage is removed, as indicated in Paragraphs **E.1.** through **E.4.**; and coverage for Catastrophic Ground Cover Collapse is added instead as set forth in Paragraph **F.**

1. In the Causes Of Loss – Basic Form and in the Standard Property Policy, Sinkhole Collapse is deleted from the Covered Causes of Loss and sinkhole collapse is no longer an exception to the Earth Movement Exclusion.
2. In the Causes Of Loss – Broad Form, Sinkhole Collapse is deleted from the Covered Causes of Loss and from the Additional Coverage – Collapse; and sinkhole collapse is no longer an exception to the Earth Movement Exclusion.
3. In the Causes Of Loss – Special Form, Sinkhole Collapse is deleted from the “specified causes of loss” and is no longer an exception to the Earth Movement Exclusion.
4. In the Mortgageholders Errors And Omissions Coverage Form, Sinkhole Collapse is deleted from the Covered Causes of Loss under Coverage **B** and from the “specified causes of loss”, and is no longer an exception to the Earth Movement Exclusion.

Further, this Coverage Part does not insure against Sinkhole Loss as defined in Florida law unless an endorsement for Sinkhole Loss is made part of this policy. However, if Sinkhole Loss causes Catastrophic Ground Cover Collapse, coverage is provided for the resulting Catastrophic Ground Cover Collapse even if an endorsement for Sinkhole Loss is not made part of this policy.

- F.** The following is added to this Coverage Part as a Covered Cause of Loss. In the Causes Of Loss – Special Form and Mortgageholders Errors And Omissions Coverage Form, the following is also added as a “specified cause of loss”. However, as a “specified cause of loss”, the following does not apply to the Additional Coverage – Collapse.

Catastrophic Ground Cover Collapse

We will pay for direct physical loss or damage to Covered Property caused by or resulting from catastrophic ground cover collapse, meaning geological activity that results in all of the following:

1. The abrupt collapse of the ground cover;
2. A depression in the ground cover clearly visible to the naked eye;
3. “Structural damage” to the building, including the foundation; and
4. The insured structure being condemned and ordered to be vacated by the governmental agency authorized by law to issue such an order for that structure.

However, damage consisting merely of the settling or cracking of a foundation, structure or building does not constitute loss or damage resulting from a catastrophic ground cover collapse.

The **Earth Movement** Exclusion and the **Collapse** Exclusion do not apply to coverage for Catastrophic Ground Cover Collapse.

Coverage for Catastrophic Ground Cover Collapse does not increase the applicable Limit of Insurance. Regardless of whether loss or damage attributable to catastrophic ground cover collapse also qualifies as Sinkhole Loss or Earthquake (if either or both of those causes of loss are covered under this Coverage Part), only one Limit of Insurance will apply to such loss or damage.

- G.** The following applies to the **Additional Coverage – Civil Authority** under the Business Income (And Extra Expense) Coverage Form, Business Income (Without Extra Expense) Coverage Form and Extra Expense Coverage Form:
1. The Additional Coverage – Civil Authority includes a requirement that the described premises are not more than

one mile from the damaged property. With respect to described premises located in Florida, such one-mile radius does not apply.

2. The Additional Coverage – Civil Authority is limited to a coverage period of up to four weeks. With respect to described premises located in Florida, such four-week period is replaced by a three-week period.
3. Civil Authority coverage is subject to all other provisions of that Additional Coverage.

H. The following provisions are added to the **Duties In The Event Of Loss Or Damage** Loss Condition:

- (1) A claim, supplemental claim or reopened claim for loss or damage caused by hurricane or other windstorm is barred unless notice of claim is given to us in accordance with the terms of this policy within three years after the hurricane first made landfall or a windstorm other than hurricane caused the covered damage. (Supplemental claim or reopened claim means an additional claim for recovery from us for losses from the same hurricane or other windstorm which we have previously adjusted pursuant to the initial claim.)

This provision concerning time for submission of claim, supplemental claim or reopened claim does not affect any limitation for legal action against us as provided in this policy under the Legal Action Against Us Condition, including any amendment to that condition.

- (2) Any inspection or survey by us, or on our behalf, of property that is the subject of a claim, will be conducted with at least 48 hours' notice to you. The 48-hour notice may be waived by you.

I. The following definition of structural damage is added with respect to the coverage provided under this endorsement: "Structural damage" means a covered building, regardless of the date of its construction, has experienced the following.

1. Interior floor displacement or deflection in excess of acceptable variances as defined in ACI 117-90 or the Florida Building Code, which results in settlement related damage to the interior such that the interior building structure or members become unfit for service or represent a safety hazard as defined within the Florida Building Code;
2. Foundation displacement or deflection in excess of acceptable variances as defined in ACI 318-95 or the Florida Building Code, which results in settlement related damage to the primary structural members or primary structural systems that prevents those members or systems from supporting the loads and forces they were designed to support to the extent that stresses in those primary structural members or primary structural systems exceed one and one-third the nominal strength allowed under the Florida Building Code for new buildings of similar structure, purpose, or location;
3. Damage that results in listing, leaning, or buckling of the exterior load bearing walls or other vertical primary structural members to such an extent that a plumb line passing through the center of gravity does not fall inside the middle one-third of the base as defined within the Florida Building Code;
4. Damage that results in the building, or any portion of the building containing primary structural members or primary structural systems, being significantly likely to imminently collapse because of the movement or instability of the ground within the influence zone of the supporting ground within the sheer plane necessary for the purpose of supporting such building as defined within the Florida Building Code; or
5. Damage occurring on or after October 15, 2005, that qualifies as substantial structural damage as defined in the Florida Building Code.

APPRAISAL PROCESS ENDORSEMENT

This endorsement modifies insurance provided under all Coverage Parts and replaces any and all other provisions regarding appraisal.

A. Request for Appraisal

1. If we and you disagree on the value of the property or the amount of loss, either party may request, in writing, an appraisal of the value of the property and/or the amount of loss. You cannot make such request unless: (i) you have fully complied with all provisions of this policy; and (ii) we have received a signed and sworn proof of loss from you identifying the total amount being claimed under the policy along with detailed amounts for each type of coverage being claimed including but not limited to real property, personal property, stock, contents, debris removal, business income, extra expense, ordinance or law, and any other additional coverage a claim is being made.
2. An appraisal may then take place only if both parties agree in writing to participate in the appraisal process pursuant to terms of a written agreement between the parties. At a minimum, such written agreement will specify a protocol for:
 - a. the selection of a disinterested, competent and impartial appraiser who does not have any financial interest in the claim or appraisal award, including any contingent interest in the outcome of the claim or appraisal award;
 - b. the inspection of the property by the appraisers;
 - c. communications between and among the appraisers and umpire;
 - d. specific itemization of each item of property and business income in dispute, allocated building-by-building, floor-by-floor, unit-by-unit, and/or area-by-area or as otherwise agreed; and
 - e. an award form.
3. If the parties cannot agree on a written agreement specifying the protocol within 30 days, an appraisal will not take place.

B. Selection of Umpire

1. If the appraisal moves forward, the two appraisers will select a disinterested, competent and impartial umpire who does not have any financial interest in the claim or appraisal award, including any contingent interest in the outcome of the claim or appraisal award.
2. If the two appraisers cannot agree on an umpire within 15 days of either appraiser proposing one or more umpires, the two appraisers may jointly request that a judge of a court in the county of the loss or damage select a disinterested, competent and impartial umpire who does not have any financial interest in the claim or appraisal award, including any contingent interest in the outcome of the claim or appraisal award.
3. If either party to the appraisal, without notice to the other party, asks a judge to select an umpire, any such selection shall be invalidated and the selection of a new umpire shall be required. If the appraisers do not jointly agree to request the appointment of an umpire, either you or we can unilaterally end the appraisal upon written notice to the other.

C. Appraisal Procedures

1. Each appraiser will independently state, in accordance with the terms and conditions of this policy, the actual cash value and replacement cost value for each item of damaged real and personal property as well as any other disputed amounts as required by the written appraisal agreement.
2. If the appraisers fail to agree, they will submit their differences to the umpire and any agreement in the amount of loss between the umpire and either appraiser will be binding.
3. Each party will pay its chosen appraiser and will equally bear all other expenses of the appraisal and umpire.

D. Restrictions on Scope of Appraisal

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In connection with the appraisal proceeding, neither the appraisers nor the umpire shall have authority to decide questions of law. Neither the appraisers nor the umpire shall attempt to resolve any issue of insurance coverage, policy exclusions, compliance with the policy terms and conditions, or any issues concerning any limits of insurance available under the Policy.

E. Additional Provisions

1. A request for or participation in appraisal does not relieve you of your continuing obligation to comply with the terms and conditions of this policy, including all requirements outlined in event of a loss. We may require completion of any of your duties, responsibilities or requirements of this policy prior to continuance of the appraisal proceeding. We will not be held to have waived any of our rights by any act relating to appraisal, including our right to deny a claim in whole or in part.
2. Where applicable, the parties agree that the time period for which to respond to and/or cure any Civil Remedy Notice(s) during the pendency of appraisal is the longer of:
 - a. 30 days after a binding appraisal agreement is reached pursuant to the terms of this endorsement; or
 - b. the expiration of the time period prescribed by statute.
3. All other terms and conditions of this Policy remain unchanged.

MINIMUM EARNED PREMIUM ENDORSEMENT

This endorsement supersedes any cancellation provision in the Policy in regards to refund or return premium calculations if we or you cancel this Policy, remove one or more locations from this Policy, or reduce the Total Insured Values (TIV) on one or more locations covered by this Policy.

Minimum Earned Premium Due to Cancellation

If we or you cancel this Policy, the Minimum Earned Premium will be 20% and the remaining 80% will be returned on a pro-rata basis, calculated as the number of days remaining in the Policy term as a percentage of the total number of days in the Policy term, and subject to the Wind Season Adjustment described below.

If the Policy was in force for one or more days during the period from June 1 to November 30, the return premium calculated in the preceding paragraph will be reduced by 50%. This Wind Season Adjustment to the return premium calculation will be waived if the cancellation is the result of a sale of the insured property and sufficient documentation of such sale is presented to us within ten (10) days of the requested cancellation.

Removal of Property and Reduction in TIV

If, rather than cancel the policy, you remove one or more locations or reduce the TIV, the same calculations described above for Cancellation, including the Wind Season Adjustment, will apply to the portion of the total policy premium related to the removed location(s) or location(s) where the TIV was reduced.

Endorsements and Fees

For the purposes of this endorsement, the premium shall be calculated taking into account all endorsements with effective dates on or prior to the effective date of the cancellation, removal or reduction in TIV, but shall not include Inspection Fees, Policy Fees or Modeling Fees, all of which are fully earned by us as of the effective date of the Policy.

Cancellation for Non-Payment of Premium

Your failure to make timely payment of premium shall be considered a request by you to cancel the Policy. In the event of such cancellation for non-payment of premium, the return premium calculations described above will apply and any premium earned by us shall be due and payable. Such non-payment cancellation may be rescinded by us if you remit the full premium due within ten (10) days of receiving the Policy cancellation notice.

All other terms and conditions of this Policy remain unchanged.

EQUIPMENT BREAKDOWN COVERAGE ENDORSEMENT

BUILDING AND PERSONAL PROPERTY COVERAGE FORM
CONDOMINIUM ASSOCIATION COVERAGE FORM
CONDOMINIUM COMMERCIAL UNIT-OWNERS COVERAGE FORM
BUSINESS INCOME (AND EXTRA EXPENSE) COVERAGE FORM
BUSINESS INCOME (WITHOUT EXTRA EXPENSE) COVERAGE FORM
CAUSES OF LOSS - BASIC FORM
CAUSES OF LOSS - SPECIAL FORM

The following is added to paragraph A. 4. Additional Coverages in the applicable Coverage Form. All definitions contained in this endorsement apply only to the coverage provided by this endorsement.

A. **Equipment Breakdown Coverage**

1. We will pay for direct physical loss to Covered Property caused by or resulting from a "breakdown" to "covered equipment".

With respect to otherwise covered Business Income and Extra Expense, "breakdown" to "covered equipment" will be considered a Covered Cause of Loss.

2. **"Breakdown"**

- a. "Breakdown" means:

- (1) Failure of pressure or vacuum equipment;
- (2) Mechanical failure including rupture or bursting caused by centrifugal force; or
- (3) Electrical failure caused by artificially generated electric current, including arcing; that causes direct physical loss or damage to "covered equipment" and necessitates its repair or replacement.

- b. "Breakdown" does not mean:

- (1) Cracking of any part on an internal combustion gas turbine exposed to the products of combustion;
- (2) Damage to any structure or foundation supporting the "covered equipment" or any of its parts;
- (3) Damage to any vacuum tube, gas tube, or brush;
- (4) Defects, erasures, errors, limitations or viruses in "computer equipment", data, "media" and/or programs including the inability to recognize and process any date or time or provide instructions to "covered equipment". However, if a "breakdown" ensues, we will pay the ensuing loss or damage not otherwise excluded;
- (5) Leakage at any valve, fitting, shaft seal, gland packing, joint or connection;
- (6) Malfunction including but not limited to adjustment, alignment, calibration, cleaning or modification; or
- (7) The functioning of any safety or protective device.

- c. If an initial "breakdown" causes other "breakdowns", all will be considered one "breakdown". All "breakdowns" that manifest themselves at the same time and are the result of the same cause will also be considered one "breakdown".

3. **"Covered Equipment"**

- a. "Covered equipment" means any Covered Property that is:

- (1) Equipment designed and built to operate under internal pressure or vacuum other than weight of contents. For any boiler or fired vessel, the furnace of the "covered equipment" and the gas passages from there to the atmosphere will be considered as outside the "covered equipment";
- (2) Communication equipment and "computer equipment";
- (3) Fiber optic cable; or

(4) Any other electrical or mechanical equipment that is used in the generation, transmission or utilization of energy.

b. "Covered equipment" does not mean any:

- (1) Astronomical telescope, cyclotron, nuclear reactor, particle accelerator, satellites and/or spacecraft (including satellite or spacecraft contents and/or their launch sites);
- (2) Catalyst;
- (3) Dragline, power shovel, excavation or construction equipment including any "covered equipment" mounted on or used solely with any dragline, power shovel, excavation or construction equipment;
- (4) Elevator or escalator, but not excluding any electrical machine or apparatus mounted on or used with this equipment;
- (5) Equipment or any part of equipment manufactured by you for sale;
- (6) Felt, wire, screen, mold, form, pattern, die, extrusion plate, swing hammer, grinding disc, cutting blade, non-electrical cable, chain, belt, rope, clutch plate, brake pad, non-metal part or any part or tool subject to periodic replacement;
- (7) Insulating or refractory material;
- (8) Non-metallic pressure or vacuum equipment, unless it is constructed and used in accordance with the American Society of Mechanical Engineers (A.S.M.E.) code or a Code that has been accepted by the National Board of Boiler and Pressure Vessel Inspectors;
- (9) Part of pressure or vacuum equipment that is not under internal pressure of its contents or internal vacuum;
- (10) Pressure vessels and piping that are buried below ground and require the excavation of materials to inspect, remove, repair or replace;
- (11) Structure, foundation, cabinet or compartment supporting or containing the "covered equipment" or part of the "covered equipment" including penstock, draft tube or well casing;
- (12) Vehicle, aircraft, selfpropelled equipment or floating vessel, including any "covered equipment" mounted on or used solely with any vehicle, aircraft, self-propelled equipment or floating vessel; or
- (13) "Media".

4. **Property Not Covered**

With regard to the coverage provided by this Endorsement only, A.2.b. in the Coverage Form to which this Endorsement applies is deleted and replaced by the following:

b. Animals.

5. **Equipment Breakdown Coverage Extensions**

The following coverages also apply to loss or damage caused by or resulting from a "breakdown" to "covered equipment". These Equipment Breakdown Coverage Extensions do not provide additional amounts of insurance. The limits provided are part of, not in addition to, the Limit of Insurance that applies to the damaged Covered Property.

a. **Spoilage**

- (1) We will pay for:
 - (a) Your loss of "perishable goods" due to spoilage;
 - (b) Your loss of "perishable goods" due to spoilage that is caused by or results from an interruption in utility services that is the direct result of a "breakdown" to "covered equipment" that is owned by a utility, landlord, or other supplier with whom you have a contract to provide you with any of the following services: electrical power, communications, waste disposal, air conditioning, refrigeration, heating, gas, air, water or steam. Coverage for such loss will begin 12 hours after the time the "breakdown" causes the interruption of the utility service; or
 - (c) Your loss of "perishable goods" due to contamination from the release of refrigerant, including but

not limited to ammonia.

We will also pay any necessary expense you incur to reduce the amount of loss under this coverage. We will pay such expenses to the extent that they do not exceed the amount of loss that otherwise would have been payable under this coverage.

- (2) If you are unable to replace the "perishable goods" before its anticipated sale, the amount of our payment will be determined on the basis of the sales price of the "perishable goods" at the time of the "breakdown", less discounts and expenses you otherwise would have had. Otherwise our payment will be determined in accordance with the Loss Payment Condition.
- (3) The most we will pay for any loss or expense under this Equipment Breakdown Coverage Extension is \$25,000 or the Limit of Insurance for Spoilage shown on the Declarations page, whichever is greater.

b. Expediting Expenses

- (1) With respect to your damaged Covered Property, we will pay the reasonable extra cost to make temporary repairs and expedite permanent repairs or permanent replacement.
- (2) Expediting expenses include overtime wages and the extra cost of express or other rapid means of transportation.
- (3) The most we will pay for Expediting Expenses is \$25,000 or the Limit of Insurance for Expediting Expenses shown on the Equipment Breakdown Schedule, whichever is greater.

c. Utility Interruption

The insurance provided for Business Income and/or Extra Expense, if covered elsewhere in the policy, is extended to apply to loss caused by or resulting from an interruption in utility services that is a direct result of a "breakdown" to "covered equipment" that is owned by a utility, landlord, or other supplier with whom you have a contract to provide you with any of the following services: electrical power, communications, waste disposal, air conditioning, refrigeration, heating, gas, air, water or steam.

Coverage for Utility Interruption will begin 12 hours, or the time shown for Utility Interruption Waiting Period in the Declarations page, after the time the "breakdown" causes the interruption of the utility service.

d. Drying Out

If electrical "covered equipment" requires drying out as a result of a flood, waves, tides, tidal waves, or overflow of any body of water or their spray, even if driven by wind, we will pay for the direct expense of drying out such electrical "covered equipment". The most we will pay for such expense under this Equipment Breakdown Coverage Extension is the least of:

- (1) \$10,000;
- (2) the Limit of Insurance shown on the Declaration for the applicable covered property; or
- (3) the value of such damaged electrical "covered equipment".

Coverage provided by this extension does not include the cost to replace such equipment or any other loss, damage or expense that is caused by or results directly or indirectly from flood, waves, tides, tidal waves, or overflow of any body of water or their spray, even if driven by wind.

e. Hazardous Substances

With regard to coverage provided under this Endorsement only, Additional Coverage A.4.d. in the Coverage Form to which this Endorsement applies is deleted and replaced by the following:

d. We will pay your expense to extract "pollutants" from land or water at the described premises and the cost for clean-up, repair, replacement or disposal of Covered Property at the described premises if the discharge, dispersal, seepage, migration, release or escape of such "pollutants" is caused by or results from a "breakdown" to "covered equipment" that occurs during the policy period. The expenses will be paid only if they are reported to us in writing within 180 days of the date on which such "breakdown" occurs.

This Additional Coverage does not apply to costs to test for, monitor or assess the existence, concentration or effects of "pollutants". But we will pay for testing which is performed in the course of extracting the "pollutants" from the land, water or the clean-up, repair, replacement, or disposal of Covered Property.

The most we will pay under this Additional Coverage, including any loss covered under any applicable Business Income or Extra Expense coverage, for the sum of all covered expenses is \$25,000 or the Limit of Insurance for Hazardous Substances shown on the Declarations page, whichever is greater.

The coverage provided by this Additional Coverage does not include loss to "perishable goods" due to contamination from the release of a refrigerant.

f. **Data Restoration**

We will pay your cost to research, replace and restore data, including programs and operating systems that are lost or corrupted due to a "breakdown". We will also pay for loss or damage to "media" caused by a "breakdown". The most we will pay under this Coverage Extension for the sum of all covered expenses, including any loss covered under any applicable Business Income and Extra Expense coverage is \$25,000 or the Limit of Insurance for Data Restoration shown on the Declarations page, whichever is greater.

g. **Demolition and Increased Cost of Construction**

The following applies despite the Ordinance or Law Exclusion. If a "breakdown" to "covered equipment" damages a building that is Covered Property that is insured at replacement cost, and the loss is increased by the enforcement of any laws or ordinances that are in force at the time of the "breakdown" and which regulate the demolition, construction, repair or use of the building or structure the following apply:

(1) We will pay for:

- (a) Your actual cost to demolish and clear the site of the undamaged parts of the same building or structure as a consequence of enforcement of an ordinance or law that requires the demolition of such undamaged property; and
- (b) Your actual expenditures for increased costs to repair, rebuild, or construct the building. If the building is repaired, rebuilt or constructed, it must be intended for a similar use or occupancy as the current building, unless otherwise required by zoning or land use ordinance or law;

(2) With regard to otherwise covered Business Income and Extra Expense coverage, the "period of restoration" is extended to include the additional period of time required for demolition and to meet the minimum requirement of any ordinance or law enforcement at the time of the "breakdown".

(3) We will not pay for any:

- (a) Fine;
- (b) Liability to a third party;
- (c) Increase in loss due to a "pollutant"; or
- (d) Demolition cost until the undamaged portions of the building are actually demolished;
- (e) Increased construction costs until the building is actually rebuilt and replaced;
- (f) Increases in loss, excess of the amount required to meet the minimum requirement of any ordinance or law enforcement at the time of the "breakdown"; or
- (g) Loss due to any ordinance or law that you were required to comply with before the "breakdown", even if the building was undamaged, and with which you failed to comply. The most we will pay under this Coverage Extension for the sum of all covered expenses, including any loss covered under any applicable Business Income and Extra Expense coverage, is \$25,000 or the Limit of Insurance for Demolition and Increased Cost of Construction shown on the Declarations page, whichever is greater.

h. **Off-Premises Property Damage**

We will pay for loss or damage to Covered Property caused by a "breakdown" to "covered equipment" while temporarily at a premises or location that is not a described premises on the policy. The most we will pay for Off-Premise Coverage is \$25,000.

i. **"Electronic Vandalism" Coverage**

We will pay for loss or damage caused by "breakdown" to "covered equipment" that is the direct or indirect result of "electronic vandalism". The most we will pay for the total of all such loss resulting from "electronic

vandalism", which takes place within a 12-month period, starting with the beginning of the present annual policy period, is \$100,000 or the Limit of Insurance for "Electronic Vandalism" shown in the Declarations page, whichever is greater. This limit applies regardless of the number of locations.

6. **Equipment Breakdown Exclusions**

With regard to coverage provided under this Endorsement only, the following changes are made:

- a. The following Exclusions are deleted from the Causes of Loss - Special form: B.2.a.; B.2.d.(6); and B.2.e.
- b. Exclusion B.2.l. from the Causes of Loss - Special form, is deleted and replaced by the following: l. Discharge, dispersal, seepage, migration, release or escape of "pollutants". But if the discharge, dispersal, seepage, migration, release or escape of "pollutants" results in a "breakdown" to "covered equipment", we will pay for the loss or damage caused by that "breakdown".
- c. The last paragraph of Exclusion B.2.d. from the Causes of Loss - Special form is deleted and replaced by the following: But if an excluded cause of loss that is listed in 2.d.(1) through (7) results in a "breakdown", we will pay the resulting loss or damage not otherwise excluded.
- d. The following exclusions apply to the coverage provided under this Endorsement in addition to the other exclusions, except as deleted in A.6.a. above, in the Coverage Form to which this Endorsement applies. We will not pay under this Endorsement for loss or damage caused directly or indirectly by any of the following:
 - (1) Any of the following tests:
 - (a) A hydrostatic, pneumatic or gas pressure test of any boiler or pressure vessel; or
 - (b) An insulation breakdown test of any type of electrical equipment;
 - (2) Fire including fire resulting from a "breakdown";
 - (3) Combustion explosion;
 - (4) 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;
 - (5) An explosion. However, we will pay for direct loss or damage caused by an explosion of "covered equipment" of a kind specified in a. through f. below, if not otherwise excluded:
 - (a) Steam boiler;
 - (b) Electric steam generator;
 - (c) Steam piping;
 - (d) Steam turbine;
 - (e) Steam engine; or
 - (f) Gas turbine or any other moving or rotating machinery when such explosion is caused by centrifugal force or mechanical breakdown.
 - (6) With respect to Utility Interruption and paragraph (1)(b) of Perishable Goods coverage, we will not pay for loss caused by or resulting from: Lightning; windstorm or hail; smoke; aircraft or vehicles; riot or civil commotion; vandalism; falling objects; water damage caused by the discharge or leakage of sprinkler system, sewer piping or domestic water piping; water or other means used to extinguish a fire, even when the attempt is unsuccessful; weight of snow, ice or sleet; freezing due to cold weather; molten material; or collapse.
 - (7) "Electronic Vandalism", except as provided in A.5.i. "Electronic Vandalism" Coverage, above.

7. **Equipment Breakdown Limitations**

With regard to this Endorsement only, the following Limitations are deleted from the Causes of Loss - Special Form: C.1.a. and C.1.b.

8. **Limits of Insurance**

- a. The most we will pay for loss or damage in any one "breakdown" is the applicable Limit of Insurance shown in the Declarations. The limits provided for the Equipment Breakdown Coverage Extensions are part of, not in

addition to, the Limit of Insurance shown in the Declarations that applies to the damaged Covered Property. The coverage provided by this Endorsement is part of, not in addition to, the Limits of Insurance shown in the Declarations.

- b. The most we will pay for water damage that results from a "breakdown" to "covered equipment" is \$25,000 for any one "breakdown". This is part of, not in addition to, the Limit of Insurance shown in the Declarations that applies to damaged Covered Property.

9. **Deductible**

Deductible amounts for Equipment Breakdown claims are as described on the Declarations page.

With respect to Equipment Breakdown claims only, Paragraph D. Deductibles of the applicable coverage form is modified as follows:

- a. In any one "breakdown", we will first reduce the amount of loss if required by the Coinsurance Condition or the Agreed Value Optional Coverage. If the adjusted amount of loss is less than or equal to the Deductible, we will not pay for that loss. If the adjusted amount of loss exceeds the Deductible, we will then subtract the Deductible from the adjusted amount of loss and will pay the resulting amount or the Limit of Insurance, whichever is less.

The deductibles listed in the Declarations page shall be applied separately to the applicable coverage as follows:

(1) Dollar Deductible

If a dollar deductible is applicable, we will first subtract the deductible amount from any loss we would otherwise pay.

(2) Multiple per Unit Deductible

If a multiple of units deductible is applicable, the deductible will be calculated as the sum of the multiple times the number of units specified. (For example: if the deductible is specified as \$25/hp for air conditioning units, and a covered 500 hp air conditioning unit suffered a "breakdown", the deductible will be \$25 times 500 hp which equals \$12,500.)

(3) Time Deductible

If a time deductible is applicable, we will not be liable for any loss under that coverage that occurs during that specified time period immediately following a "breakdown". If a time deductible is shown in days, each day shall mean twenty-four consecutive hours.

(4) Multiple of Daily Value Deductible

If a multiple of daily value is applicable, this deductible will be calculated as follows:

- (a) For the entire premise described in the Declarations where the loss occurred, determine the total amount of Business Income that would have been earned during the "Period of Restoration" had no "breakdown" taken place.
- (b) Divide the result above by the number of days the business would have been open during the "Period of Restoration". The result is the daily value.
- (c) Multiply the daily value in the paragraph above by the applicable number of daily value multiples. We will first subtract this deductible amount from any loss we would otherwise pay. We will then pay the amount of loss or damage in excess of the deductible, up to the applicable Limit of Insurance.

(5) Percentage of Loss Deductible

If a deductible is expressed as a percentage of loss, we will not be liable for the indicated percentage of the gross amount of loss or damage insured under the applicable coverage.

(6) Minimum Or Maximum Deductible

- (a) If:
 - (i) A minimum dollar amount deductible is applicable, and
 - (ii) The dollar amount of the Multiple per Unit, Multiple of Daily Value or the Percentage of Loss

Deductible is less than the Minimum Deductible,
then the Minimum Deductible amount will be the applicable deductible.

- (b) If:
 - (i) A maximum dollar amount deductible is applicable, and
 - (ii) The dollar amount of the Multiple per Unit, Multiple of Daily Value or the Percentage of Loss Deductible is greater than the Maximum Deductible,then the Maximum Deductible amount will be the applicable deductible.

b. If more than one deductible applies to a single coverage, then only one deductible, the highest, will apply to that coverage.

10. The following provision applies to the coverage provided by this Endorsement only and in addition to the provisions in the Loss Payment section of the Coverage Form to which this Endorsement applies:

Green Certification, Environmental Safety and Efficiency Improvements

You may replace damaged "covered equipment" with a newer generation "covered equipment" of the same capacity which improves the environment, increases efficiency or enhances safety. This includes costs to employ "green" methods of construction, disposal or recycling in the course of repair or replacement of the damaged or destroyed Covered Property, in accordance with documented standards of a "green authority". This also includes such costs you actually incur to attain "green" certification of the repaired or replaced Covered Property in accordance with documented standards of a "green authority". We will pay up to an additional 50% of the covered property damage amount for the damaged Covered Property. This additional amount is included in, not in addition to, the applicable Limit of Insurance for Covered Property.

11. With respect to the coverage provided under this Endorsement, the following are added to the Additional Conditions section of the Coverage Form to which this Endorsement applies:

a. **Jurisdictional Inspections**

- (1) We agree to provide pressure vessel certificate-of-operation engineering services where:
 - (a) The certificate-of-operation is required by state, city or provincial law; and
 - (b) The state, city or provincial law permits inspections by insurance company employees.
- (2) If we receive notification of a pressure vessel certificate-of-operation inspection due date less than 30 (thirty) days prior to the expiration of the certificate-of-operation, we will not be responsible for:
 - (a) Any fine or other penalty that may be assessed; or
 - (b) Any liability that may arise due to the fact that the inspection was not performed prior to the certificate-of-operation due date.
- (3) Certificate-of-operation engineering services will not be provided for any location, other than in the United States of America, Puerto Rico or Canada.

b. **Suspension**

- (1) Whenever "covered equipment" is found to be in, or exposed to, a dangerous condition, any of our representatives may immediately suspend the coverage provided by this Endorsement. We will deliver or mail a written notice of suspension to your last known address or the address where the "covered equipment" is located.
- (2) Once suspended in this way, your coverage can be reinstated only by an Endorsement for that "covered equipment".
- (3) If we suspend your coverage, you will get a pro rata refund of premium for that "covered equipment". But the suspension will be effective even if we have not yet made or offered a refund.

12. **Electrical Risk Improvements**

The following Additional Coverage applies in the event of the following:

When "covered equipment" sustains direct physical loss or damage results from a "breakdown" from artificially generated electric current (including arcing) that necessitates its repair or replacement, we will pay up to an

additional 10% of the amount we actually pay for all loss or damage covered by this endorsement, not to exceed \$10,000, for costs you incur to make material improvements to your electrical system at the location of the loss.

This Additional Coverage does not pay for:

- a. Stock, work in process, raw materials, finished goods or merchandise;
- b. Any personal property of your employees or officers;
- c. Any Covered Property that is repaired or replaced due to direct physical loss or damage as covered by this endorsement.
- d. Any Business Income or Extra Expense These expenses must be reported to us in writing within 180 days of direct physical loss or damage covered by this endorsement. The limit for this Additional Coverage is part of, not in addition to the Direct Damage limit.

13. With regard to the coverage provided by this Endorsement, the following definitions apply in addition to the definitions provided in the Coverage Form to which this Endorsement applies:

- a. **"Computer equipment"** means your programmable electronic equipment that is used to store, retrieve and process data; and associated peripheral equipment that provides communication including input and output functions such as printing or auxiliary functions such as data transmission. It does not include data or "media".
- b. **"Electronic vandalism"** means:
 - (1) Willful or malicious destruction of computer programs, content, instructions or other electronic or digital data stored within computer systems.
 - (2) Unauthorized computer code or programming that:
 - (a) 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;
 - (b) Replicates itself, impairing the performance of computers or computer systems or networks; or
 - (c) Gains remote control access to data and programming within computers or computer systems or networks to which it is introduced.
- c. **"Green"** means products, materials, methods and processes that conserve natural resources, reduce energy or water consumption, avoid toxic or other polluting emissions or otherwise minimize the environmental impact.
- d. **"Green authority"** means a recognized authority on "Green" building or "Green" products, materials or processes.
- e. **"Media"** means electronic data processing or storage material such as films, tapes, discs, drums or cells.
- f. **"Perishable goods"** means personal property maintained under controlled conditions for its preservation and susceptible to loss or damage if the controlled conditions change.

ORDINANCE OR LAW ENDORSEMENT

This endorsement modifies insurance provided under the following:

BUILDING AND PERSONAL PROPERTY COVERAGE FORM
CONDOMINIUM ASSOCIATION COVERAGE FORM
COMMERCIAL CONDOMINIUM UNIT-OWNERS COVERAGE FORM
BUSINESS INCOME (AND EXTRA EXPENSE) COVERAGE FORM
BUSINESS INCOME (WITHOUT EXTRA EXPENSE) COVERAGE FORM
EXTRA EXPENSE COVERAGE FORM

A. Ordinance or Law Limits Schedule

Each coverage, Coverage A, Coverage B, Coverage C and Coverage D, is provided under this endorsement only if that Coverage(s) is reflected in the Ordinance or Law Limits Schedule in the Declarations and then only with respect to the building(s) identified for that Coverage(s) in the Schedule.

B. All Coverage Limits Reflect Sub-Limits

Each of Coverage A, Coverage B, Coverage C and Coverage D, the coverage is included within the Limit of Insurance shown in the Declarations as applicable to the covered building, whether provided separately or as a Combined Limit. Amounts shown in the Ordinance or Law Limits Schedule in the Declarations represent sub-limits and do **not** increase the Limit of Insurance.

C. Coverage Conditions

The Coverages provided by this endorsement apply only if both conditions C.1. and C.2. are satisfied and are subject to the qualification in C.3.

1. The ordinance or law regulates the demolition, construction or repair of buildings, or establishes zoning or land use requirements at the described premises; and such ordinance or law is in force at the time of loss.

But coverage under this endorsement applies only in response to the minimum requirements of the ordinance or law. Losses and costs incurred in complying with recommended actions or standards that exceed actual requirements are not covered under this endorsement.

2. A Covered Cause of Loss results in enforcement of the ordinance or law and
 - a. the building sustains direct physical damage that is covered under this policy and such damage results in enforcement of the ordinance or law; or
 - b. the building sustains both direct physical damage that is covered under this policy and direct physical damage that is not covered under this policy, and the building damage in its entirety results in enforcement of the ordinance or law.

If the building sustains direct physical damage that is not covered under this policy, and such damage is the subject of the ordinance or law, then there is no coverage under this endorsement even if the building has also sustained covered direct physical damage.

3. In the situation described in C.2.b. above, we will not pay the full amount of loss otherwise payable under the terms of Coverages A, B, C or D of this endorsement. Instead, we will pay a proportion of such loss; meaning the proportion that the covered direct physical damage bears to the total direct physical damage.

However, if the covered direct physical damage, alone, would have resulted in enforcement of the ordinance or law, then we will pay the full amount of loss otherwise payable under the terms of Coverages A, B, C or D of this endorsement.

D. Restrictions

We will not pay under Coverages A, B, C or D of this endorsement for:

1. Enforcement of any ordinance or law which requires the demolition, repair, replacement, reconstruction, remodeling or remediation of property due to contamination by pollutants or due to the presence, growth, proliferation, spread or any activity of fungus, wet or dry rot or bacteria; or

2. The costs associated with the enforcement of any ordinance or law which requires any insured or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of pollutants, fungus, wet or dry rot or bacteria.

The terms fungus and pollutants each have the meaning as defined elsewhere in the policy.

E. Coverage

1. Coverage A – Loss to the Undamaged Portion of the Building

With respect to the building that has sustained covered direct physical damage, we will pay under Coverage A for the loss in value of the undamaged portion of the building as a consequence of enforcement of an ordinance or law that requires demolition of undamaged parts of the same building.

2. Coverage B – Demolition Cost

With respect to the building that has sustained covered direct physical damage, we will pay the cost to demolish and clear the site of undamaged parts of the same building, as a consequence of enforcement of an ordinance or law that requires demolition of such undamaged property.

3. Coverage C – Increased Cost of Construction

a. With respect to the building that has sustained covered direct physical damage, we will pay the increased cost to:

- i. Repair or reconstruct damaged portions of that building; and/or
- ii. Reconstruct or remodel undamaged portions of that building, whether or not demolition is required; when the increased cost is a consequence of enforcement of the minimum requirements of the ordinance or law.

However:

- i. This coverage applies only if the restored or remodeled property is intended for similar occupancy as the current property, unless such occupancy is not permitted by zoning or land use ordinance or law.
 - ii. We will not pay for the increased cost of construction if the building is not repaired, reconstructed or remodeled.
- b. When a building is damaged or destroyed and Coverage C applies to that building in accordance with E.3.a. above, coverage for the increased cost of construction also applies to repair or reconstruction of the following, subject to the same conditions stated in E.3.a.:
- i. The cost of excavations, grading, backfilling and filling;
 - ii. Foundation of the building;
 - iii. Pilings; and
 - iv. Underground pipes, flues and drains.

The items listed in E.3.b.i. through E.3.b.iv. above are deleted from Property Not Covered, but only with respect to the coverage described in this provision, E.3.b.

4. Coverage D – Increased Period of Restoration

With respect to the building that has sustained covered direct physical damage, if Coverage D applies as per the Ordinance or Law Limits Schedule in the Declarations, the Period of Restoration definition is replaced by the following:

Period of Restoration means the period of time that:

- a. Begins:
 - i. 72 hours after the time of direct physical loss or damage for Business Income coverage; or
 - ii. Immediately after the time of direct physical loss or damage for Extra Expense coverage; caused by or resulting from any Covered Cause of Loss at the described premises; and
- b. Ends on the earlier of:

- i. The date when the property at the described premises should be repaired, rebuilt or replaced with reasonable speed and similar quality; or
- ii. The date when business is resumed at a new permanent location.

Period of Restoration includes any increased period required to repair or reconstruct the property to comply with the minimum standards of any ordinance or law, in force at the time of loss, that regulates the construction or repair, or requires the tearing down of any property. The expiration date of the policy will not cut short the Period of Restoration.

F. Loss Payment

The following loss payment provisions, F.1. through F.5., are subject to the apportionment procedures set forth in Section C.3. of this endorsement.

1. Coverage A – When there is a loss in value of an undamaged portion of a building to which Coverage A applies, the loss payment for that building, including damaged and undamaged portions, will be determined as follows:
 - a. If the Replacement Cost Coverage Option applies and the property is being repaired or replaced, on the same or another premises, we will not pay more than the lesser of:
 - i. the amount you would actually spend to repair, rebuild or reconstruct the building, but not for more than the amount it would cost to restore the building on the same premises and to the same height, floor area, style and comparable quality of the original property insured; or
 - ii. the Limit of Insurance shown in the Declarations as applicable to the covered building.
 - b. If the Replacement Cost Coverage Option applies and the property is not repaired or replaced, or if the Replacement Cost Coverage Option does not apply, we will not pay more than the lesser of:
 - i. the actual cash value of the building at the time of loss; or
 - ii. the Limit of Insurance shown in the Declarations as applicable to the covered building.
2. Coverage B – Unless Paragraph F.4. applies, loss payment under Coverage B – Demolition Cost Coverage will be determined as follows:

We will not pay more than the lesser of the following:

 - a. The amount you actually spend to demolish and clear the site of the described premises; or
 - b. The applicable Sub-limit shown for Coverage B in the Ordinance or Law Limits Schedule in the Declarations. If such Sub-limit is shown as a percentage, the Sub-limit shall be calculated as that percentage multiplied by the applicable Building and BPP limits, subject to a maximum dollar amount, if any is shown.
3. Coverage C – Unless Paragraph F.4. applies, loss payment under Coverage C – Increased Cost of Construction Coverage will be determined as follows:
 - a. We will not pay under Coverage C until the property is actually repaired or replaced, at the same or another premises and unless the repairs or replacement are made as soon as reasonably possible after the loss or damage, not to exceed two years. We may extend this period in writing during the two years.
 - b. If the building is repaired or replaced at the same premises, or if you elect to rebuild at another premises, the most we will pay under Coverage C is the lesser of:
 - i. the increased cost of construction at the same premises; or
 - ii. the applicable Sub-limit shown for Coverage C in the Ordinance or Law Limits Schedule in the Declarations. If such Sub-limit is shown as a percentage, the Sub-limit shall be calculated as that percentage multiplied by the applicable Building and BPP limits, subject to a maximum dollar amount, if any is shown.
 - c. If the ordinance or law requires relocation to another premises, the most we will pay under Coverage C is the lesser of:
 - i. the increased cost of construction at the new premises; or
 - ii. the applicable Sub-limit shown for Coverage C in the Ordinance or Law Limits Schedule in the Declarations. If such Sub-limit is shown as a percentage, the Sub-limit shall be calculated as that percentage

multiplied by the applicable Building and BPP limits, subject to a maximum dollar amount, if any is shown.

4. Coverage B & C (Combined) – If a Combined Sub-limit is shown for Coverages B and C in the Ordinance or Law Limits Schedule in the Declarations, Paragraphs F.2. and F.3. of this endorsement do not apply with respect to the building that is subject to the Combined Sub-limit, and the following loss payment provisions apply instead.

The most we will pay, for the total of all covered losses for Demolition Cost and Increased Cost of Construction, is the Combined Sub-limit shown for Coverages B and C in the Ordinance or Law Limits Schedule in the Declarations. If such Sub-limit is shown as a percentage, the Sub-limit shall be calculated as that percentage multiplied by the applicable Building and BPP limits, subject to a maximum dollar amount, if any is shown.

Subject to this Combined Sub-limit, the following loss payment provisions apply:

- a. For Demolition Cost, we will not pay more than the amount you actually spend to demolish and clear the site of the described premises.
- b. With respect to Increased Cost of Construction,
 - i. We will not pay for the increased cost of construction until the property is actually repaired or replaced, at the same or another premise, unless the repairs or replacement are made as soon as reasonably possible after the loss or damage, not to exceed two years. We may extend this period in writing during the two years.
 - ii. If the building is repaired or replaced at the same premises, or if you elect to rebuild at another premises, the most we will pay for the increased cost of construction is the increased cost of construction at the same premises.
 - iii. If the ordinance or law requires relocation to another premises, the most we will pay for the increased cost of construction is the increased cost of construction at the new premises.

G. Terms Applied Separately for Each Building

The terms of this endorsement apply separately to each building to which this endorsement applies.

H. Compliance Requirement

We will not pay for loss due to any ordinance or law that you were required to comply with before the loss, even if the building was undamaged, and which you failed to comply with.

JOINT OR DISPUTED LOSS AGREEMENT

This Endorsement modifies insurance provided under the COMMERCIAL PROPERTY COVERAGE PART.

- A. This endorsement is intended to facilitate payment of insurance proceeds when:
1. Both a boiler and machinery policy and this commercial property policy are in effect;
 2. Damage occurs to Covered Property that is insured by the boiler and machinery policy and this commercial 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 we do not admit to any liability; and
 2. Neither the boiler and machinery insurer(s) nor we contend 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 we 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 we contend 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 commercial property policy;
 - (2) We do not admit to any liability for payment, while the boiler and machinery insurer(s) contends that:
 - (a) All liability exists under this commercial property policy; or
 - (b) Some liability exists under both the boiler and machinery policy and this commercial property policy; or
 - (3) Both the boiler and machinery insurer(s) and we:
 - (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 total amount of the loss is agreed to by you, the boiler and machinery insurer(s) and us.
- D. If the requirements listed in Paragraph C. above are satisfied, we and the boiler and machinery insurer(s) will make payments to the extent, and in the manner, described as follows:
1. We will pay, after your written request, the entire amount of loss that we have agreed as being covered, if any, by this commercial 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 your written request, the entire amount of 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 insurers 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 us under this endorsement shall 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 shall not exceed the amount we would have paid had no boiler and machinery policy been in effect at the time of loss. In no event will we pay more than the applicable Limit of Insurance shown in the Declarations.
6. Acceptance by you of sums paid under this endorsement does not alter, waive or surrender any other rights against us.

E. Arbitration

1. If the circumstances described in Paragraph **C.2.a.** exist and the boiler and machinery insurer(s) and we agree to submit our differences to arbitration, the boiler and machinery insurer(s) and we 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 we agree to submit our differences to arbitration within 90 days after payment of the loss under the terms of this endorsement.
3. You agree to cooperate with any arbitration procedures. There will be three arbitrators: one will be appointed by us, 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.

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PRIOR LOSS EXCLUSION ENDORSEMENT

This endorsement modifies insurance provided under the following:

BUILDING AND PERSONAL PROPERTY COVERAGE FORM
CONDOMINIUM ASSOCIATION COVERAGE FORM
CONDOMINIUM COMMERCIAL UNIT-OWNERS COVERAGE FORM
CAUSES OF LOSS - BASIC FORM
CAUSES OF LOSS - SPECIAL FORM
CAUSES OF LOSS - WINDSTORM OR HAIL ONLY FORM

The following **Prior Loss Exclusion** is added to this policy:

We will not pay for any loss or damage that occurred prior to the effective date of this policy, including any continuation, change or resumption of such loss or damage during the Policy Period.

In the event the effective date of this policy is prior to the date coverage was requested to be bound, this policy will not pay for any loss or damage occurring between the effective date of this policy and the date coverage was requested to be bound.

ADDITIONAL POLICY EXCLUSIONS ENDORSEMENT

This endorsement modifies insurance provided under the following:

CAUSES OF LOSS – SPECIAL FORM

CAUSES OF LOSS – BASIC FORM

1. **Aluminum Wire Exclusion**

This policy does not cover any loss or damage caused by, or resulting from, a malfunction of aluminum distribution wiring.

2. **Existing Damage Exclusion**

This policy does not cover any loss or damage to covered property:

- a. That occurred prior to the inception date of this policy regardless of whether such damages were apparent at the time of the inception of this policy or became apparent at a later date.
- b. Arising out of workmanship, repairs or lack of repairs arising from damage that occurred prior to the inception date of this policy.

If the Valuation Clause in this policy is Replacement Cost or Agreed Amount, this policy does not provide coverage for Replacement Cost or Agreed Amount until and unless all property covered by your previous policy has been fully and completely repaired.

Prior to the completion of repairs, coverage provided by this policy is limited to the greater of:

- i. The actual cash value of the property at the time of a covered loss occurring during the policy period; or
- ii. The cost of repairing the property to a condition at which it existed at the time of a loss covered by this policy.

ASBESTOS AND TOXIC MATERIALS EXCLUSION

This endorsement modifies insurance provided under the following:

BUILDING AND PERSONAL PROPERTY COVERAGE FORM
CONDOMINIUM ASSOCIATION COVERAGE FORM
CONDOMINIUM COMMERCIAL UNIT-OWNER COVERAGE FORM
CAUSES OF LOSS - BASIC FORM
CAUSES OF LOSS - SPECIAL FORM
CAUSES OF LOSS - WINDSTORM OR HAIL ONLY FORM

This policy does not provide coverage for any loss or damage caused by or resulting from the actual, alleged, or threatened release or escape of any asbestos or "toxic materials" meaning any solid, liquid or gaseous material that is toxic or poisonous to humans or animals, including but not limited to dioxin, polychlorinated biphenyls and lead.

We will not pay for any loss, damage or expense arising out of:

1. The removal of asbestos or "toxic materials" from any building or structure, fixture item of personal property or product;
2. Any demolition or increased cost of construction, repair, debris removal or loss of use necessitated by the enforcement of any law or ordinance regulating asbestos or "toxic materials";
3. Any governmental direction or request declaring that asbestos or "toxic materials" present in or part of or utilized on any undamaged portion of the insured's property, can no longer be used for the purpose it was intended or installed and must be removed or modified.

We have no duty to defend or indemnify any insured against any loss, damage, claim, suit or other legal action or proceedings alleging damages to which this exclusion applies.

This exclusion applies regardless of any other cause or event that contributes concurrently or in any sequence to any such loss, damage or expense.

EIFS EXCLUSION ENDORSEMENT

This endorsement modifies insurance provided under this policy. Please read it carefully.

The exclusions and limitations in this endorsement apply regardless of any other cause or event contributing concurrently or in any sequence.

- A. If any building insured by this policy is constructed using "Exterior Insulation Finish System" (EIFS) components, then except in cases where the EIFS components are exclusively applied to concrete, gypsum block, hollow concrete block or any other wall constructed of masonry materials, coverage for such buildings is excluded for windstorm or hail, flood and earthquake, if such causes of loss are covered under the policy. This exclusion applies to coverage for the building, building personal property and business income, if such coverages are included in this policy.
- B. This policy does not provide coverage for damage to EIFS components, or buildings containing EIFS components, that is directly or indirectly the result of a defect in the design, construction or installation of the EIFS components.
- C. Definition: An "Exterior Insulation and Finish System" (EIFS) means an exterior cladding or finish system applied to a building, and consisting of:
 - 1. A rigid or semi-rigid sheathing or insulation board, including gypsum-based, wood-based, or insulation-based materials;
 - 2. The adhesive or mechanical fasteners used to attach the sheathing or insulation board to the substrate;
 - 3. A reinforcing mesh that is embedded in a coating applied to the sheathing or insulation board; and
 - 4. A finish coat.

An "Exterior Insulation and Finish System" includes Dryvit[®] systems and synthetic stucco exterior cladding or finish systems.

All other terms and conditions remain unchanged.

PATHOGEN EXCLUSION - ADVISORY NOTICE TO POLICYHOLDER

This notice does not form a part of your insurance contract. No coverage is provided by this notice, nor can it be construed to replace any provisions of your policy (including its endorsements). If there is any conflict between this notice and the policy (including its endorsements), the provisions of the policy (including its endorsements) shall prevail.

This notice provides information concerning a virus exclusion in your policy.

The Causes of Loss - Special form in your policy modifies the "fungus", wet rot, dry rot or bacteria exclusion to include "the presence, existence, growth, proliferation, release, transmission, migration, dispersal, exposure or spread, activity, threat or perceived threat of "fungus", wet rot, dry rot, virus, bacteria or any other microorganism, whether living or otherwise, that induces, or is capable of inducing, physical distress, illness or disease."

The text also clarifies that loss or damage with respect to this exclusion includes but is not limited to cost and expense arising out of:

- A. The removal of "fungus", wet rot, dry rot, virus or bacteria from any real or personal property;
- B. Any demolition or increased cost of construction, repair, debris removal or loss of use, including that necessitated by the enforcement of any law or ordinance;
- C. Any governmental direction or request declaring that your property can no longer be used for the purpose it was intended or installed and must be removed or modified because of the actual or perceived presence of "fungus", wet rot, dry rot, virus or bacteria in or on any part of such property.

TOXIC DRYWALL EXCLUSION

This endorsement modifies insurance provided under the following:

BUILDING AND PERSONAL PROPERTY COVERAGE FORM
CONDOMINIUM ASSOCIATION COVERAGE FORM
CONDOMINIUM COMMERCIAL UNIT-OWNERS COVERAGE FORM
CAUSES OF LOSS - BASIC FORM
CAUSES OF LOSS - SPECIAL FORM
CAUSES OF LOSS - WINDSTORM OR HAIL ONLY

This policy does not provide coverage for any claim or liability arising out of, caused by or attributed to the use, installation, repair, removal, disposal, presence or service of sheetrock, gypsum board, wallboard or any similar product that:

1. Was manufactured in or distributed from China; or,
2. Emits Hydrogen Sulfide (H₂S), Sulfur Dioxide (SO₂), Strontium Sulfide (SrS), or Carbonyl Sulfide (COS) collectively referred to as "Toxic Drywall".

In addition, there is no coverage under this policy for the following:

1. "Toxic Drywall" material removal unless the "Toxic Drywall" itself is first damaged by a covered cause of loss;
2. Demolition or increased cost of construction, repair, debris removal or loss of use necessitated by the enforcement of any law or ordinance regulating "Toxic Drywall" material;
3. Any government direction or request declaring that "Toxic Drywall" material present in or part of or utilized on any undamaged portion of the Covered Property can no longer be used for the purpose for which it was intended or installed and must be removed or modified.

We have no duty to defend or indemnify any insured against any loss, damage, claim, suit or other legal action or proceedings alleging damages to which this exclusion applies.

This exclusion applies regardless of any other cause or event that contributes concurrently or in any sequence to any such loss, damage or expense.

ABSOLUTE POLLUTION EXCLUSION

This endorsement modifies insurance provided under the following:

CAUSES OF LOSS - BASIC FORM

CAUSES OF LOSS - SPECIAL FORM

CAUSES OF LOSS - WINDSTORM OR HAIL ONLY

The term "pollutants" in this endorsement means any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste. Waste includes materials to be recycled, reconditioned or reclaimed.

Causes of Loss - Basic Form

With respect to the Causes of Loss - Basic Form, the following Absolute Pollution Exclusion is added to Section B. Exclusions:

We will not pay for any loss, damage or expense, including defense costs and expenses, arising out of the actual, alleged or threatened discharge, dispersal, seepage, migration, release or escape of pollutants.

Causes of Loss - Special Form

With respect to the Causes of Loss - Special Form, paragraph B. Exclusions, 2.I., is deleted in its entirety and the following Absolute Pollution Exclusion is added to Section B. Exclusions:

We will not pay for any loss, damage or expense, including defense costs and expenses, arising out of the actual, alleged or threatened discharge, dispersal, seepage, migration, release or escape of pollutants.

Causes of Loss - Windstorm or Hail Only Form

With respect to the Causes of Loss - Windstorm or Hail Only Form, the following Absolute Pollution Exclusion is added to this policy:

We will not pay for any loss, damage or expense, including defense costs and expenses, arising out of the actual, alleged or threatened discharge, dispersal, seepage, migration, release or escape of pollutants.

EXCLUSION OF MALICIOUS USE OF BIOLOGICAL OR CHEMICAL WEAPONS

This endorsement modifies insurance provided under the following:

COMMERCIAL PROPERTY COVERAGE PART

A. Exclusion of Malicious Use of Biological or Chemical Weapons

We will not pay for loss or damage, or for costs or expenses of any nature directly or indirectly caused by, resulting from, or in connection with the actual or threatened malicious use of pathogenic or poisonous biological or chemical materials.

Such loss, damage, costs or expenses are excluded regardless of any other cause or event that contributes concurrently or in any sequence to the loss, damage, costs or expenses.

This exclusion applies even if the malicious use of biological or chemical weapons is associated with a certified act of terror, regardless of whether coverage for such certified act of terror is provided in the policy or not.

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FRAUD NOTICE - FL

Any person who knowingly and with intent to injure, defraud, or deceive any insurer files a statement of claim or an application containing any false, incomplete, or misleading information is guilty of a felony of the third degree.

PRIVACY POLICY

The Insurance Carriers scheduled within this policy (the “Companies”), believe personal information that we collect about our customers, potential customers, and proposed insureds (referred to collectively in this Privacy Policy as “customers”) must be treated with the highest degree of confidentiality. For this reason and in compliance with the Title V of the Gramm-Leach-Bliley Act (“GLBA”), we have developed a Privacy Policy that applies to all of our companies. For purposes of our Privacy Policy, the term “personal information” includes all information we obtain about a customer and maintain in a personally identifiable way. In order to assure the confidentiality of the personal information we collect and in order to comply with applicable laws, all individuals with access to personal information about our customers are required to follow this policy.

Our Privacy Promise

Your privacy and the confidentiality of your business records are important to us. Information and the analysis of information is essential to the business of insurance and critical to our ability to provide to you excellent, cost-effective service and products. We understand that gaining and keeping your trust depends upon the security and integrity of our records concerning you. Accordingly, we promise that:

1. We will follow strict standards of security and confidentiality to protect any information you share with us or information that we receive about you;
2. We will verify and exchange information regarding your credit and financial status only for the purposes of underwriting, policy administration, or risk management and only with reputable references and clearinghouse services;
3. We will not collect and use information about you and your business other than the minimum amount of information necessary to advise you about and deliver to you excellent service and products and to administer our business;
4. We will train our employees to handle information about you or your business in a secure and confidential manner and only permit employees authorized to use such information to have access to such information;
5. We will not disclose information about you or your business to any organization outside the group of Companies associated with the Carriers scheduled within this Policy or to third party service providers unless we disclose to you our intent to do so or we are required to do so by law;
6. We will not disclose medical information about you, your employees, or any claimants under any policy of insurance, unless you provide us with written authorization to do so, or unless the disclosure is for any specific business exception provided in the law;
7. We will attempt, with your help, to keep our records regarding you and your business complete and accurate, and will advise you how and where to access your account information (unless prohibited by law), and will advise you how to correct errors or make changes to that information; and
8. We will audit and assess our operations, personnel and third party service providers to assure that your privacy is respected.

Collection and Sources of Information

We collect from a customer or potential customer only the personal information that is necessary for (a) determining eligibility for the product or service sought by the customer, (b) administering the product or service obtained, and (c) advising the customer about our products and services. The information we collect generally comes from the following sources:

- Submission – During the submission process, you provide us with information about you and your business, such as your name, address, phone number, e-mail address, and other types of personal identification information;
- Quotes – We collect information to enable us to determine your eligibility for the particular insurance product and to determine the cost of such insurance to you. The information we collect will vary with the type of insurance you seek;

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- Transactions – We will maintain records of all transactions with us, our affiliates, and our third party service providers, including your insurance coverage selections, premiums, billing and payment information, claims history, and other information related to your account;
- Claims – If you obtain insurance from us, we will maintain records related to any claims that may be made under your policies. The investigation of a claim necessarily involves collection of a broad range of information about many issues, some of which does not directly involve you. We will share with you any facts that we collect about your claim unless we are prohibited by law from doing so. The process of claim investigation, evaluation, and settlement also involves, however, the collection of advice, opinions, and comments from many people, including attorneys and experts, to aid the claim specialist in determining how best to handle your claim. In order to protect the legal and transactional confidentiality and privileges associated with such opinions, comments and advice, we will not disclose this information to you; and
- Credit and Financial Reports – We may receive information about you and your business regarding your credit. We use this information to verify information you provide during the submission and quote processes and to help underwrite and provide to you the most accurate and cost-effective insurance quote we can provide.

Retention and Correction of Personal Information

We retain personal information only as long as required by our business practices and applicable law. If we become aware that an item of personal information may be materially inaccurate, we will make reasonable effort to re-verify its accuracy and correct any error as appropriate.

Storage of Personal Information

We have in place safeguards to protect data and paper files containing personal information.

Sharing/Disclosing of Personal Information

We maintain procedures to assure that we do not share personal information with an unaffiliated third party for marketing purposes unless such sharing is permitted by law. Personal information may be disclosed to an unaffiliated third party for necessary servicing of the product or service or for other normal business transactions as permitted by law.

We do not disclose personal information to an unaffiliated third party for servicing purposes or joint marketing purposes unless a contract containing a confidentiality/non-disclosure provision has been signed by us and the third party. Unless a consumer consents, we do not disclose “consumer credit report” type information obtained from an application or a credit report regarding a customer who applies for a financial product to any unaffiliated third party for the purpose of serving as a factor in establishing a consumer’s eligibility for credit, insurance or employment. “Consumer credit report type information” means such things as net worth, credit worthiness, lifestyle information (piloting, skydiving, etc.) solvency, etc. We also do not disclose to any unaffiliated third party a policy or account number for use in marketing. We may share with our affiliated companies information that relates to our experience and transactions with the customer.

Policy for Personal Information Relating to Nonpublic Personal Health Information

We do not disclose nonpublic personal health information about a customer unless an authorization is obtained from the customer whose nonpublic personal information is sought to be disclosed. However, an authorization shall not be prohibited, restricted or required for the disclosure of certain insurance functions, including, but not limited to, claims administration, claims adjustment and management, detection, investigation or reporting of actual or potential fraud, misrepresentation or criminal activity, underwriting, policy placement or issuance, loss control and/or auditing.

Access to Your Information

Our employees, employees of our affiliated companies, and third party service providers will have access to information we collect about you and your business as is necessary to effect transactions with you. We may also disclose information about you to the following categories of person or entities:

- Your independent insurance agent or broker;

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- An independent claim adjuster or investigator, or an attorney or expert involved in the claim;
- Persons or organizations that conduct scientific studies, including actuaries and accountants;
- An insurance support organization;
- Another insurer if to prevent fraud or to properly underwrite a risk;
- A state insurance department or other governmental agency, if required by federal, state or local laws; or
- Any persons entitled to receive information as ordered by a summons, court order, search warrant, or subpoena.

Violation of the Privacy Policy

Any person violating the Privacy Policy will be subject to discipline, up to and including termination.

For more information or to address questions regarding this privacy statement, please contact your broker.

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COMPLAINT NOTICE

FOR INFORMATION OR TO MAKE A COMPLAINT CALL:

1-844-983-6887

VENTUS RISK MANAGEMENT, INC.

P.O. BOX 25004

COLUMBIA, SC 29224

REQUIRED JURISDICTIONAL INSPECTIONS

Many states and some cities require the issuance of certificates permitting the continued operation of certain equipment such as boilers, water heaters and pressure vessels. Periodic inspections are normally required to renew these certificates. In most jurisdictions insurance company employees, who have been licensed, are authorized to perform these inspections.

We can arrange to have inspections completed at no additional cost for equipment that you own or operate if we insure such property for boiler and machinery under this Policy.

If you would like our vendor (Travelers BoilerRe) to perform the next required inspection, then:

- call this toll-free number: **1-800-425-4119**, OR
- email the inspection hotline: **boilinsp@travelers.com**

When you call or email, please provide the following information:

- Name of your business (as shown on your Policy)
- Insurance Carrier / Policy Number
- Full address of the equipment needing inspected, including the Zip Code
- Person to contact for scheduling the inspection, including their phone number
- Type of equipment requiring inspection
- Most recent certificate inspection date and certificate number

Please note your jurisdiction may charge you a fee for renewing a certificate It is your responsibility to pay any such fee as well as any assessed fines or penalties for late renewals or inspections. You will be responsible for making any repairs required in order to certify your equipment.

REMINDER

The installation of new equipment or the replacement of existing equipment may require a jurisdictional inspection; please let us know by calling or emailing per the instructions above.

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CLAIM REPORTING PROCEDURES

Sedgwick Delegated Authority (SDA) operates a Claims Intake Center to accept all property claim reports via phone, mail or e-mail. This center is open and available to accept claim reports 24 hours a day.

Mailing Address

Sedgwick Delegated Authority
Attn: Ventus Risk
12650 Ingenuity Drive Suite 200
Orlando, FL 32826

Phone and Email

Phone: 888-659-1893
Email: Ventus@Sedgwick.com

Online Claim Reporting

Claims can also be reported using SDA's digital claims form, available at:

<https://intake.sedgwick.com/u/VentusRisk/reportclaim>

THE FOLLOWING INFORMATION SHOULD BE INCLUDED ON ALL CORRESPONDENCE

- A. Name of the Insured
- B. Policy number
- C. Claim number, if one has been assigned
- D. Location number, building number and street address of the building(s) where loss or damage has occurred

SERVICE OF SUIT (ASIC)

It is agreed that:

1. In the event of the failure of the Insurer to pay any amount claimed to be due hereunder, the Insurer, at the request of the Insured, will submit to the jurisdiction of any court of competent jurisdiction within the United States and will comply with all requirements necessary to give such court jurisdiction. All matters arising under this Policy shall be determined in accordance with the law and practice of such Court, provided that nothing shall prohibit the Insurer from removing any action, suit or proceeding to a United States District Court. The Insurer shall abide by the final decision of such court or any appellate court in the event of an appeal.
2. Service of process in the above described action, suit or proceeding may be made upon: General Counsel, Arch Specialty Insurance Company, Harborside 3, 210 Hudson Street, Suite 300 Jersey City, NJ 07311-1107. Upon the request of the Insured, such General Counsel shall give a written undertaking to enter an appearance on behalf of the Insurer in the event that such an action, suit or proceeding shall be instituted.
3. Pursuant to any statute of any state, territory or district of the United States which makes provision therefore, the Insurer hereby designates the Superintendent, Commissioner, or Director of Insurance or other officer specified in such statute as its true and lawful attorney upon whom may be served any lawful process in any action, suit or proceeding instituted against the Insurer upon this Policy. The Superintendent, Commissioner or Director of Insurance or other officer is hereby authorized and directed to accept service of process on behalf of the Insurer in any such action, suit or proceeding and to mail a copy of such process to the above mentioned General Counsel. All other terms and conditions of this policy remain unchanged.

This endorsement is effective on the inception date of this Policy unless otherwise stated herein:

LLOYD'S OF LONDON SERVICE OF SUIT CLAUSE (U.S.A.)

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

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

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

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

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

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

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

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APPLICABLE LAW (U.S.A.)

This Insurance shall be subject to the applicable state law to be determined by the court of competent jurisdiction as determined by the provisions of the Service of Suit Clause.

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SERVICE OF PROCESS (USIC)

When a cause of action arises in any state listed below, service of process applies as shown below. Insurer, as used in this endorsement, shall mean **United Specialty Insurance Company**.

FLORIDA Service of Process Clause

The Insurer hereby designates the Commissioner of Insurance of the State of Florida and any successor in office as its true and lawful attorney upon whom may be served any lawful process in any action, suit or proceeding arising out of this contract of insurance. The insurer further designates United Specialty Insurance Company/Attn: Terry Ledbetter, 1900 L. Don Dodson Drive, Bedford, TX 76021, as the person to whom the Commissioner is authorized to mail such process or a true copy thereof.

U.S. TREASURY DEPARTMENT'S OFFICE OF FOREIGN ASSETS CONTROL ("OFAC")

ADVISORY NOTICE TO POLICYHOLDERS

No coverage is provided by this Policyholder Notice nor can it be construed to replace any provisions of your policy. You should read your policy and review your Declarations page for complete information on the coverages you are provided.

This Notice provides information concerning possible impact on your insurance coverage due to directives issued by OFAC. Please read this Notice carefully.

The Office of Foreign Assets Control (OFAC) administers and enforces sanctions policy, based on Presidential declarations of "national emergency". OFAC has identified and listed numerous:

- Foreign agents;
- Front organizations;
- Terrorists;
- Terrorist organizations; and
- Narcotics traffickers;

as "Specially Designated Nationals and Blocked Persons". This list can be located on the United States Treasury's web site: <http://www.treas.gov/ofac>.

In accordance with OFAC regulations, if it is determined that you or any other insured, or any person or entity claiming the benefits of this insurance has violated U.S. sanctions law or is a Specially Designated National and Blocked Person, as identified by OFAC, this insurance will be considered a blocked or frozen contract and all provisions of this insurance are immediately subject to OFAC. When an insurance policy is considered to be such a blocked or frozen contract, no payments nor premium refunds may be made without authorization from OFAC. Other limitations on the premiums and payments also apply.

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POLICYHOLDER NOTICE: SANCTION LIMITATION AND EXCLUSION CLAUSE

No (re)insurer shall be deemed to provide cover and no (re)insurer shall be liable to pay any claim or provide any benefit hereunder to the extent that the provision of such cover, payment of such claim or provision of such benefit would expose that (re)insurer to any sanction, prohibition or restriction under United Nations resolutions or the trade or economic sanctions, laws or regulations of the European Union, United Kingdom or United States of America.

TOTAL TERRORISM EXCLUSION

This endorsement modifies insurance provided under the Policy.

- A. The following definition is added and applies under this endorsement whenever the term terrorism, is enclosed in quotation marks:

“Terrorism” means activities against persons, organizations or property of any nature:

1. that involve the following or preparation for the following:
 - a. use or threat of force or violence; or
 - b. commission or threat of a dangerous act; or
 - c. commission or threat of an act that interferes with or disrupts an electronic, communication, information, or mechanical system; and
2. When:
 - a. the effect is to intimidate or coerce a government or a civilian population or any segment thereof, or to disrupt any segment of the economy; and/or
 - b. it appears that the intent is to intimidate or coerce a government or a civilian population, or to further a philosophical, political, ideological, religious, social or economic objective or to express (or express opposition to) a philosophical, political, ideological, religious, social or economic objective.

- B. The following exclusion is added:

EXCLUSION OF TERRORISM

We (the Company) will not pay for loss or damage caused directly or indirectly by “terrorism”, including action in hindering or defending against an actual or expected incident of “terrorism”. Such loss or damage is excluded regardless of any other cause or event that contributes concurrently or in any sequence to such loss or damage.

This exclusion also applies when one or more of the following are attributed to an incident of “terrorism”:

1. The “terrorism” is carried out by means of the dispersal or application of radioactive material, or through the use of a nuclear weapon or device that involves or produces a nuclear reaction, nuclear radiation or radioactive contamination; or
2. Radioactive material is released, and it appears that one purpose of the “terrorism” was to release such material; or
3. The “terrorism” involves the use, release, or escape of nuclear materials, or that directly or indirectly results in nuclear reaction, nuclear radiation or radioactive contamination; or
4. The “terrorism” is carried out by means of the dispersal or application of pathogenic or poisonous biological or chemical materials; or
5. Pathogenic or poisonous biological or chemical materials are released, and it appears that one purpose of the “terrorism” was to release such materials.

- C. **Application Of Other Exclusions**

1. When the EXCLUSION OF TERRORISM applies in accordance with the terms of **B.1.**, **B.2.** or **B.3.**, such exclusion applies without regard to the Nuclear Hazard Exclusion in this Coverage Form, Coverage Part or Policy.
2. The EXCLUSION OF TERRORISM contained in this Endorsement replaces any terrorism exclusion contained in this Coverage Form, Coverage Part or Policy.
3. 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 or damage which would otherwise be excluded under this Coverage Form, Coverage Part or Policy, such as losses excluded by the Nuclear Hazard Exclusion, War Exclusion, or the War And Military Action Exclusion.

All other terms and conditions of this Policy remain unchanged.

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FLORIDA SURPLUS LINES LAW

THIS INSURANCE IS ISSUED PURSUANT TO THE SURPLUS LINES LAW. PERSONS INSURED BY SURPLUS LINES CARRIERS DO NOT HAVE THE PROTECTION OF THE FLORIDA INSURANCE GUARANTY ACT TO THE EXTENT OF ANY RIGHT OF RECOVERY FOR THE OBLIGATION OF AN INSOLVENT UNLICENSED INSURER.

SURPLUS LINES INSURERS' POLICY RATES AND FORMS ARE NOT APPROVED BY ANY FLORIDA REGULATORY AGENCY.