

THE STATE OF SOUTH CAROLINA
In the Court of Appeals

APPEAL FROM HORRY COUNTY
Court of Common Pleas

Steven H. John, Circuit Court Judge

Case No. 2004-CP-26-0084

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JUN 25 2013

SC Court of Appeals

Crossmann Communities of North Carolina, Inc.
and Beazer Homes Investment Corp.,..... *Appellants,*

vs.

Harleysville Mutual Insurance Company and
Cincinnati Insurance Company,

Of Whom Cincinnati Insurance Company is*Respondent.*

RECORD ON APPEAL - VOLUME IV

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**RECORD ON APPEAL
TABLE OF CONTENTS**

VOLUME I (ROA 1-365)

ORDERS AND JUDGMENTS:

1. Final Order, May 3, 2007.....	1
2. Final Order as to Defendant Harleysville Mutual Insurance Company, May 23, 2012	19
3. Order (Cincinnati Insurance), May 23, 2012.....	57
4. Order (Cincinnati Insurance), Sept. 12, 2012	77

PLEADINGS:

5. Summons & Complaint, January 8, 2004	82
6. Second Amended Complaint, June 2, 2005	124
a. Exhibit A, Schedule of Insurance	164
b. Exhibit B, Beach Amended Summons and Complaint and Rose Complaint.....	166
c. Exhibit C, Buck Creek Summons and Complaint	198
d. Exhibit D, Lightkeepers Village – Third Amended Summons and Complaint.....	220
e. Exhibit E, River Oaks I Second Amended Summons and Complaint.....	239
f. Exhibit F, River Oaks II Summons and Complaint	267
g. Exhibit G, Waterway Village Amended Summons and Complaint.....	295
7. Cincinnati Insurance Company's Answer to Second Amended Complaint, June 7, 2005	319
8. Plaintiffs' Memorandum of Law in Support of their Motion for Partial Summary Judgment Regarding the Insurers' Joint And Several Obligation to Pay Defense and Indemnity Costs, March 30, 2006.....	328
9. Plaintiffs' Third Supplemental Responses to Defendants Harleysville Mutual Insurance Company, Cincinnati Insurance Company, and Associated Insurors, Inc. of Myrtle Beach's Interrogatories, July 24, 2006..	339

10. Cincinnati Insurance Company's Memorandum of Authority on Stipulated Issues, February 13, 2007	345
--	-----

VOLUME II (ROA 366-840)

11. Brief of Plaintiffs Crossmann Communities of North Carolina, Inc., Beazer Homes Investment Corp., and Daniel Rogers Regarding Damages Issues to be Addressed on Remand, November 2, 2011	366
a. Exhibit H, ¹ Beazer Homes USA, Inc. Payment Documentation	394
b. Exhibit I, Harleysville and Cincinnati Damage per Building Calculations	400
c. Exhibit J, Report of L.G. Lewis, Jr., H2L Consulting Engineers	408
d. Exhibit K, Report of David C. McCandless, Dynamic Technical Consultants, Inc.	436
e. Exhibit L, Expert Report Summary	471
f. Exhibit N, Chart of Applicable Primary and Excess Coverage ...	474
g. Exhibit P, Plaintiffs' Pre-Trial Brief, October 9, 2006	476
h. Exhibit Q, Massachusetts Bay Maximum Set-Off Calculations	517
12. Cincinnati Insurance Company's Brief on Issues to be Considered on Remand, November 2, 2011	525
13. Cincinnati Insurance Company's Reply Brief on Issues to be Considered on Remand, December 13, 2011	537
14. Cincinnati Insurance Proposed Order, January 25, 2012	549
15. Brief of Plaintiffs Crossmann Communities of North Carolina, Inc., Beazer Homes Investment Corp., and Daniel Rogers Regarding Cincinnati's Joint and Several Liability and the Exhaustion of the Underlying Insurance, February 3, 2012	571
a. Exhibit H, ² Cincinnati Insurance Company's Memorandum in Opposition to Plaintiffs' Motion for Partial Summary Judgment Regarding the Insurers' Joint and Several Obligation to Pay Defense and Indemnity Costs, April 10, 2006	595

¹ Some exhibits omitted to avoid duplication or attaching material irrelevant to the appeal.

² Some exhibits omitted to avoid duplication.

b. Exhibit M, Plaintiffs' Exhibit List	608
c. Exhibit N, Plaintiffs' Witness List.....	638
16. Plaintiffs' Notice of Motion and Motion to Alter, or Amend, or Reconsider Pursuant to Rule 59(e) of the SCRCF (Cincinnati Insurance Company Issues), June 11, 2012.....	640
17. Reply Brief in Support of Plaintiffs Crossmann Communities of North Carolina, Inc. and Beazer Homes Investment Corp.'s Motion to Alter, Amend, or Reconsider the May 23, 2012 Order as to the Issues Relating to Cincinnati Insurance Company, August 20, 2012	653
18. Notice of Amended Appeal, October 18, 2012.....	657

TRANSCRIPTS:

19. January 5, 2012 Hearing Transcript.....	689
---	-----

VOLUME III (ROA 841-1257)

20. March 1, 2012 Hearing Transcript.....	841
21. August 27, 2012 Hearing Transcript.....	955

OTHER:

22. Cincinnati Policies, Policy Number CCC 444 58 40 for years:.....	1013
a. 7/1/1998 through 7/1/2001.....	1013
b. 7/1/2001 through 7/1/2002.....	1045
23. Harleysville Policies, Policy Number CB 9A 5801 for years:.....	1074
a. 7/29/1993 through 7/29/1994.....	1074
b. 7/29/1994 through 7/29/1995.....	1156
c. 7/29/1995 through 7/29/1996.....	1178
d. 7/29/1996 through 7/29/1997.....	1192
e. 7/29/1997 through 7/29/1998.....	1210
f. 7/29/1998 through 8/29/1998.....	1247

VOLUME IV (ROA 1258-1534)

24. Regent Insurance Company Settlement, May 17, 2005.....	1258
a. Appendix A, Coverage Actions	1273

b. Appendix B, Cumis Lawsuits	1275
c. Appendix C, Defended Lawsuits	1277
d. Appendix D, Certified Copy of Regent Policies.....	1279
e. Appendix E, Payments.....	1534

VOLUME V (ROA 1536-1920)

25. Indiana Insurance Company Settlement, December 29, 2005	1536
a. Appendix A, Certified Copy of Indiana Policies	1546
26. Massachusetts Bay Insurance Company Settlement, March 14, 2006 ..	1906
a. Appendix A, Underlying Lawsuits	1920

VOLUME VI (ROA 1921-2257)

b. Appendix B, Certified Copy of Massachusetts Bay Policies.....	1921
27. Affidavit of W. Mark Berry, March 29, 2006.....	2219
28. Stipulation, January 29, 2007.....	2228
29. Trinity Water Intrusion Claims Damage Summary	2231
30. Lexington Water Intrusion Claims Damage Summary.....	2234
31. Beazer-Cincinnati Settlement, November 14, 2011	2235
32. Certificate of Counsel	2257

SETTLEMENT AGREEMENT AND MUTUAL RELEASE

This Settlement Agreement and Mutual Release ("Agreement"), by and between **INSUREDS** and **REGENT**, with an effective date of February 4, 2005.

I. DEFINITIONS

As used herein, the following terms have the following meanings:

1. **"BEAZER"** shall mean:
 - (a) Beazer Homes Investments, LLC;
 - (b) Beazer Homes, LLP;
 - (c) Beazer Homes Corp.;
 - (d) Beazer Homes, USA, Inc.; and
 - (e) Their respective directors, officers, employees, agents, independent contractors, shareholders, attorneys, representatives, assigns, predecessors, successors, affiliates and parent companies.
2. **"BUCK CREEK"** shall mean Buck Creek Development, Inc., and its directors, officers, employees, agents, independent contractors, shareholders, attorneys, representatives, assigns, predecessors, successors, affiliates and parent companies.
3. **"CLAIMANTS"** shall mean:
 - (a) Any and all individuals or entities which have asserted, or may assert at any time in the future, claims or suits against **INSUREDS** which would be subject to **REGENT'S** defense and/or indemnity obligation under the **POLICY**; and
 - (b) Their respective directors, officers, employees, agents, independent contractors, shareholders, attorneys, representatives, assigns, predecessors, successors and affiliates.
4. **"COVERAGE ACTIONS"** shall mean the legal proceedings shown in Appendix A hereto.
5. **"CUMIS COUNSEL"** shall mean the attorneys hired by the **INSUREDS** to represent the **INSUREDS** against the **CUMIS LAWSUITS**.

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6. **"CUMIS LAWSUITS"** shall mean the legal proceedings shown in Appendix B hereto.

7. **"CROSSMANN"** shall mean:

- (a) Crossmann Communities, Inc.;
- (b) Crossmann Communities Partnership;
- (c) Crossmann Communities of North Carolina, Inc.;
- (d) Crossmann Communities of Ohio, Inc.;
- (e) Crossmann Communities of Tennessee, LLC;
- (f) Crossmann Investments, Inc.;
- (g) Crossmann Management, Inc.;
- (h) Crossmann Mortgage Corporation;
- (i) Crossmann Properties LLC; and
- (j) Their respective directors, officers, employees, agents, independent contractors, shareholders, attorneys, representatives, assigns, predecessors, successors, affiliates and parent companies.

8. **"CUTTER"** shall mean Cutter Homes, LTD, and its directors, officers, employees, agents, independent contractors, shareholders, attorneys, representatives, assigns, predecessors, successors, affiliates and parent companies.

9. **"DEFENDED LAWSUITS"** shall mean the legal proceedings shown in Appendix C hereto.

10. **"DELUXE"** shall mean:

- (a) Deluxe Homes, Inc.;
- (b) Deluxe Homes of Lafayette, Inc.;
- (c) Deluxe Aviation, Inc.; and
- (d) Their respective directors, officers, employees, agents, independent contractors, shareholders, attorneys, representatives, assigns, predecessors, successors, affiliates and parent companies.

11. **"INSUREDS"** shall mean:

- (a) **BEAZER, BUCK CREEK, CROSSMANN, CUTTER, DELUXE, MERIT, PARAGON, PINEHURST, RIVER OAKS, TRIMARK and TRINITY;**
- (b) Any individual or entity who claims insured status under the **POLICY'S NAMED INSURED ENDORSEMENT**, and their respective directors, officers, employees, agents, independent contractors, shareholders, attorneys, representatives, assigns, predecessors, successors, affiliates and parent companies; and
- (c) Any individual or entity who claims insured status under the **POLICY'S** definition of "Who is An Insured" for purposes of the **POLICY'S** Commercial General Liability Coverage, and their respective directors, officers, employees, agents, independent contractors, shareholders, attorneys, representatives, assigns, predecessors, successors, affiliates and parent companies.

12. **"INSURERS"** shall mean:

- (a) Any individual or entity which issued a policy of insurance or indemnity agreement (whether primary, excess or otherwise), under which any one or more of the **INSUREDS** may have status as a named or additional insured or indemnitee; and
- (b) Their respective directors, officers, employees, agents, independent contractors, shareholders, attorneys, representatives, assigns, predecessors, successors, affiliates and parent companies.

13. **"LAWSUITS"** shall mean the **CUMIS LAWSUITS, DEFENDED LAWSUITS** and the **NON-DEFENDED LAWSUITS**.

14. **"MERIT"** shall mean Merit Realty, Inc., and its directors, officers, employees, agents, independent contractors, shareholders, attorneys, representatives, assigns, predecessors, successors, affiliates and parent companies.

15. **"NAMED INSURED ENDORSEMENT"** shall mean the following endorsement to the **POLICY**:

Named Insured

Crossmann Communities, Inc. and all of its subsidiaries, financially controlled organizations, and joint ventures provided that these entities' primary business purpose is home, apartment, and condominium building and/or land development.

This applies to entities now existing, previously existing, or hereafter acquired or created, in which Crossmann has an ownership interest, and for which coverage is not otherwise more specifically provided. This is subject to the provision that Coverage A does not apply to 'bodily injury' or 'property damage' that occurred before you acquired or formed the organization; and Coverage B does not apply to 'personal injury' or 'advertising injury' arising out of an offense committed before you acquired or formed the organization.

16. **"NON-DEFENDED LAWSUITS"** shall mean all legal proceedings filed against **INSUREDS** that are not **CUMIS LAWSUITS** or **DEFENDED LAWSUITS**.

17. **"PARAGON"** shall mean Paragon Title, Inc., and its directors, officers, employees, agents, independent contractors, shareholders, attorneys, representatives, assigns, predecessors, successors, affiliates and parent companies.

18. **"PINEHURST"** shall mean:

- (a) Pinehurst Builders, Inc.;
- (b) Pinehurst Builders, LLC; and
- (c) Their respective directors, officers, employees, agents, independent contractors, shareholders, attorneys, representatives, assigns, predecessors, successors, affiliates and parent companies.

19. **"POLICY"** shall mean **REGENT'S** Comprehensive Insurance Policy No. CCI 0320615, issued to **CROSSMANN** as the named insured with effective dates of August 29, 2000, to January 1, 2002 (attached as Appendix D).

20. **"REGENT"** shall mean Regent Insurance Company and General Casualty Insurance Companies, and their directors, officers, employees, agents, independent contractors, shareholders, attorneys, representatives, assigns, predecessors, successors, affiliates and parent companies.

21. **"RIVER OAKS"** shall mean River Oaks Golf Development Corp., and its directors, officers, employees, agents, independent contractors, shareholders, attorneys, representatives, assigns, predecessors, successors, affiliates and parent companies.

22. **"TRIMARK"** shall mean:

- (a) TriMark Homes, Inc.;
- (b) TriMark Development, Inc.; and

- (c) Their respective directors, officers, employees, agents, independent contractors, shareholders, attorneys, representatives, assigns, predecessors, successors, affiliates and parent companies.
23. **"TRINITY"** shall mean:
- (a) Trinity Homes, LLC;
 - (b) Trinity Homes, Inc.; and
 - (c) Their respective directors, officers, employees, agents, independent contractors, shareholders, attorneys, representatives, assigns, predecessors, successors, affiliates and parent companies.

II. RECITALS

1. The **INSUREDS** have received or been served with numerous claims and suits (including but not limited to the **LAWSUITS**) from third parties (including but not limited to the **CLAIMANTS**), in which the third parties seek certain damages from the **INSUREDS** arising out of certain alleged acts or omissions of the **INSUREDS**; and
2. **REGENT** attempted to tender a defense to the **INSUREDS** against the **CUMIS LAWSUITS** under a reservation of rights, but the **INSUREDS** discharged **REGENT'S** tendered defense counsel claiming entitlement to hire **CUMIS COUNSEL** at **REGENT'S** expense; and
3. **REGENT** has defended or participated in the defense of the **INSUREDS** against the **DEFENDED LAWSUITS**, and has refused to defend or participate in the defense of the **INSUREDS** against the **NON-DEFENDED LAWSUITS**; and
4. **REGENT** has indemnified the **INSUREDS** and/or paid to certain third parties asserting claims and suits against the **INSUREDS** the total amount of One Hundred Fifty-One Thousand, Two Hundred Thirty-One Dollars and Eighty-Seven Cents (\$151,231.87), as shown on Appendix E hereto; and
5. The **INSUREDS** and **REGENT** disagree about numerous issues under the **POLICY**, including but not limited to:
 - (a) Whether the **POLICY** provides coverage for certain of the claims and suits (including but not limited to the **LAWSUITS**) from third parties (including but not limited to the **CLAIMANTS**) against the **INSUREDS**;
 - (b) The conditions and circumstances at issue in the claims and suits (including but not limited to the **LAWSUITS**) from third parties

(including but not limited to the **CLAIMANTS**) against the **INSUREDS**;

(c) The application of various conditions and exclusions in the **POLICY** to the **INSUREDS'** claims for insurance coverage against the claims and suits (including but not limited to the **LAWSUITS**) from third parties (including but not limited to the **CLAIMANTS**) against the **INSUREDS**; and

(d) The **INSUREDS'** request for **CUMIS COUNSEL**; and

6. Some of the coverage disagreements and disputes between the **INSUREDS** and **REGENT** are the subject of the **COVERAGE ACTIONS**; and

7. The **INSUREDS** and **REGENT** desire to compromise and settle:

(a) All past, present and future disputes of any kind whatsoever regarding the availability of insurance coverage under the **POLICY**;

(b) All claims and potential claims between them under the **POLICY** and otherwise, with respect to past, existing and future claims and suits (including but not limited to the **LAWSUITS**) from third parties (including but limited to the **CLAIMANTS**) against the **INSUREDS**; and

(c) All claims and potential claims between them that were asserted, or could have been asserted, in the **COVERAGE ACTIONS**; and

8. The **INSUREDS** and **REGENT** agree that:

(a) The **POLICY** has the following applicable limits of coverage:

General Aggregate Limit
(other than Products-Completed
Operations) \$2 Million

Product-Completed Operations
Aggregate Limit \$2 Million

Each Occurrence Limit \$1 Million;

(b) The payment hereunder, when combined with indemnity payments already made by **REGENT** to or on behalf of the **INSUREDS**, will be deemed to exhaust any remaining liability policy limits

under the **POLICY** and fully discharge the defense and indemnity obligations of **REGENT** under the **POLICY** as to all past, present and future claims and suits (including but not limited to the **LAWSUITS**) from third parties (including but not limited to the **CLAIMANTS**) against the **INSUREDS** due to payment by **REGENT** of claims against the **INSUREDS**; and

- (c) As a result of said payment, the **INSUREDS** and **REGENT** agree that the **POLICY** is deemed to be exhausted and that any further obligations, other than those set forth in this Agreement, of **REGENT** and the **INSUREDS** under the **POLICY**, subject to all terms and conditions in this Agreement, are extinguished; and

9. The **INSUREDS** and **REGENT** recognize and agree that the execution of this Agreement and the payment and receipt of the consideration expressed herein do not constitute, and should not be construed as, any admission of liability or fault or admission that coverage is or is not afforded under the **POLICY** for the **INSUREDS** with respect to any past, present and future claims and suits (including but not limited to the **LAWSUITS**) from third parties (including but not limited to the **CLAIMANTS**) against the **INSUREDS**.

III. TERMS AND CONDITIONS

NOW, THEREFORE, in consideration of the foregoing, and in further consideration of the payment to the **INSUREDS** by **REGENT** of the sum of Three Million Dollars (\$3,000,000.00), the receipt of which will be acknowledged, the **INSUREDS** and **REGENT** hereby warrant, stipulate and agree as follows:

1. The **INSUREDS** and **REGENT** hereby release and forever discharge the other from all claims, including, but not limited to, all demands, actions, causes of action, and suits (whether legal or equitable, and whether based in contract, tort, statute, subrogation or otherwise), damages (whether compensatory, punitive, statutory, interest, costs, attorneys' fees, or otherwise), judgments, levies, executions, arbitrations, and appraisals, that the **INSUREDS** and **REGENT** have, may have, or ever had against each other, whether known or unknown, asserted or unasserted, contemplated or not contemplated, which directly or indirectly arise from or relate in any way to the **LAWSUITS**, the **COVERAGE ACTIONS** and/or the **POLICY**.

2. In further consideration of the payments described above, the **INSUREDS** hereby release, acquit and forever discharge **REGENT** of and from:

- (a) All claims for coverage, defense and indemnification under the **POLICY** for any past, present, or future claims, suits, settlements or judgments, including, but not limited to, the **LAWSUITS**;

- (b) All claims of any kind related to the **POLICY**, whether contractual, extra-contractual, tortious, or otherwise, regardless of whether such claims are based on past, present, or future actions and regardless of whether such claims allege bad faith, breach of fiduciary duty, breach of statutory or administrative obligations, or other wrongful acts which are directly or indirectly related to the **POLICY**;

provided, however, that the **INSUREDS** do not release **REGENT** from any present or future obligations set forth in this Agreement.

3. In further consideration of the promises set forth in this Agreement, **REGENT** hereby releases:

- (a) All claims for contribution of any type from any person or entity, including all past, present or future claims for contribution against any other **INSURERS** that may have coverage obligations to the **INSUREDS**; and
- (b) All subrogation claims that **REGENT** would have under the **POLICY** against third parties, including all past, present or future subrogation claims against contractors, sub-contractors, or others that may allegedly be responsible for damages to the **CLAIMANTS** in the **LAWSUITS**;

provided, however, that **REGENT** does not release the **INSUREDS** from any present or future obligations set forth in this Agreement.

4. The **INSUREDS** and **REGENT** acknowledge and agree that the payment by **REGENT** under this Agreement, together with other payments made by **REGENT** to or on behalf of the **INSUREDS** prior to execution of this Agreement, is deemed to exhaust the **POLICY'S** liability limits and extinguishes the **POLICY** due to payment of third-party claims for damages against the **INSUREDS**. Once the payment required in this Agreement is made and the **POLICY** is extinguished, **REGENT** shall have no further duty under the **POLICY** to defend and indemnify the **INSUREDS** against any claim or suit, including, without limitation, the **LAWSUITS**.

5. The **INSUREDS** and **REGENT** acknowledge that with respect to the **DEFENDED LAWSUITS** only, Regent has been defending the **INSUREDS** (or participating in the reimbursement of defense costs on behalf of the **INSUREDS**) under a reservation of rights. Because the **POLICY** is deemed to be exhausted and will extinguish at the time **REGENT** makes the payment required by this Agreement, the **INSUREDS** acknowledge that with respect to the **DEFENDED LAWSUITS**, **REGENT** will have no obligation to defend the **INSUREDS** or reimburse defense costs for any defense work conducted after the date **REGENT** makes the payment required by this Agreement. With respect to the **DEFENDED LAWSUITS** only, the **INSUREDS** and

REGENT agree that **REGENT** shall continue to defend the **INSUREDS** (or reimburse the **INSUREDS** for reasonable defense costs) with current defense counsel appointed by **Regent**, for defense work conducted up to the date that **REGENT** makes the payment required by this Agreement and that after that date, **REGENT** shall have no further obligation to defend the **INSUREDS** or to reimburse the **INSUREDS** for defense costs. The **INSUREDS** and **REGENT** agree to cooperate with one another in effecting the transition of the defense of the **DEFENDED LAWSUITS** which **REGENT** is currently defending.

6. With respect to the **CUMIS LAWSUITS**, **REGENT** shall have no past, present or future obligation to pay for the **INSUREDS' CUMIS COUNSEL**.

7. With respect to the **NON-DEFENDED LAWSUITS**, **REGENT** shall have no past, present or future obligation to defend or participate in the reimbursement of defense costs on behalf of the **INSUREDS**.

8. The **INSUREDS** jointly and severally agree to defend, indemnify, and hold **REGENT** harmless (including reasonable and necessary attorneys' fees and costs to defend against any such claims) for and from any claim asserted against **REGENT** after the effective date of this Agreement by any person or entity alleging that **REGENT** is liable to them under the **POLICY** or otherwise on the grounds that:

- (a) Such person or entity sustained bodily injury, property damage, personal injury or advertising injury caused by an occurrence or offense that is allegedly covered by the **POLICY**. This includes, but is not limited to, all claims of the **CLAIMANTS**; and
- (b) A claim in contribution, equitable subrogation, breach of fiduciary duty, or other legal theory (no matter how novel or unique), against **REGENT** by some other insurer or indemnitor that is premised on the claim that **REGENT'S** payments did not exhaust the **POLICY**, or that **REGENT** paid less than its fair share to, for, or on behalf of the **INSUREDS** under the **POLICY** for defense or indemnity costs for potentially covered claims. This includes, but is not limited to, any claim of the **INSURERS**;

provided, however, that **REGENT** shall bear its own attorneys' fees and costs in the **COVERAGE ACTIONS** until such time as **REGENT** is dismissed as a party from the **COVERAGE ACTIONS**.

9. In the event that **REGENT** believes that a claim has been made against it with respect to which **REGENT** is entitled to the indemnity provided by Paragraph III(8) of this Agreement, **REGENT** will promptly give notice of such potentially indemnified claim to the **INSUREDS** in care of the individual and address indicated in this Agreement. In the event that the claim against **REGENT** is an indemnified claim, the **INSUREDS** collectively will, at their own expense, retain a law firm to represent

REGENT in such claim. **REGENT** will cooperate with the **INSUREDS** in the defense and, if necessary, the settlement of any such indemnified claim. **REGENT** shall not settle any such indemnified claim without the prior written consent of the **INSUREDS**. **REGENT** will cooperate with the **INSUREDS** in demonstrating that the payments made by **REGENT** to or on behalf of the **INSUREDS**, including the payment called for in this Agreement, shall be deemed to exhaust **REGENT'S** insurance obligations to the **INSUREDS** under the **POLICY**.

10. The **INSUREDS** and **REGENT** will cooperate in minimizing the possibility of cross-claims, direct or third-party actions against **REGENT** by the **CLAIMANTS** and the **INSURERS**. If the **INSUREDS** settle any claim or suit (including but not limited to the **LAWSUITS**) asserted by any third party (including but not limited to the **CLAIMANTS**) against the **INSUREDS**, the **INSUREDS** will use reasonable efforts to obtain a release of all claims against **REGENT**.

11. The **INSUREDS** and **REGENT** agree that they will not assert or advance any positions against each other contrary to this Agreement in any pending or future proceedings. It is understood, however, that neither the **INSUREDS** nor **REGENT**, if required to provide testimony in a legal proceeding regarding this instrument, will advance any untruthful position.

12. Nothing in this Agreement limits or impairs in any way whatsoever the obligations of any other **INSURERS** that may have coverage obligations to the **INSUREDS** nor impedes or impairs the **INSUREDS** right and ability to recover any and all amounts due to **INSUREDS** by any other **INSURERS**. For example, and without limiting the force of the preceding sentence in any way, this Agreement does not in any way limit the obligations of Cincinnati, Illinois Union, One Beacon, Ohio Casualty, Liberty Mutual, or FCCI to **INSUREDS**.

13. The **INSUREDS** enter this Agreement on behalf of themselves and their representatives, subsidiaries, affiliates, successors, assigns, and all entities and individuals insured under the **POLICY**. **REGENT** enters this Agreement on behalf of itself and its representatives, insurers, subsidiaries, reinsurers, affiliates, successors, and assigns. This Agreement applies to **REGENT** and its owners, subsidiaries, and affiliates as well as all of their representatives including their agents, officers, directors, employees, servants, adjusters, insurers, attorneys, and retained accountants, and applies also to their successors and assigns.

14. The **INSUREDS** and **REGENT** understand that this Agreement applies regardless of whether or not the **INSUREDS** or **REGENT** has actually made a claim or is even aware of the facts that might permit it to make a claim related to the **POLICY**. The **INSUREDS** and **REGENT** accept the risks involved in making this Agreement. The **INSUREDS** and **REGENT** do not rely on any statements of the other in making this Agreement. This Agreement is intended to be and is final and binding regardless of any claims of misrepresentation, mistake of fact, mistake of law, or any other circumstance whatsoever.

15. The **INSUREDS** and **REGENT** have each received independent legal advice from their attorneys regarding this Agreement, and warrant that each believes that the settlement memorialized is fair and reasonable. The undersigned have carefully read and fully understand the terms and conditions of this Agreement and fully understand that no other consideration or payment of any kind will be made, and that there is no other agreement, promise or inducement of any kind for this Agreement other than as is expressed herein, and they execute this document freely and voluntarily. The undersigned also represent and warrant that they have the authority to enter into this Agreement on behalf of the **INSUREDS** and **REGENT** respectively. The **INSUREDS** and **REGENT** will each bear their own costs, expenses and attorneys' fees incurred in or arising out of the matters and claims which are the subject of this Agreement. The **INSUREDS** and **REGENT** each participated in the drafting of this Agreement, and the Agreement shall not be construed against any party on the basis of that party's identity as the drafter of any part of this document.

16. The **INSUREDS** and **REGENT** agree that this Agreement is confidential and will not be disclosed in any way except (a) to enforce its terms; (b) to inform the relevant courts that all claims between the **INSUREDS** and **REGENT** are being dismissed with prejudice; (c) to permit the **INSUREDS** to demonstrate to other **INSURERS**, including but not limited to excess or umbrella insurers, that the **POLICY** is deemed to be exhausted; (d) to permit **REGENT** to comply with reporting requirements to its reinsurers and any State Department of Insurance or other regulatory agency; and (e) pursuant to any Order of a court. The **INSUREDS** and **REGENT** direct their respective attorneys to execute an appropriate Stipulation of Dismissal with Prejudice of the **COVERAGE ACTIONS**. To the extent that any other party to the **COVERAGE ACTIONS** objects to the Stipulation of Dismissal, the **INSUREDS** and **REGENT** will cooperate to effectuate a dismissal, with prejudice, of the **COVERAGE ACTIONS**.

17. The **INSUREDS** and **REGENT** warrant that they have not assigned, transferred, or granted to any other entity any of the claims or causes of action disposed of in this Agreement. No change or amendment to this Agreement shall be effective unless in writing and signed by the **INSUREDS** and **REGENT**.

18. This Agreement contains the entire agreement between the parties hereto, and its terms are contractual and not a mere recital. This Agreement supercedes all prior written and oral agreements with respect thereto. Interpretation of the terms and conditions contained in this Agreement are to be construed according to the laws of the State of Indiana. Any dispute arising between the parties to this Agreement, or involving the interpretation of the terms of this Agreement, or any breach thereof, shall be filed in the United States District Court for the Southern District of Indiana, Indianapolis Division.

19. In the event that any provision of this Agreement shall be unenforceable, each and all other provisions of this Agreement shall remain in full force and effect.

20. Notices required or permitted under this Agreement shall be sent in writing addressed as follows:

For **INSUREDS**: Peggy Caldwell, Esquire, Beazer Homes, 1000
Abernathy Road, Suite 1200, Atlanta, Georgia
30328; and

Michael M. Raeber, Esquire, King & Spalding LLP,
191 Peachtree Street, Atlanta, Georgia 30303-1763

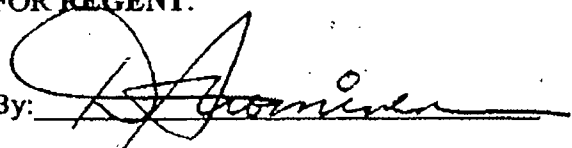
For **REGENT**: Mary P. Haefer, Esquire, Regent Insurance
Company, One General Drive, Sun Prairie,
Wisconsin 53596; and

Mark R. Smith, Esquire, SMITH FISHER MAAS
& HOWARD, P.C., 7209 North Shadeland Avenue,
Indianapolis, Indiana, 46250

21. This Agreement may be executed in counterparts and will become effective when executed by all parties.

22. Within seven (7) days from the date on which this Agreement is executed by both parties, the **INSUREDS** shall designate in writing the account into which the payment hereunder shall be made by **REGENT**, and provide written directions for said payment. Within ten (10) days thereafter, **REGENT** shall make said payment.

FOR REGENT:

By: 

DON SUOMINEN

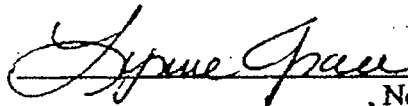
Printed

SRVP - Claims

Title or Position

STATE OF Wisconsin)
) SS:
COUNTY OF Dane)

Before me the undersigned, a Notary Public in and for the County of Dane, State of Wisconsin, personally appeared Don Suominen a duly authorized representative of REGENT, who, first being duly sworn upon his/her oath, says that the facts alleged in the foregoing instrument are true. Signed and sealed this 16 day of May, 2005.

, Notary Public

County of Residence: Dane

My commission expires: is permanent

This Agreement has been fully reviewed, and is approved as to form and content:

SMITH FISHER MAAS & HOWARD, P.C.
Attorneys for REGENT

By: 

MARK R. SMITH, ESQUIRE

F:\QC-36\SETTLEMENT AGREEMENT AND MUTUAL RELEASE QC-36.doc

IN WITNESS WHEREOF, we have hereunto executed this Agreement this 17th
day of May, 2005.

FOR THE INSUREDS:

By: Peggy Caldwell

Peggy Caldwell
Printed

Vice President, Asst. General Counsel
Title or Position

STATE OF Georgia)
) SS:
COUNTY OF Fulton)

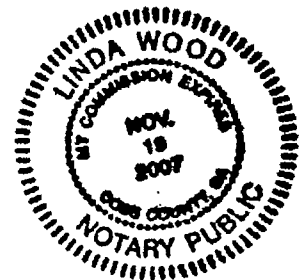
Before me the undersigned, a Notary Public in and for the County of Cobb,
State of Georgia, personally appeared Peggy Caldwell, a duly authorized
representative of the INSUREDS, who, first being duly sworn upon his/her oath, says
that the facts alleged in the foregoing instrument are true. Signed and sealed this 17th
day of May, 2005.

Linda Wood
Notary Public
County of Residence: Cobb
My commission expires: 11-19-07

This Agreement has been fully reviewed, and is approved as to form and content:

KING & SPALDING, LLP,
Attorneys for the INSUREDS

By: Michael M. Raeber
MICHAEL M. RAEHER, ESQUIRE



BZH104536

ROA 1272

APPENDIX A

COVERAGE ACTIONS

1. Regent Insurance Company v. Beazer Homes Investment Corp., d/b/a Crossmann Communities, Carol King, Stephen Semotuk, Eric Morrow, Andrew Huber, Natalie Huber, Stephen Harrison, Robert Escajeda, and Jose Martinez, U.S. District Court, Southern District of Indiana, Indianapolis Division, Cause No. 1:03-CV-0426-JDT-WTL
2. Regent Insurance Company v. Beazer Homes Investment Corp., Successor in Interest to Crossmann Communities, Inc.; Trinity Homes, LLC; Stephen Pence and Angela Pence, U.S. District Court, Southern District of Indiana, Indianapolis Division, Cause No. 1:03-CV-0757-SEB-VSS
3. Regent Insurance Company v. Trinity Homes, LLC, Younard L. Shaikhadeh and Jaydene O. Shaikhadeh, U.S. District Court, Southern District of Indiana, Indianapolis Division, Cause No. 1:03-CV-0705-JDT-TAB
4. Trinity Homes, LLC and Beazer Homes Investment Corp. v. Regent Insurance Company, Ohio Casualty Insurance Company Group, One Beacon Insurance Group, Illinois Union Insurance Company, and Cincinnati Insurance Company, U.S. District Court, Southern District of Indiana, Indianapolis Division, Cause No. 1:04-CV-1920-JDT-WTL
5. Crossmann Communities of North Carolina, Inc., Beazer Homes Investment Corp., and Daniel Rogers v. Harleysville Mutual Insurance Company, Indiana Insurance Company, Massachusetts Bay Insurance Company, Regent Insurance Company, Cincinnati Insurance Company, and Associated Insurors, Inc. of Myrtle Beach, Court of Common Pleas, Horry County, South Carolina, Cause No. 2004-CP-26-84

BZH104537

BZH104538

ROA 1274

APPENDIX B

CUMIS LAWSUITS

1. Carol King, Stephen Semotuk, Eric Morrow, Andrew Huber, Natalie Huber, Stephen Harrison, Robert Escajeda, and Jose Martinez v. Beazer Homes Investment Corp., d/b/a Crossmann Communities, Marion Superior Court, Marion County, Indiana, Cause No. 49D01-0212-PL-002108
2. Stephen Pence and Angela Pence v. John McKenzie, Homes by John McKenzie, Inc., f/k/a Homes by John McKenzie, LLC, Trinity Homes, LLC, and Crossmann Communities, Inc., Hamilton Superior Court, Hamilton County, Indiana, Cause No. 29D01-0209-PL-724
3. Younard L. and Jaydene O. Shaikhadeh v. Trinity Homes, LLC, Hamilton Superior Court, Hamilton County, Indiana, Cause No. 29D03-0208-PL-622
4. Valerie Mortz, Cynthia A. Dukette-Matchett, Annette M. Nearon, Dawn and Kerry Snow, and Gregory Miller v. Crossmann Communities, Inc., Crossmann Communities Partnership, Deluxe Homes, Inc., Crossmann Mortgage Corp., and National City Bank of Indiana, Howard Circuit Court, Howard County, Indiana, Cause No. 34C01-0109-CP-000692

BZH104540

ROA 1276

APPENDIX C

DEFENDED LAWSUITS

1. Buck Creek Golf Villas Horizontal Property Regime and Buck Creek Golf Villas Homeowners' Association, Inc. v. Buck Creek Development, Inc. and Crossmann Communities of North Carolina, Inc., as successor to Buck Creek Development, Inc., Pinehurst Builders, Inc. and Crossmann Communities of North Carolina, Inc., as successor to Pinehurst Builders, Inc., and Daniel Rogers, Court of Common Pleas, Horry County, South Carolina, Cause No. 2002-CP-26-4200
2. River Oaks Horizontal Property Regime and River Oaks Homeowners Association, Inc. v. Pinehurst Builders, Inc., et al., Court of Common Pleas, Horry County, South Carolina, Cause No. 00-CP-26-5193
3. River Oaks II Horizontal Property Regime and River Oaks Homeowners Association, Inc. v. River Oaks Development Corp., Crossmann Communities of North Carolina, Inc., as successor to River Oaks Golf Development Corp., Pinehurst Builders, Inc., Crossmann Communities of North Carolina, as successor to Pinehurst Builders, Inc. and Daniel Rogers, Court of Common Pleas, Horry County, South Carolina, Cause No. 01-CP-26-5932
4. Waterway Village at River Oaks Horizontal Property Regime and Waterway Village at River Oaks Homeowners Association, Inc. v. River Oaks Golf Development Corp., et al., Court of Common Pleas, Horry County, South Carolina, Cause No. 01-CP-26-535
5. Lightkeepers Village Homeowners Association, Inc. v. Lightkeepers Village, et al., Court of Common Pleas, Horry County, South Carolina, Cause No. 2000-CP-26-43
6. Robert L. Rose and Kathleen A. Rose, individually and representing as a class all unit owners of Buildings 20 and 28 of the Lightkeepers Horizontal Property Regime v. Lightkeepers Village, et al., Court of Common Pleas, Horry County, South Carolina, Cause No. 2002-CP-26-5363
7. Larry King and Anita King v. Trinity Homes, LLC, Hamilton Superior Court, Hamilton County, Indiana, Cause No. 29D01-0303-CT-242
8. Stephen and Debra Summitt v. Trinity Homes, Hamilton Superior Court, Hamilton County, Indiana, Cause No. 29D02 -0209-PL-763
9. Daniel R. Christian and Lana S. Christian, individually and on behalf of their minor son Jonathan W. Christian v. Trinity Homes, LLC, Hamilton Superior Court, Hamilton County, Indiana, Cause No. 29D02-0212-PL-978

BZH104541

10. Christian Schnepf and Becky Schnepf v. Crossmann Communities, Inc., Elvivar Cerna and Beazer Homes Investment Corp., Hamilton Superior Court, Hamilton County, Indiana, Cause No. 29D03-0306-CT-538
11. Vanessa Collier v. Crossmann Homes, et al., Marion Superior Court, Marion County, Indiana, Cause No. 49D05-0207-CT-1265
12. Brian Drewry v. Crossmann Communities, Inc., Court of Common Pleas, Clermont County, Ohio, Cause No. 02CVC772

BZH104542

CERTIFIED COPY

I CERTIFY THIS COPY
TO BE TRUE AND EXACT

Charles T. Taylor

CHARLES TAYLOR II
VICE PRESIDENT

BZH104543

REGENT INSURANCE COMPANY

0010320013
ONE GENERAL DRIVE
SUN PRAIRIE WI 53596
PHONE NUMBER: (608) 837-4440

COMPREHENSIVE INSURANCE POLICY

CROSSMANN COMMUNITIES INC
AS PER G40
9210 N MERIDIAN ST
INDIANAPOLIS IN 46260 46260

Your Independent Agent is:

MBAH INSURANCE
2663 DUNCAN ROAD
PO BOX 5609
LAFAYETTE IN 157 47903
PHONE NUMBER: (765) 423-5421

Our Regional Office:

8500 KEYSTONE CROSSING STE 200
INDIANAPOLIS IN 46240
PHONE NUMBER: (317) 722-3838
FAX NUMBER: (317) 722-3800

A member of the
"Winterthur" Swiss Insurance Group

Comprehensive Insurance Policy Quick Reference

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

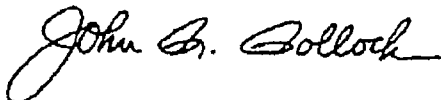
Policy Period	This policy period begins at 12:01 a.m. standard time at the named insured's mailing address on the date shown in the Declarations.
---------------	---

This Comprehensive Insurance Policy consists of one or more Coverage Part(s). Each Coverage Part consists of several Items as described below:

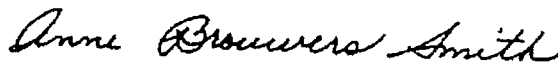
Declaration Pages	The Declarations list the named insured, policy period, the coverages provided and the limits of insurance. They also show the forms and endorsements that apply to this policy.
Coverage Parts	Each Coverage Part is made up of a Coverage Form and Declaration(s), and is subject to the Common Policy Conditions. The Coverage Form describes the nature and extent of coverage provided. It also includes any conditions that apply specifically to that Coverage Part.
Additional Provisions or Exclusions	This policy may be modified by additional provisions or exclusions. When this happens, the forms which contain those provisions or exclusions will be found after the Coverage Forms. The form numbers will also appear on the Declarations.
Common Policy Conditions and Conditions specific to Individual Coverage Parts	This policy contains a Common Policy Conditions Form which lists those conditions which apply to all Coverage Parts written in the policy. Forms listing conditions which apply to individual coverage parts also appear on the Declarations.

This quick reference is not part of the Comprehensive Insurance Policy and does not provide coverage. Please read the Comprehensive Insurance Policy itself for actual contractual provisions.

In witness whereof, the Company designated on the Declaration page has caused this policy to be signed by its president and secretary, but this policy shall not be valid unless completed by the attachment hereto of a Declaration page and countersigned on the aforesaid Declaration page by a duly authorized representative of the company.



President, General Casualty Insurance Companies



Secretary, General Casualty Insurance Companies

CCI 0320615

ORIGINAL COPY
COMPREHENSIVE INSURANCE POLICYgeneral casualty

AGENCY BILL

RENEWAL DECLARATION

RENEWAL OF:
CCI 0320615

POLICY NUMBER	POLICY PERIOD	COVERAGE IS PROVIDED IN THE	AGENCY
CCI 0320615	01/01/2001 01/01/2002	REGENT INSURANCE COMPANY	0133009
NAMED INSURED AND ADDRESS		AGENT	
CROSSMANN COMMUNITIES INC AS PER G40 9210 N MERIDIAN ST INDIANAPOLIS IN 46260		MBAH INSURANCE 2663 DUNCAN ROAD PO BOX 5609 LAFAYETTE IN 157 47903	

FORM OF BUSINESS: CORPORATION

BUSINESS DESCRIPTION: BUILDER

THIS POLICY CONSISTS OF THE FOLLOWING COVERAGE PARTS INDICATED BY AN (X).

COVERAGE PARTS

- (X) COMMERCIAL PROPERTY COVERAGE PART
 (X) COMMERCIAL INLAND MARINE COVERAGE PART
 (X) COMMERCIAL GENERAL LIABILITY COVERAGE PART
 (X) COMMERCIAL CRIME COVERAGE PART
 () BOILER AND MACHINERY COVERAGE PART
 () COMMERCIAL AUTO COVERAGE PART
 () COMMERCIAL UMBRELLA COVERAGE PART
 ()
 ()

MINIMUM PREMIUM \$ 100

TOTAL PREMIUM FOR ALL COVERAGE PART(S) \$ 252,907

THIS PREMIUM MAY BE SUBJECT TO ADJUSTMENTS DEPENDING ON THE TERMS AND CONDITIONS OF THE INDIVIDUAL COVERAGE PART(S).

AUDIT PERIOD: () ANNUAL (X) SEMI-ANNUAL () QUARTERLY () MONTHLY

APPLICABLE FORMS- PER G40 05-85

CI 7901 (07-86)

AUTHORIZED SIGNATURE

01/23/2001

DATE

BZH104546

CCI 0320615

ORIGINAL COPY
COMPREHENSIVE INSURANCE POLICYgeneral casualty

AGENCY BILL

RENEWAL DECLARATION

RENEWAL OF:
CCI 0320615

POLICY NUMBER	POLICY PERIOD		COVERAGE IS PROVIDED IN THE		AGENCY
CCI 0320615	01/01/2001	01/01/2002	REGENT INSURANCE COMPANY		0133009
NAMED INSURED AND ADDRESS			AGENT		
CROSSMANN COMMUNITIES INC AS PER G40 9210 N MERIDIAN ST INDIANAPOLIS IN 46260			MBAH INSURANCE 2663 DUNCAN ROAD PO BOX 5609 LAFAYETTE IN 157 47903		

APPLICABLE FORMS-	CI 7900 04/00	CP 0010 06/95	CP 0070 06/95	CP 0090 07/88
CP 0105 12/94	CP 0118 06/95	CP 0152 07/96	CP 0153 02/96	CP 0405 06/95
CP 1030 06/95	CP 7950 10/95	CP 9993 01/95	CM 0001 06/95	CM 7152 05/00
CM 7390 07/86	CM 8003 07/86	CG 0001 07/98	CG 0123 03/97	CG 2028 11/85
CG 2147 07/98	CG 2162 09/98	CG 7920 03/98	CG 7950 03/98	CG 8101 10/95
CG 9901 11/85	CR 0001 10/90	CR 0003 01/86	CR 0004 10/90	CR 1000 04/97
IL 0017 11/98	IL 0021 04/98	IL 0156 07/89	IL 0158 04/98	IL 0186 07/96
IL 0192 03/97	IL 0194 01/98	IL 0244 06/89	IL 0249 06/89	IL 0250 02/96
IL 0263 04/98	IL 0269 10/94	IL 0272 04/98	IL 0415 04/98	IL 0935 08/98
G 40 05/85				

G40 (05-85)

BZH104547

ROA 1283

CCI 0320615

ORIGINAL COPY
COMPREHENSIVE INSURANCE POLICYgeneral casualty

AGENCY BILL

RENEWAL DECLARATION

RENEWAL OF:
CCI 0320615

POLICY NUMBER	POLICY PERIOD		COVERAGE IS PROVIDED IN THE	AGENCY
CCI 0320615	01/01/2001	01/01/2002	REGENT INSURANCE COMPANY	0133009
NAMED INSURED AND ADDRESS			AGENT	
CROSSMANN COMMUNITIES INC AS PER G40 9210 N MERIDIAN ST INDIANAPOLIS IN 46260			MBAH INSURANCE 2663 DUNCAN ROAD PO BOX 5609 LAFAYETTE IN 157 47903	

COMMERCIAL PROPERTY COVERAGE PART DECLARATIONS

DESCRIPTION OF PREMISES

PREM. BLDG. LOCATION, CONSTRUCTION AND OCCUPANCY
 BLK BLK BLANKET BUILDING AND PERSONAL PROPERTY OF THE INSURED AS PER
 STATEMENT OF VALUES ON FILE WITH COMPANY

COVERAGES PROVIDED: COV. APPLIES ONLY WHERE A LIMIT OF INS. IS SHOWN BELOW.

PREM.	BLDG.	COV. (+)	LIMIT OF INSURANCE	COVERED CAUSES OF LOSS	COINS.
BLK	BLK	A	\$ 4,183,500	SPECIAL	90 %
		B	\$ INCLUDED	SPECIAL	90 %
		C	\$		%

DEDUCTIBLE: \$ 1,000 THE DEDUCTIBLE APPLIES ON A PER OCCURRENCE BASIS.

OPTIONAL COVERAGES: APPLICABLE ONLY BY AN ENTRY IN THE SCHEDULE BELOW.

PREM.	BLDG.	COV. (+)	AGREED VALUE	REPLACEMENT	INFLATION
			EXPIRATION DATE	COST (X)	GUARD %
BLK	BLK	A	01/01/01	\$ 4,183,500 (X)	%
		B	01/01/01	\$ INCLUDED (X)	%
		C		\$ N/A	%

VALUABLE PAPERS AND RECORDS - COST OF RESEARCH INCREASED LIMIT \$

IF INDICATED BY AN (X) REPLACEMENT COST APPLIES TO "STOCK": ()

(+) A- BUILDING B- BUSINESS PERSONAL PROPERTY C- PERSONAL PROPERTY OF OTHERS

COVERAGES APPLIES ONLY WHEN A LIMIT OF INSURANCE IS SHOWN BELOW.

BUSINESS INCOME:	COV. CAUSES	MAXIMUM PERIOD	MONTHLY LIMIT	EXT. PERIOD
COV. (*)	OF LOSS	OF INDEMNITY	OF INDEMNITY	OF INDEMNITY

LIMIT OF INS.	COINS.	AGREED VALUE - AMOUNT	EXPIRATION DATE
---------------	--------	-----------------------	-----------------

\$

EXTRA EXPENSE: LIMIT OF INS. COV. CAUSES OF LOSS LIMITS ON LOSS PAYMENTS

(*) BUSINESS INCOME: I - INCLUDING RENTAL VALUE II - OTHER THAN RENTAL VALUE
 III - RENTAL VALUE

TOTAL PROPERTY PREMIUM: \$ INCLUDED

CCI 0320615

ORIGINAL COPY
COMPREHENSIVE INSURANCE POLICYgeneral casualty

AGENCY BILL

RENEWAL DECLARATION

RENEWAL OF:
CCI 0320615

POLICY NUMBER	POLICY PERIOD	COVERAGE IS PROVIDED IN THE	AGENCY
CCI 0320615	01/01/2001 01/01/2002	REGENT INSURANCE COMPANY	0133009
NAMED INSURED AND ADDRESS		AGENT	
CROSSMANN COMMUNITIES INC AS PER G40 9210 N MERIDIAN ST INDIANAPOLIS IN 46260		MBAH INSURANCE 2663 DUNCAN ROAD PO BOX 5609 LAFAYETTE IN 157 47903	

ENDORSEMENT

NAMED INSURED

CROSSMANN COMMUNITIES, INC. AND ALL OF ITS SUBSIDIARIES, FINANCIALLY CONTROLLED ORGANIZATIONS, AND JOINT VENTURES PROVIDED THAT THESE ENTITIES' PRIMARY BUSINESS PURPOSE IS HOME, APARTMENT, AND CONDOMINIUM BUILDING AND/OR LAND DEVELOPMENT.

THIS APPLIES TO ENTITIES NOW EXISTING, PREVIOUSLY EXISTING, OR HEREAFTER ACQUIRED OR CREATED, IN WHICH CROSSMANN HAS AN OWNERSHIP INTEREST, AND FOR WHICH COVERAGE IS NOT OTHERWISE MORE SPECIFICALLY PROVIDED. THIS IS SUBJECT TO THE PROVISION THAT COVERAGE A DOES NOT APPLY TO BODILY INJURY OR PROPERTY DAMAGE THAT OCCURRED BEFORE YOU ACQUIRED OR FORMED THE ORGANIZATION; AND COVERAGE B DOES NOT APPLY TO PERSONAL INJURY OR ADVERTISING INJURY ARISING OUT OF AN OFFENSE COMMITTED BEFORE YOU ACQUIRED OR FORMED THE ORGANIZATION.

CCI 0320615

ORIGINAL COPY
COMPREHENSIVE INSURANCE POLICYgeneral casualty

AGENCY BILL

RENEWAL DECLARATION

RENEWAL OF:
CCI 0320615

POLICY NUMBER	POLICY PERIOD	COVERAGE IS PROVIDED IN THE	AGENCY
CCI 0320615	01/01/2001 01/01/2002	REGENT INSURANCE COMPANY	0133009
NAMED INSURED AND ADDRESS		AGENT	
CROSSMANN COMMUNITIES INC AS PER G40 9210 N MERIDIAN ST INDIANAPOLIS IN 46260		MBAH INSURANCE 2663 DUNCAN ROAD PO BOX 5609 LAFAYETTE IN 157 47903	

ENDORSEMENT

BLANKET BUILDING AND PERSONAL PROPERTY OF THE INSURED SCHEDULE

LOCATION	ADDRESS	BUILDING	PERSONAL PROPERTY
001	929 EASTWIND DR., STE 201 WESTERVILLE, OH		\$ 75,500
002	700 FARABEE CT LAFAYETTE, IN	\$300,000	\$ 75,000
003	7233 W JEFFERSON CT FORT WAYNE, IN		\$ 50,000
004	5412 COURSEVIEW DR., STE 210 4130, MASON, OH		\$ 75,000
005	9202 N MERIDIAN ST., STE 300 INDIANAPOLIS, IN		\$1,000,000
006	SOUTH 9TH ST LAFAYETTE, IN	\$ 10,000	
007	157 HOLIDAY PLACE FRANKLIN, IN		\$ 53,000
008	9210 N MERIDIAN ST INDIANAPOLIS, IN		\$ 90,000
009	1301 CLEAR SPRINGS TRACE STE 212, LOUISVILLE, KY		\$ 45,000
010	1301 CUSTER DR. NO 4 LEXINGTON, KY		\$ 100,000
011	4273 CHERY CENTER STE 6 MEMPHIS, TN		\$ 35,000

CCI 0320615

ORIGINAL COPY
COMPREHENSIVE INSURANCE POLICY

general casualty

AGENCY BILL

RENEWAL DECLARATION

RENEWAL OF:
CCI 0320615

POLICY NUMBER	POLICY PERIOD		COVERAGE IS PROVIDED IN THE	AGENCY
CCI 0320615	01/01/2001	01/01/2002	REGENT INSURANCE COMPANY	0133009
NAMED INSURED AND ADDRESS			AGENT	
CROSSMANN COMMUNITIES INC AS PER G40 9210 N MERIDIAN ST INDIANAPOLIS IN 46260			MBAH INSURANCE 2663 DUNCAN ROAD PO BOX 5609 LAFAYETTE IN 157 47903	

ENDORSEMENT

GENERAL AGGREGATE LIMIT PER PROJECT DEFINITION

THIS ENDORSEMENT MODIFIES INSURANCE PROVIDED UNDER THE FOLLOWING:

COMMERCIAL GENERAL LIABILITY COVERAGE PART:

THE GENERAL AGGREGATE LIMIT UNDER LIMITS OF INSURANCE (SECTION III) APPLIES SEPARATELY TO EACH OF YOUR PROJECTS AWAY FROM PREMISES OWNED BY OR RENTED TO YOU. PROJECT IS HEREBY DEFINED AS ALL CONSTRUCTION ASSOCIATED WITH THE DEVELOPMENT OF A RESIDENTIAL SUBDIVISION OR ALL HOMES TO BE CONSTRUCTED WITHIN A GEOGRAPHICALLY DEFINED RESIDENTIAL SUBDIVISION.

CCI 0320615

ORIGINAL COPY
COMPREHENSIVE INSURANCE POLICY

general casualty

AGENCY BILL

RENEWAL DECLARATION

RENEWAL OF:
CCI 0320615

POLICY NUMBER	POLICY PERIOD		COVERAGE IS PROVIDED IN THE	AGENCY
CCI 0320615	01/01/2001	01/01/2002	REGENT INSURANCE COMPANY	0133009
NAMED INSURED AND ADDRESS			AGENT	
CROSSMANN COMMUNITIES INC AS PER G40 9210 N MERIDIAN ST INDIANAPOLIS IN 46260			MBAH INSURANCE 2663 DUNCAN ROAD PO BOX 5609 LAFAYETTE IN 157 47903	

ENDORSEMENT

IT IS HEREBY AGREED THAT THE GLASS LIMITATION (C-2 OF CP 1030 AND III-B OF CP 7950)
IS DELETED.

CCI 0320615

ORIGINAL COPY
COMPREHENSIVE INSURANCE POLICY

general casualty

AGENCY BILL

RENEWAL DECLARATION

RENEWAL OF:
CCI 0320615

POLICY NUMBER	POLICY PERIOD		COVERAGE IS PROVIDED IN THE	AGENCY
CCI 0320615	01/01/2001	01/01/2002	REGENT INSURANCE COMPANY	0133009
NAMED INSURED AND ADDRESS			AGENT	
CROSSMANN COMMUNITIES INC AS PER G40 9210 N MERIDIAN ST INDIANAPOLIS IN 46260			MBAH INSURANCE 2663 DUNCAN ROAD PO BOX 5609 LAFAYETTE IN 157 47903	

ENDORSEMENT

MORTGAGE HOLDERS' ERRORS AND OMISSIONS COVERAGE APPLIES TO THE FOLLOWING PREMISES
FOR THE LIMIT SHOWN BELOW.

PREMISE - 9210 N MERIFIAN STREET, INDIANAPOLIS, INDIANA

ESTIMATED NUMBER OF MORTGAGE LOANS - IF ANY

LIMIT OF INSURANCE - \$30,000

ANY CAUSES OF LOSS FORM ATTACHED TO THIS POLICY DOES NOT APPLY TO THIS COVERAGE FORM.

FORM CP 0090 - COMMERCIAL PROPERTY CONDITIONS - DOES NOT APPLY TO THIS COVERAGE FORM.

general casualty

RENEWAL OF:
CCI 0320615

COMMERCIAL INLAND MARINE COVERAGE PART DECLARATIONS

[illegible]

TOTAL PREMIUM FOR ALL COMMERCIAL INLAND MARINE COVERAGE FORM(S) \$ INCLUDED

BZH104554

ROA 1290

CCI 0320615

ORIGINAL COPY
COMPREHENSIVE INSURANCE POLICYgeneral casualty

AGENCY BILL

RENEWAL DECLARATION

RENEWAL OF:
CCI 0320615

POLICY NUMBER	POLICY PERIOD	COVERAGE IS PROVIDED IN THE	AGENCY
CCI 0320615	01/01/2001 01/01/2002	REGENT INSURANCE COMPANY	0133009
NAMED INSURED AND ADDRESS		AGENT	
CROSSMANN COMMUNITIES INC AS PER G40 9210 N MERIDIAN ST INDIANAPOLIS IN 46260		MBAH INSURANCE 2663 DUNCAN ROAD PO BOX 5609 LAFAYETTE IN 157 47903	

BLANKET CONTRACTORS EQUIPMENT DECLARATIONS

CATASTROPHIC LIMIT OF INSURANCE \$ 588,035
 PER ITEM LIMIT OF INSURANCE \$ 100,000

THE FOLLOWING DEDUCTIBLES APPLY ONLY WHEN INDICATED BY AN (X)
 DEDUCTIBLES:

(X) EQUIPMENT DEDUCTIBLE \$ 500
 () PERCENTAGE DEDUCTIBLE:
 MINIMUM DEDUCTIBLE \$
 MAXIMUM DEDUCTIBLE \$
 PERCENTAGE DEDUCTIBLE \$

THE FOLLOWING INCREASED LIMITS APPLY ONLY WHEN INDICATED BY AN (X)
 COVERAGES

() DEBRIS REMOVAL \$
 () EMPLOYEES TOOLS \$
 (X) OFFICE TRAILERS AND CONTENTS \$ 50,000

THE FOLLOWING OPTIONAL COVERAGES APPLY ONLY WHEN INDICATED BY AN (X)

() RENTAL REIMBURSEMENT LIMITS OF
 INSURANCE
 PER DAY PER ITEM \$
 AGGREGATE PER POLICY YEAR \$
 (X) REPLACEMENT COST COVERAGE

TOTAL ANNUAL PREMIUM THIS POLICY \$ INCLUDED

CM 7155 (05-00)

BZH104555

CCI 0320615

ORIGINAL COPY
COMPREHENSIVE INSURANCE POLICYgeneral casualty

AGENCY BILL

RENEWAL DECLARATION

RENEWAL OF:
CCI 0320615

POLICY NUMBER	POLICY PERIOD		COVERAGE IS PROVIDED IN THE	AGENCY
CCI 0320615	01/01/2001	01/01/2002	REGENT INSURANCE COMPANY	0133009
NAMED INSURED AND ADDRESS			AGENT	
CROSSMANN COMMUNITIES INC AS PER G40 9210 N MERIDIAN ST INDIANAPOLIS IN 46260			MBAH INSURANCE 2663 DUNCAN ROAD PO BOX 5609 LAFAYETTE IN 157 47903	

MINICOMPUTER DECLARATIONS

EQUIPMENT SCHEDULE

LOC. NUM.	ADDRESS OF LOCATION	LIMIT OF INSURANCE
001	9210 N MERIDIAN STREET, INDIANAPOLIS, IN	\$ 50,000
		\$
		\$

VALUATION FOR THE PURPOSES OF THIS COVERAGE FORM IS DETERMINED BY AN (X)
 () ACTUAL CASH VALUE (X) REPLACEMENT COST

DEDUCTIBLES APPLICABLE BY LOCATION:

LOCATION 001. \$ 500 LOCATION \$ LOCATION \$

LIMIT OF INSURANCE - DATA, MEDIA, EXTRA EXPENSE AND TRANSIT

LOC. NUM.	DATA AND MEDIA			EXTRA EXPENSE		
	BASIC	INCREASE	TOTAL	BASIC	INCREASE	TOTAL
001	\$ 10,000	\$ 10,000	\$ 20,000	\$ 10,000	\$	\$ 10,000
	\$	\$	\$	\$	\$	\$
	\$	\$	\$	\$	\$	\$
TRANSIT	\$ 10,000	\$	\$ 10,00			

() SPECIAL COVERAGE ENDORSEMENT APPLIES IF INDICATED BY AN (X)
 DEDUCTIBLE AMOUNT APPLICABLE TO THE SPECIAL COVERAGE END'T. IS: \$

TOTAL PREMIUM THIS COVERAGE FORM \$ INCLUDED

CM 7391 (07-86)

BZH104556

CCI 0320615

ORIGINAL COPY
COMPREHENSIVE INSURANCE POLICYgeneral casualty

AGENCY BILL

RENEWAL DECLARATION

RENEWAL OF:
CCI 0320615

POLICY NUMBER	POLICY PERIOD	COVERAGE IS PROVIDED IN THE	AGENCY
CCI 0320615	01/01/2001 01/01/2002	REGENT INSURANCE COMPANY	0133009
NAMED INSURED AND ADDRESS		AGENT	
CROSSMANN COMMUNITIES INC AS PER G40 9210 N MERIDIAN ST INDIANAPOLIS IN 46260		MBAH INSURANCE 2663 DUNCAN ROAD PO BOX 5609 LAFAYETTE IN 157 47903	

COMMERCIAL GENERAL LIABILITY COVERAGE PART DECLARATIONS

LIMIT OF INSURANCE

GENERAL AGGREGATE LIMIT \$ 2,000,000
 (OTHER THAN PRODUCTS-COMPLETED OPERATIONS)
 PRODUCTS-COMPLETED OPERATIONS AGGREGATE LIMIT \$ 2,000,000
 PERSONAL & ADVERTISING INJURY LIMIT \$ 1,000,000
 EACH OCCURENCE LIMIT \$ 1,000,000
 FIRE DAMAGE LIMIT (ANY ONE FIRE) \$ 100,000
 MEDICAL EXPENSE LIMIT (ANY ONE PERSON) \$ 5,000

RETROACTIVE DATE (CG 00 02 ONLY)

COVERAGE A OF THIS INSURANCE DOES NOT APPLY TO "BODILY INJURY" OR "PROPERTY DAMAGE" WHICH OCCURS BEFORE THE RETROACTIVE DATE, IF ANY, SHOWN BELOW.

RETROACTIVE DATE:

(ENTER DATE OR "NONE" IF NO RETROACTIVE DATE APPLIES.)

PREMIUM

TOTAL ADVANCE PREMIUM FOR THIS COVERAGE PART \$ INCLUDED

CCI 0320615

ORIGINAL COPY
COMPREHENSIVE INSURANCE POLICYgeneral casualty

AGENCY BILL

RENEWAL DECLARATION

RENEWAL OF:
CCI 0320615

POLICY NUMBER	POLICY PERIOD		COVERAGE IS PROVIDED IN THE	AGENCY
CCI 0320615	01/01/2001	01/01/2002	REGENT INSURANCE COMPANY	0133009
NAMED INSURED AND ADDRESS			AGENT	
CROSSMANN COMMUNITIES INC AS PER G40 9210 N MERIDIAN ST INDIANAPOLIS IN 46260			MBAH INSURANCE 2663 DUNCAN ROAD PO BOX 5609 LAFAYETTE IN 157 47903	

ENDORSEMENT

012	10239 BEACH RD. SW CALABASH, NC	\$350,000	\$ 125,000
013	916 E MAIN ST STE 115 GREENWOOD, IN		\$ 50,000
014	3077 KETERING BLVD STE 114 MARIANE, OH		\$ 35,000
015	4913 - 4922 - 24 23RD ST INDIANAPOLIS, IN		\$ 50,000
016	SUITE 100, JACKSON AVENUE LAVERGNE, TN		\$ 40,000
017	615 DAVIS DR., STE 300 MORRISVILLE, NC		\$ 65,000
018	1411 S OCEAN BLVD, DUNESCAPE UNIT 204, N MYRTLE BEACH, SC		\$ 10,000
019	7640 WILDCAT RUN LANE INDIANAPOLIS, IN	\$103,000	
020	SWIMMING POOL AT LOC 019 INDIANAPOLIS, IN	\$165,000	
021	4339 STUART ANDREW BLVD STE 201, CHARLOTTE, NC		\$ 65,000
022	9245 N MERIDIAN ST., STE 207 INDIANAPOLIS, IN		\$ 15,000
023	865 W CARMEL DR CARMEL, IN		\$1,200,000
TOTALS		\$930,000	\$3,253,500

CCI 0320615

ORIGINAL COPY
COMPREHENSIVE INSURANCE POLICYgeneral casualty

AGENCY BILL

RENEWAL DECLARATION

RENEWAL OF:
CCI 0320615

POLICY NUMBER	POLICY PERIOD		COVERAGE IS PROVIDED IN THE	AGENCY
CCI 0320615	01/01/2001	01/01/2002	REGENT INSURANCE COMPANY	0133009
NAMED INSURED AND ADDRESS			AGENT	
CROSSMANN COMMUNITIES INC AS PER G40 9210 N MERIDIAN ST INDIANAPOLIS IN 46260			MBAH INSURANCE 2663 DUNCAN ROAD PO BOX 5609 LAFAYETTE IN 157 47903	

ENDORSEMENT

GENERAL LIABILITY COMPOSITE RATE ENDORSEMENT

IT IS HEREBY AGREED THAT THE GL POLICY SHALL BE ISSUED WITH A \$0.376 COMPOSITE RATE PER \$1000 SALES PROVIDED THAT THE FOLLOWING CONDITION IS MET: 85% OR MORE OF THE CERTIFICATES OF INSURANCE ISSUED TO CROSSMANN COMMUNITIES BY THE SUBCONTRACTORS AND REVIEWED BY GENERAL CASUALTY AUDIT PERSONNEL STATE ADDITIONAL INSURED PROTECTION ON A PRIMARY/NONCONTRIBUTORY BASIS IS AFFORDED TO CROSSMANN. IF THIS CONDITION IS NOT MET, THE RATE WILL BE AUDITED AT A \$0.468 RATE PER \$1,000 SALES.

PREMISES BASIS (SALES):

RATE \$1,000 SALES:

DEPOSIT PREMIUM:

630,000,000

\$0.376

\$ 236,880

CCI 0320615

ORIGINAL COPY
COMPREHENSIVE INSURANCE POLICYgeneral casualty

AGENCY BILL

RENEWAL DECLARATION

RENEWAL OF:
CCI 0320615

POLICY NUMBER	POLICY PERIOD		COVERAGE IS PROVIDED IN THE	AGENCY
CCI 0320615	01/01/2001	01/01/2002	REGENT INSURANCE COMPANY	0133009
NAMED INSURED AND ADDRESS			AGENT	
CROSSMANN COMMUNITIES INC AS PER G40 9210 N MERIDIAN ST INDIANAPOLIS IN 46260			MBAH INSURANCE 2663 DUNCAN ROAD PO BOX 5609 LAFAYETTE IN 157 47903	

CRIME COVERAGE PART DECLARATIONS

THE CRIME COVERAGE PART CONSISTS OF THIS DECLARATIONS FORM, THE CRIME
GENERAL PROVISIONS FORM AND THE COVERAGE FORMS INDICATED AS APPLICABLE.

COVERAGE, PREMIUM, LIMITS OF INSURANCE AND DEDUCTIBLE

COVERAGE FORMS FORMING PART OF THIS COVERAGE PART			PREMIUM
BLANKET EMPLOYEE DISHONESTY			\$ INCLUDED
LIMIT OF INSURANCE	\$ 200,000	DEDUCTIBLE \$ 1000	
FORGERY OR ALTERATION			\$ INCLUDED
LIMIT OF INSURANCE	\$ 25,000	DEDUCTIBLE \$ 1000	
THEFT, DISAPPEARANCE AND DESTRUCTION - PREMISES			\$ INCLUDED
LIMIT OF INSURANCE	\$ 10,000	DEDUCTIBLE \$ 1000	
THEFT, DISAPPEARANCE AND DESTRUCTION - MESSENGER			\$ INCLUDED
LIMIT OF INSURANCE	\$ 10,000	DEDUCTIBLE \$ 1000	
			\$
LIMIT OF INSURANCE	\$	DEDUCTIBLE \$	
TOTAL PREMIUM FOR CRIME COVERAGE PART \$ INCLUDED			

CANCELLATION OF PRIOR INSURANCE: BY ACCEPTANCE OF THIS COVERAGE PART YOU GIVE US
NOTICE OF CANCELLING PRIOR POLICY OR BOND NOS.
THE CANCELLATION TO BE EFFECTIVE AT THE TIME THIS COVERAGE PART BECOMES EFFECTIVE.

CR 7901 (02-96)

BZH104560

ROA 1296

CCI 0320615
PAGE 1 OF 1
AGENCY BILL

ORIGINAL COPY
COMPREHENSIVE INSURANCE POLIC

general casualty

RENEWAL DECLARATION

RENEWAL OF:
CCI 0320615

POLICY NUMBER	POLICY PERIOD	COVERAGE IS PROVIDED BY THE	AGENCY
CCI 0320615	01/01/2001 01/01/2002	REGENT INSURANCE COMPANY	0133008 01
NAMED INSURED AND ADDRESS		AGENT	
CROSSMANN COMMUNITIES INC AS PER G40 9210 N MERIDIAN ST INDIANAPOLIS IN 46260		MBAH INSURANCE 2683 DUNCAN ROAD PO BOX 5609 LAFAYETTE IN 157 47903	

---STATEMENT OF ACCOUNT---

CCI0320615 0112 AGENCY BILL
CROSSMANN COMMUNITIES INC

DEPOSIT PREMIUM \$252,907.00
SUBJECT TO AUDIT.

BALANCE DUE 04/2001 \$63226.75
07/2001 \$63226.75
10/2001 \$63226.75

YOUR INDEPENDENT AGENT IS WORKING FOR YOU
ISSUE DATE - 01/23/2001

PREMIUMS ARE PAYABLE TO

MBAH INSURANCE
2683 DUNCAN ROAD
PO BOX 5609
LAFAYETTE IN 47903

BZH104561

BUILDING AND PERSONAL PROPERTY COVERAGE FORM

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

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

Other words and phrases that appear in quotation marks have special meaning. Refer to SECTION H - 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, 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;
- (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.

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 unless otherwise specified in the Declarations or on the Your Business Personal Property - Separation of Coverage form:

- (1) Furniture and fixtures;
- (2) Machinery and equipment;
- (3) "Stock";
- (4) All other personal property owned by you and used in your business;
- (5) Labor, materials or services furnished or arranged by you on personal property of others;
- (6) Your use interest as tenant in improvements and betterments. Improvements and betterments are fixtures, alterations, installations or additions:
 - (a) Made a part of the building or structure you occupy but do not own; and
 - (b) You acquired or made at your expense but cannot legally remove;
- (7) Leased personal property for which you have a contractual responsibility to insure, unless otherwise provided for under Personal Property of Others.

c. Personal Property of Others that is:

- (1) In your care, custody or control; and
- (2) Located in or on the building 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, deeds, 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, or if owned by you, only as "stock" while inside of buildings;
- 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 another coverage form of this or any other policy in which it is more specifically described, except for the excess of the amount due (whether you can collect on it or not) from that other insurance;
- l. Retaining walls that are not part of a building;
- m. Underground pipes, flues or drains;

n. The cost to research, replace or restore the information on valuable papers and records, including those which exist on electronic or magnetic media, except as provided in the Coverage Extensions;

o. Vehicles or self-propelled machines (including aircraft or watercraft) that:

- (1) Are licensed for use on public roads; or
- (2) Are operated principally away from the described premises.

This paragraph does not apply to:

- (1) Vehicles or self-propelled machines or autos you manufacture, process or warehouse;
- (2) Vehicles or self-propelled machines, other than autos, you hold for sale; or
- (3) Rowboats or canoes out of water at the described premises;

p. The following property while outside of buildings:

- (1) Grain, hay, straw or other crops;
- (2) Fences, radio or television antennas (including satellite dishes) and their lead-in wiring, masts or towers, signs (other than signs attached to buildings), 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) 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) The most we will pay under this Additional Coverage is 25% of:
 - (a) The amount we pay for the direct physical loss of or damage to Covered Property; plus

(b) The deductible in this policy applicable to that loss or damage.

But this limitation does not apply to any additional debris removal limit provided in the Limits of Insurance section.

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

(a) Extract "pollutants" from land or water; or

(b) Remove, restore or replace polluted land or water.

b. Preservation of Property

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

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 or, a Value Reporting period symbol, is shown in the Declarations, you may extend the insurance provided by this Coverage Part as follows:

a. Newly Acquired or Constructed Property

(1) 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) You may extend the insurance that applies to Your Business Personal Property to apply to that property at any location you acquire other than at fairs or exhibitions.

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

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

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

We will charge you additional premium for values reported from the date construction begins or you acquire the 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 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 - Cost of Research

You may extend the insurance that applies to Your Business Personal Property to apply to your costs to research, replace or restore the lost information on lost or damaged valuable papers and records, including those which exist on electronic or magnetic media, for which duplicates do not exist. The most we will pay under this Extension is \$2,500 at each described premises, unless a higher limit is shown in the Declarations.

d. Property Off-Premises

You may extend the insurance provided by this Coverage Form to apply to your Covered Property, other than "stock", that is temporarily at a location you do not own, lease or operate. This Extension does not apply to Covered Property:

- (1) In or on a vehicle;
- (2) In the care, custody or control of your salespersons; or

(3) At any fair or exhibition.

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), signs (other than signs attached to buildings), 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.

Each of these Extensions is additional insurance. 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 attached to buildings is \$1,000 per sign in any one occurrence.

The limits applicable to the Coverage Extensions and the Fire Department Service Charge and Pollutant Clean Up and Removal Additional Coverages are in addition to the Limits of Insurance.

Payments under the following Additional Coverages will not increase the applicable Limit of Insurance:

- 1. Preservation of Property; or

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

4. Loss Payment

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

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. 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 of a building, building means the entire building. Such building is vacant when 70% or more of its square footage:

(i) Is not rented; or

(ii) Is not used 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%.

7. 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., c., d., e. and f. 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. "Stock" you have sold but not delivered at the selling price less discounts and expenses you otherwise would have had.

d. Glass at the cost of replacement with safety glazing material if required by law.

e. Tenant's Improvements and Betterments at:

(1) Actual cash value of the lost or damaged property if you make repairs promptly.

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

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

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

BZH104568

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

- (3) Nothing if others pay for repairs or replacement.

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

- (1) Blank materials for reproducing the records; and
- (2) Labor to transcribe or copy the records when there is a duplicate.

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.

Example No. 1 (Underinsurance):

When:

The value of the property is	\$250,000
The Coinsurance percentage for it is	80%
The Limit of Insurance for it is	\$100,000
The Deductible is	\$250
The amount of loss is	\$40,000
Step (1): $\$250,000 \times 80\% = \$200,000$ (the minimum amount of insurance to meet your Coinsurance requirements)	
Step (2): $\$100,000 \div \$200,000 = .50$	
Step (3): $\$40,000 \times .50 = \$20,000$	
Step (4): $\$20,000 - \$250 = \$19,750$	
We will pay no more than \$19,750. The remaining \$20,250 is not covered.	

Example No. 2 (Adequate Insurance):

When:

The value of the property is	\$250,000
The Coinsurance percentage for it is	80%
The Limit of Insurance for it is	\$200,000
The Deductible is	\$250
The amount of loss is	\$40,000
The minimum amount of insurance to meet your Coinsurance requirement is \$200,000 ($\$250,000 \times 80\%$). Therefore, the Limit of Insurance in this Example is adequate and no penalty applies. We will pay no more than \$39,750 (\$40,000 amount of loss minus the deductible of \$250).	
b. If one Limit of Insurance applies to two or more separate items, this condition will apply to the total of all property to which the limit applies.	

BZH104569

Example No. 3:

When:

The value of property is:	
Bldg. at Location No. 1	\$75,000
Bldg. at Location No. 2	\$100,000
Personal Property at Location No. 2	\$75,000
	<u>\$250,000</u>

The Coinsurance percentage for it is 90%

The Limit of Insurance for Buildings and Personal Property at Location Nos. 1 and 2 is \$180,000

The Deductible is \$1,000

The amount of loss is:
Bldg. at Location No. 2 \$30,000
Personal Property at Location No. 2 \$20,000
\$50,000

Step (1): $\$250,000 \times 90\% = \$225,000$ (the minimum amount of insurance to meet your Coinsurance requirements and to avoid the penalty shown below)

Step (2): $\$180,000 + \$225,000 = .80$

Step (3): $\$50,000 \times .80 = \$40,000$

Step (4): $\$40,000 - \$1,000 = \$39,000$

We will pay no more than \$39,000. The remaining \$11,000 is not covered.

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.

BZH104570

- 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 in the Declarations, the following Optional Coverages apply separately to each item.

1. Agreed Value

- 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.
- 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.
- The terms of this Optional Coverage apply only to loss or damage that occurs:
 - On or after the effective date of this Optional Coverage; and
 - Before the Agreed Value expiration date shown in the Declarations or the policy expiration date, whichever occurs first.

2. Inflation Guard

- The Limit of Insurance for property to which this Optional Coverage applied will automatically increase by the annual percentage shown in the Declarations.
- The amount of increase will be:
 - 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
 - The percentage of annual increase shown in the Declarations, expressed as a decimal (example: 8% is .08), times
 - 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.

Example:

If:

000	The applicable Limit of Insurance is	\$100,000
000	The annual percentage increase is	8%
000	The number of days since the beginning of the policy year (or last policy change) is	146
	The amount of increase is	
	$\$100,000 \times .08 \times 146 \div 365 =$	\$3,200

3. Replacement Cost

- Replacement Cost (without deduction for depreciation) replaces Actual Cash Value in the Loss Condition, Valuation, of this Coverage Form.
- This Optional Coverage does not apply to:
 - Personal property of others;
 - Contents of a residence;
 - Manuscripts;
 - Works of art, antiques or rare articles, including etchings, pictures, statuary, marbles, bronzes, porcelains and bric-a-brac; or
 - "Stock", unless the Including "Stock" option is shown in the Declarations.
- 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.
- We will not pay on a replacement cost basis for any loss or damage:
 - Until the lost or damaged property is actually repaired or replaced; and
 - Unless the repairs or replacement are made as soon as reasonably possible after the loss or damage.

BZH104571

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, on the same premises, 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 you actually spend that is necessary to repair or replace the lost or damaged property.

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.

H. DEFINITIONS

1. "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.
2. "Stock" means merchandise held in storage or for sale, raw materials and in-process or finished goods, including supplies used in their packing or shipping.

BZH104572

MORTGAGEHOLDERS ERRORS AND OMISSIONS 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 I - DEFINITIONS.

A. COVERAGE

1. Coverage A - Mortgageholder's Interest

We will pay for loss to your "mortgageholder's interest" in Covered Property due to error or accidental omission, by you or your representative, in the operation of your customary procedure in requiring, procuring and maintaining "valid insurance" payable to you as mortgageholder against the Covered Causes of Loss.

a. Covered Property

Covered Property means:

- (1) Real property; and
- (2) Personal property secured in connection with that real property.

It includes such property:

- (a) During and after your foreclosure; and
- (b) Sold under an agreement in which you retain title, such as a conditional sales agreement.

b. Property Not Covered

Covered Property does not include:

- (1) Accounts, bills, currency, deeds, food stamps or other evidences of debt, money, notes or securities. Lottery tickets held for sale are not securities; or
- (2) Land (including land on which the property is located), water, growing crops or lawns.

c. Covered Causes of Loss

The Covered Causes of Loss are those causes of loss against which you customarily require mortgagors to provide insurance policies that protect your "mortgageholder's interest". They do not include:

- (1) Causes of Loss excluded under Section B., Exclusions; or

- (2) Losses insured under mortgage guarantee insurance policies or programs, or title, life, health or accident insurance policies.

d. Coverage Extension - Mortgages Serviced For Others

We will cover loss arising from mortgages owned by others and serviced by you as if you owned the "mortgageholder's interest" in them. All such mortgages must be serviced under a written contract. We will make loss payment payable jointly to you and the mortgage owner.

2. Coverage B - Property Owned or Held In Trust

We will pay for direct physical loss of or damage to Covered Property caused by or resulting from any Covered Cause of Loss; provided the loss is not otherwise insured due to error or accidental omission, by you or your representative, in the operation of your customary procedure in procuring and maintaining "valid insurance" payable to you as owner or trustee of the Covered Property.

a. Covered Property

Covered Property means real and personal property:

- (1) You own; or
- (2) In which you have a fiduciary interest as trustee or otherwise.

b. Property Not Covered

Covered Property does not include:

- (1) Accounts, bills, currency, deeds, food stamps or other evidences of debt, money, notes or securities. Lottery tickets held for sale are not securities; or
- (2) Land (including land on which the property is located), water, growing crops or lawns.

c. Covered Causes of Loss

The Covered Causes of Loss are:

- (1) Fire.
- (2) Lightning.
- (3) Explosion, including 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. This cause of loss does not include loss or damage by:
 - (a) Rupture, bursting or operation of pressure relief devices; or
 - (b) Rupture or bursting due to expansion or swelling of the contents of any building or structure, caused by or resulting from water.
- (4) Windstorm or Hail, but not including:
 - (a) Frost or cold weather;
 - (b) Ice (other than hail), snow or sleet, whether driven by wind or not; or
 - (c) Loss or damage to the interior of any building or structure, or the property inside the building or structure, caused by rain, snow, sand or dust, whether driven by wind or not, unless the building or structure first sustains wind or hail damage to its roof or walls through which the rain, snow, sand or dust enters.
- (5) Smoke causing sudden and accidental loss or damage. This cause of loss does not include smoke from agricultural smudging or industrial operations.
- (6) Aircraft or Vehicles, meaning only physical contact of an aircraft, a spacecraft, a self-propelled missile, a vehicle or an object thrown up by a vehicle with the property or with the building or structure containing the property. This cause of loss includes loss or damage by objects falling from aircraft.

We will not pay for loss or damage caused by or resulting from vehicles you own or operate.
- (7) Riot or Civil Commotion, including:
 - (a) Acts of striking employees while occupying the premises; and
 - (b) Looting occurring at the time and place of a riot or civil commotion.

- (8) Sinkhole Collapse, meaning 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:

- (a) The cost of filling sinkholes; or
- (b) Sinking or collapse of land into man-made underground cavities.

- (9) Volcanic Action, meaning direct loss or damage resulting from the eruption of a volcano when the loss or damage is caused by:

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

All volcanic eruptions that occur within any 168-hour period will constitute a single occurrence.

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

3. Coverage C - Mortgageholder's Liability

We will pay those sums that you become legally obligated to pay as damages due to error or accidental omission in the operation of your customary procedure in processing and maintaining "valid insurance" against the Covered Causes of Loss for the benefit of the mortgagor in amounts, and under conditions, customarily accepted by the mortgagor. We will have the right and duty to defend any "suit" seeking those damages. However, we have no duty to defend you against a "suit" seeking damages to which this insurance does not apply. We may investigate and settle any claim or "suit" at our discretion. But:

- (1) The amount we will pay for damages is limited as described in Section C. Limits of Insurance; and
- (2) Our right and duty to defend end when we have used up the Limit of Insurance in the payment of judgments or settlements.

The damages payable under this Coverage Form must arise out of your capacity as a mortgageholder, mortgage fiduciary or mortgage servicing agency.

a. Covered Causes of Loss

The Covered Causes of Loss are those risks and causes of loss against which the mortgagor customarily obtains insurance policies.

They do not include:

- (1) Causes of loss excluded under Section B., Exclusions; or
- (2) Losses insured under mortgage guarantee insurance policies or programs, or title, life, health or accident insurance policies.

b. Additional Coverage - Supplementary Payments.

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

- (1) All expenses we incur.
- (2) The cost of bonds to release attachments, but only for bond amounts within our Limit of Insurance. We do not have to furnish these bonds.
- (3) All reasonable expenses incurred by you at our request, including actual loss of earnings up to \$100 a day because of time off from work.
- (4) All costs taxed against you in the "suit".
- (5) Prejudgment interest awarded against you on that part of the judgment we pay. If we make an offer to pay the Limit of Insurance, we will not pay any prejudgment interest based on that period of time after the offer.
- (6) All interest on the full amount of any judgment that accrues after entry of the judgment and before we have paid, offered to pay, or deposited in court the part of the judgment that is within our Limit of Insurance.

c. Coverage Extensions

- (1) **Additional Insureds.** Under Coverage C - Mortgageholder's Liability, the words "you" and "your" are extended to include your partners, executive officers, trustees, directors and stockholders, but only with respect to their duties as such.

The existence of one or more Additional Insureds does not increase the Limit of Insurance.

- (2) **Newly Acquired Organizations.** Under Coverage C - Mortgageholder's Liability, the words "you" and "your" also include any organization (other than a partnership or joint venture) that you acquire or form and over which you maintain ownership or majority interest if there is no other similar insurance available to that organization.

This Coverage Extension ends:

- (a) 90 days after you acquire or form the organization; or
- (b) At the end of the policy period shown in the Declarations;

whichever is earlier.

This Extension does not apply to errors or accidental omissions that occurred before you acquired or formed the organization.

4. Coverage D - Real Estate Tax Liability

We will pay for damages for which you are legally liable due to error or accidental omission in paying real estate taxes, as agreed, on behalf of the mortgagor.

B. EXCLUSIONS

The following exclusions apply to Coverages A, B, C and D.

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 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:

- (1) An ordinance or law that is enforced even if the property has not been damaged; or
- (2) 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) Any earth movement (other than sinkhole collapse), such as an earthquake, landslide, mine subsidence or earth sinking, rising or shifting. But if earth movement results in fire or explosion, we will pay for the loss or damage caused by that fire or explosion.
- (2) Volcanic eruption, explosion or effusion. But if volcanic eruption, explosion or effusion results in fire or Volcanic Action, we will pay for the loss or damage caused by that fire or Volcanic Action.

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 by 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 or other utility service supplied to the described premises, however caused, if the failure occurs away from the covered premises.

But if the failure of power 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.

f. War and Military Action

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

g. Water

- (1) Flood, surface water, waves, tides, tidal waves, overflow of any body of water, or their spray, all whether driven by wind or not;
- (2) Mudslide or mudflow;
- (3) Water that backs up or overflows from a sewer, drain or sump; or
- (4) Water under the ground surface pressing on, or flowing or seeping through:
 - (a) Foundations, walls, floors or paved surfaces;
 - (b) Basements, whether paved or not; or
 - (c) Doors, windows or other openings.

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

2. We will not pay for loss or damage caused by or resulting from:

- a. Discharge, dispersal, seepage, migration, release or escape of "pollutants". If you customarily require mortgagors to provide insurance against causes of loss on a special form basis (covering any cause of loss not excluded or limited in the policy), this exclusion does not apply if the discharge, dispersal, seepage, migration, release or escape is itself caused by any of the "specified causes of loss".

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".

- b. Artificially generated electrical current, including electrical arcing, that disturbs electrical devices, appliances or wires.

But if artificially generated electrical current results in fire, we will pay for the loss or damage caused by that fire.

- c. Any event that occurs more than 30 days after you know that an error or accidental omission may have occurred.

- d. Your failure to obtain, maintain or properly handle the following types of insurance policies or programs:

- (1) Title;
- (2) Mortgage guarantee;
- (3) Life; or
- (4) Health or accident.

3. We will not pay for loss or damage caused by or resulting from any of the following, 3.a. through 3.d. But if an excluded cause of loss that is listed in 3.a. through 3.d. results in a Covered Cause of Loss, we will pay for the loss or damage caused by that Covered Cause of Loss.

- a. Collapse, except as provided below in the Additional Coverage for Collapse.
- b. Weather conditions, if weather conditions contribute in any way with a cause or event excluded in paragraph 1. above to produce the loss or damage.
- c. Acts or decisions, including the failure to act or decide, of any person, group, organization or governmental body.
- d. Faulty, inadequate or defective:
 - (1) Planning, zoning, development, surveying, siting;
 - (2) Design, specifications, workmanship, repair, construction, renovation, remodeling, grading, compaction;
 - (3) Materials used in repair, construction, renovation or remodeling; or
 - (4) Maintenance;

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

C. LIMITS OF INSURANCE

The most we will pay under this Coverage Form for all loss arising from one error or accidental omission is the applicable Limit of Insurance shown in the Declarations, subject to the following additional limitations:

- 1. Under Coverage A - Mortgageholder's Interest, or Coverage B - Property Owned or Held in Trust, we will not pay more than the least of:
 - a. The amount of direct physical loss or damage determined in accordance with the insurance policies that would have covered the loss or damage if no error or accidental omission occurred, less the amount of any other insurance recovery payable to you on the Covered Property;
 - b. The amount that would have been paid to you under insurance policies you would customarily have procured and maintained if the error or accidental omission had not occurred; or
 - c. The amount of your "mortgageholder's interest" under Coverage A.

2. Under Coverage D - Real Estate Tax Liability, we will not pay more than 15% of the Limit of Insurance shown in the Declarations as applicable to this Coverage Form, for damages due to error or accidental omission in paying real estate taxes in connection with any single mortgage.

D. ADDITIONAL COVERAGE - COLLAPSE

- 1. If collapse is a coverage for which you customarily require mortgagors to provide insurance, we will pay for direct physical loss or damage to Covered Property, caused by collapse of a building or any part of a building insured under this Coverage Form, if the collapse is caused by one or more of the following:
 - a. The "specified causes of loss" or breakage of building glass;
 - b. Hidden decay;
 - c. Hidden insect or vermin damage;
 - d. Weight of people or personal property;
 - e. Weight of rain that collects on a roof;
 - f. Use of defective material or methods in construction, remodeling, or renovation if the collapse occurs during the course of the construction, remodeling, or renovation. However, if the collapse occurs after construction, remodeling, or renovation is complete and is caused in part by a cause of loss listed in D.1.a. through D.1.e., we will pay for the loss or damage even if use of defective material or methods, in construction, remodeling, or renovation, contributes to the collapse.
- 2. If the direct physical loss or damage does not involve collapse of a building or any part of a building, we will pay for loss or damage to Covered Property caused by the collapse of personal property only if:
 - a. The personal property which collapses is inside a building insured under this Coverage Form; and
 - b. The collapse was caused by a cause of loss listed in D.1.a. through D.1.f. above.
- 3. Collapse does not include settling, cracking, shrinkage, bulging or expansion.
- 4. This Additional Coverage, Collapse, will not increase the Limits of Insurance provided in this Coverage Part.

BZH104577

ADDITIONAL CONDITIONS

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

E. CONDITION APPLICABLE TO COVERAGE A - MORTGAGEHOLDER'S INTEREST

Transfer of Mortgage - Coverage A

We and all other insurance companies covering a loss, if in agreement, may pay you an amount equal to the outstanding balance on the mortgage, even if that amount is greater than the amount of loss. If so, we and the other insurance companies may demand and receive a full assignment of the mortgage, including all securities held as collateral for the debt, as interests may appear.

F. CONDITIONS APPLICABLE TO COVERAGE B - PROPERTY OWNED OR HELD IN TRUST

1. Our Options - Coverage B

In the event of loss or damage covered under Coverage B, at our option, we will either:

- Pay the value of lost or damaged property;
- Pay the cost of repairing or replacing the lost or damaged property;
- Take all or any part of the property at an agreed or appraised value; or
- Repair, rebuild or replace the property with other property of like kind and quality.

We will give notice of our intentions within 30 days after we receive the sworn statement of loss.

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

2. Recovered Property - Coverage B

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.

3. Time Period - Coverage B

Coverage on each item of Covered Property applies only during the period of time that:

- Begins on the day you acquire the property or your fiduciary interest in it begins; and
- Ends on the earlier of:
 - 90 days after the date in paragraph a. above; or

- (2) The day other insurance on the property is obtained.

4. Valuation - Coverage B

We will determine the value of Covered Property in the event of loss or damage at actual cash value as of the time of loss or damage.

G. CONDITIONS APPLICABLE TO COVERAGE C - MORTGAGEHOLDER'S LIABILITY AND COVERAGE D - REAL ESTATE TAX LIABILITY

1. Bankruptcy - Coverages C and D

Bankruptcy or insolvency of you or your estate will not relieve us of our obligations under Coverages C and D.

2. Separation of Insureds - Coverages C and D

The insurance under Coverages C and D applies separately to you and each additional insured, except with respect to the Limits of Insurance.

H. CONDITIONS APPLICABLE TO ALL COVERAGES

1. Abandonment

There can be no abandonment of any property to us.

2. Appraisal - Coverages A and B Only

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

- Pay its chosen appraiser; and
- 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

- Under Coverages A and B:

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

- Notify the police if a law may have been broken.

BZH104578

- (b) Give us prompt notice of the loss or damage once you are aware of it. Include a description of the property involved.
- (c) 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.
- (d) At our request, give us complete inventories of the damaged and undamaged property. Include quantities, costs, values and amount of loss claimed.
- (e) 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.
- (f) 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.
- (g) Cooperate with us in the investigation or settlement of the claim.
- (2) 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.

b. Under Coverages C and D:

- (1) If a claim is made or "suit" is brought against you, you must see to it that we receive prompt written notice of the claim or "suit".
- (2) You must:
 - (a) Immediately send us copies of any demands, notices, summonses or legal papers received in connection with the claim or "suit";
 - (b) Authorize us to obtain records and other information;
 - (c) Cooperate with us in the investigation, settlement or defense of the claim or "suit";
 - (d) Assist us, upon our request, in the enforcement of any right against any person or organization that may be liable to you because of damage to which this insurance may also apply; and
 - (e) If requested, give us a signed statement of facts containing the information we request to determine our rights and duties under this insurance.
- (3) You will not, except at your own cost, voluntarily make a payment, assume any obligation, or incur any expense without our consent.

4. 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.

5. Legal Action Against Us

- a. No one may bring a legal action against us under Coverages A and B unless:
 - (1) There has been full compliance with all of the terms of Coverages A and B; and
 - (2) The action is brought within 2 years after you discover the error or accidental omission.
- b. No person or organization has a right under Coverages C and D:
 - (1) To join us as a party or otherwise bring us into a "suit" asking for damages from you; or

BZH104579

- (2) To sue us on this Coverage Form unless all of its terms have been fully complied with.

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

6. 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.

7. Loss Payment

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:

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

8. Other Insurance

- a. 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 Limits of Insurance of all insurance covering on the same basis.
- b. If there is other insurance covering the same loss or damage, other than that described in a. above, we will pay only for the amount of covered loss or damage in excess of the amount due from that other insurance, whether you can collect on it or not. But we will not pay more than the applicable Limit of Insurance.

9. Policy Period, Coverage Territory

Under this Coverage Form:

- a. These coverages only apply to:

- (1) Loss or damage, or
- (2) Claims or "suits" arising from an event that occurs during the policy period shown in the Declarations. The date of error or accidental omission does not have to be within the policy period.

- b. We will pay for loss arising from errors or accidental omissions in connection with insurance policies or real estate tax payments on property located in:

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

10. Transfer of Rights of Recovery Against Others to Us

- a. Under Coverages A and B, if any person or organization to or for whom we make payment under this Coverage Form 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.
- (2) After a loss to your Covered Property only if, at time of loss, that party is one of the following:
 - (a) Someone insured by this insurance;
 - (b) A business firm:
 - (i) Owned or controlled by you; or
 - (ii) That owns or controls you; or
 - (c) Your tenant.

This will not restrict your insurance.

BZH104580

- b. Under Coverages C and D, if you have rights to recover all or part of any payment we have made under this Coverage Form, those rights are transferred to us. You must do nothing after loss to impair them. At our request, you will bring "suit" or transfer those rights to us and help us enforce them.

11. Vacancy

We will not pay for any loss or damage if the building where loss or damage occurs, or out of which a claim or "suit" arises, has been vacant for more than 60 days before that loss or damage, or the event that gives rise to the claim or "suit".

A building is vacant when 70% or more of its square footage:

- a. Is not rented; or
- b. Is not used to conduct customary operations.

12. Your Duties

You must make every reasonable effort, with respect to:

- a. Coverage A - Mortgageholder's Interest, to require, procure and maintain "valid insurance", payable to you as mortgageholder, against the Covered Causes of Loss.
- b. Coverage B - Property Owned or Held in Trust, to procure and maintain "valid insurance" against the Covered Causes of Loss in amounts, and under conditions, you customarily require to protect your interest as owner, fiduciary or trustee of the Covered Property.
- c. Coverage C - Mortgageholder's Liability, to maintain "valid insurance" against the Covered Causes of Loss in amounts, and under conditions, customarily accepted by the mortgagor, as agreed.
- d. Coverage D - Real Estate Tax Liability, to promptly pay real estate taxes, if agreed to, on behalf of the mortgagor.

I. DEFINITIONS

- 1. "Mortgageholder's Interest" means your interest, as mortgageholder, in real or personal property, including your interest in any legal fiduciary capacity.
- 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.
- 3. "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. Water damage means accidental discharge or leakage of water or steam as the direct result of the breaking apart or cracking of any part of a system or appliance (other than a sump system including its related equipment and parts) containing water or steam.
- 4. "Suit" includes an arbitration proceeding to which you must submit or submit with our consent.
- 5. "Valid Insurance" means a valid policy, or other evidence, of insurance.

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COMMERCIAL PROPERTY CONDITIONS

This Coverage Part is subject to the following conditions, the Common Policy Conditions and applicable Loss Conditions and Additional Conditions in Commercial Property Coverage Forms.

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 Limits of Insurance of all insurance covering on the same basis.
2. If there is other insurance covering the same loss or damage, other than that described in 1. above, we will pay only for the amount of covered loss or damage in excess of the amount due from that other insurance, whether you can collect on it or not. But we will not pay more than the applicable Limit of Insurance.

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

BZH104582

TRANSFER OF RIGHTS OF RECOVERY AGAINST OTHERS TO US

any person or organization to or for whom we make payment under this Coverage Part has the right 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 by 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.

BZH104583

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

INDIANA CHANGES - RIGHTS OF RECOVERY

This endorsement modifies insurance provided under the following:

COMMERCIAL PROPERTY COVERAGE PART STANDARD PROPERTY POLICY

A. When this endorsement is attached to the Standard Property Policy CP 00 99 the term Coverage Part in this endorsement is replaced by the term Policy.

B. Unless SECTION C or SECTION D of this endorsement applies, the Transfer Of Rights Of Recovery Against Others To Us Condition is replaced by the following:

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. Our right to recover damages from another may be enforced even if the person or organization to or for whom we make payment has not been fully compensated for damages.

The person or organization to or for whom we make payment 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.

C. The Transfer Of Rights Of Recovery Against Others To Us Condition in the Legal Liability Coverage Form is replaced by the following:

TRANSFER OF RIGHTS OF RECOVERY AGAINST OTHERS TO US

If you have rights to recover all or part of any payment we have made under this Coverage Form, those rights are transferred to us. Our right to recover damages may be enforced even if you have not been fully compensated for damages.

You must do nothing after loss to impair our rights to recover all or part of any payment we have made under this Coverage Form. At our request, you will bring "suit" or transfer those rights to us and help us enforce them.

D. The Transfer Of Rights Of Recovery Against Others To Us Condition in the Mortgageholders Errors And Omissions Coverage Form is replaced by the following:

TRANSFER OF RIGHTS OF RECOVERY AGAINST OTHERS TO US

1. Under COVERAGES A and B, If any person or organization to or for whom we make payment under this Coverage Form has rights to recover damages from another, those rights are transferred to us to the extent of our payment. Our right to recover damages from another may be enforced even if the person or organization to or for whom we make payment has not been fully compensated for damages.

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The person or organization to or for whom we make payment must do everything necessary to secure our rights and must do nothing after loss to impair them. But you may waive your rights against another party in writing:

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

This will not restrict your insurance.

- 2. Under COVERAGES C and D, if you have rights to recover all or part of any payment we have made under this Coverage Form, those rights are transferred to us. Our right to recover damages may be enforced even if you have not been fully compensated for damages.

You must do nothing after loss to impair our rights to recover all or part of any payment we have made under this Coverage Form. At our request, you will bring "suit" or transfer those rights to us and help us enforce them.

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POLICY NUMBER:

COMMERCIAL PROPERTY
CP 01 05 12 94

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

EXTERIOR PAINT AND WATERPROOFING EXCLUSION (GEORGIA AND SOUTH CAROLINA)

This endorsement modifies insurance provided under the following:

COMMERCIAL PROPERTY COVERAGE PART

SCHEDULE*

Prem.
No.

Bldg.
No.

With respect to the location(s) indicated in the Schedule, the following additional exclusion applies to Covered Property if loss or damage is caused by or results from Windstorm:

WINDSTORM EXTERIOR PAINT AND WATERPROOFING EXCLUSION

We will not pay for loss or damage to:

1. Paint; or
2. Waterproofing material;
applied to the exterior of Buildings.

We will not include the value of the paint or waterproofing material to determine:

1. The amount of the Deductible; or
2. The value of Covered Property when applying the Coinsurance Condition.

* Information required to complete this Schedule, if not shown on this endorsement, will be shown in the Declarations.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

NORTH CAROLINA CHANGES

This endorsement modifies insurance provided under the following:

COMMERCIAL PROPERTY COVERAGE PART STANDARD PROPERTY POLICY

- A. When this endorsement is attached to the STANDARD PROPERTY POLICY CP 00 99 the term Coverage Part in this endorsement is replaced by the term Policy.
- B. The LEGAL ACTION AGAINST US Condition is replaced by the following:
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 3 years after the date on which the direct physical loss or damage occurred.
- C. If loss or damage to Covered Property in the Beach Territory is caused by or results from Windstorm or Hail, the following additional exclusion applies:
Windstorm or Hail Exterior Paint and Waterproofing Exclusion
We will not pay for loss or damage to:
1. Paint; or
 2. Waterproofing material;
- applied to the exterior of Buildings.
We will not include the value of paint or waterproofing material to determine the value of Covered Property when applying the Coinsurance Condition.
The Beach Territory consists of localities south and east of the inland Waterway:
1. From the South Carolina line to Fort Macon (Beaufort Inlet),
 2. From there south and east of Core, Pamlico, Roanoke and Currituck Sounds to the Virginia line, generally known as the Outer Banks.
- D. Paragraph d. of the REPLACEMENT COST Optional Coverage is replaced by the following:
- 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:
 - (a) On the described premises; or
 - (b) At some other location in the State of North Carolina; and
 - (2) Unless the repairs or replacement are made as soon as reasonably possible after the loss or damage.
- The above provision, d., does not apply to the Standard Property Policy CP 00 99.
- E. The APPRAISAL Loss Condition is replaced by the following:
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. You and we must notify the other of the appraiser selected within 20 days of the written demand for appraisal. The two appraisers will select an umpire. If the appraisers do not agree on the selection of an umpire within 15 days, they must request selection of an umpire 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 the appraised value of the property or amount of loss. If you make a written demand for an appraisal of the loss, each party will:
- a. Pay its chosen appraiser; and
 - b. Bear the other expenses of the appraisal and umpire equally.

CAUSES OF LOSS - SPECIAL FORM

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

A. COVERED CAUSES OF LOSS

When Special is shown in the Declarations, Covered Causes of Loss means RISKS OF DIRECT PHYSICAL LOSS unless the loss is:

1. Excluded in Section B., Exclusions; or
2. Limited in Section C., Limitations; that follow.

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 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:

- (1) An ordinance or law that is enforced even if the property has not been damaged; or
- (2) 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) Any earth movement (other than sinkhole collapse), such as an earthquake, landslide, mine subsidence or earth sinking, rising or shifting. But if earth movement results in fire or explosion, we will pay for the loss or damage caused by that fire or explosion.

- (2) Volcanic eruption, explosion or effusion. But if volcanic eruption, explosion or effusion results in 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.

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.

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.

BZH104588

e. Utility Services

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

But if the failure of power 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.

This exclusion does not apply to the Business Income coverage or to Extra Expense coverage. Instead, the Special Exclusion in paragraph B.4.a.(1) applies to these coverages.

f. War And Military Action

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

g. Water

- (1) Flood, surface water, waves, tides, tidal waves, overflow of any body of water, or their spray, all whether driven by wind or not;
- (2) Mudslide or mudflow;
- (3) Water that backs up or overflows from a sewer, drain or sump; or
- (4) Water under the ground surface pressing on, or flowing or seeping through:
 - (a) Foundations, walls, floors or paved surfaces;
 - (b) Basements, whether paved or not; or
 - (c) Doors, windows or other openings.

But if Water, as described in g.(1) through g.(4), above, results in fire, explosion or sprinkler leakage, we will pay for the loss or damage caused by that fire, explosion or sprinkler leakage.

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

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

But if artificially generated electrical current results in fire, 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, corrosion, fungus, decay, deterioration, hidden or latent defect or any quality in property that causes it to damage or destroy itself;
 - (3) Smog;
 - (4) Settling, cracking, shrinking or expansion;
 - (5) 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 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 by you, any of your partners, employees (including leased employees), directors, trustees, authorized representatives or anyone to whom you entrust the property for any purpose:

(1) Acting alone or in collusion with others; or

(2) Whether or not occurring during the hours of employment.

This exclusion does not apply to acts of destruction by your employees (including leased employees); but theft by employees (including leased employees) 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, except as provided below in the Additional Coverage for Collapse. 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.

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".

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 directly or indirectly by the failure of power or other utility service supplied to the described premises, however caused, if the failure occurs outside of a covered building.

But if the failure of power or other utility service results in a Covered Cause of Loss, we will pay for the loss resulting from that Covered Cause of Loss.

(2) 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.

- (3) 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.
- (4) 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".
- (5) Any Extra Expense caused by or resulting from suspension, lapse or cancellation of any license, lease or contract beyond the "period of restoration".
- (6) 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.

C. LIMITATIONS

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

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. Gutters and downspouts caused by or resulting from weight of snow, ice or sleet.
 - g. Property that has been transferred to a person or to a place outside the described premises on the basis of unauthorized instructions.
2. We will not pay more than \$500 in any one occurrence for loss of or damage to glass that is part of a building or structure, regardless of the number of panes, plates or similar units of glass. Subject to this \$500 aggregate, we will not pay more than \$100 for any one pane, plate, multiple plate insulating unit, radiant or solar heating panel, jalousie, louver or shutter.
However, this limitation does not apply to:
- a. Loss or damage by the "specified causes of loss", except vandalism; or
 - b. Business Income coverage or Extra Expense coverage.
3. 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. Valuable papers and records, such as books of account, manuscripts, abstracts, drawings, card index systems, film, tape, disc, drum, cell or other data processing, recording or storage media, and other records.
 - b. Animals, and then only if they are killed or their destruction is made necessary.
 - c. Fragile articles such as glassware, statuary, marbles, chinaware and porcelains, if broken. This restriction does not apply to:
 - (1) Glass that is part of a building or structure;
 - (2) Containers of property held for sale; or
 - (3) Photographic or scientific instrument lenses.
 - d. 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.
4. 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:
- a. \$2,500 for furs, fur garments and garments trimmed with fur.
 - b. \$2,500 for jewelry, watches, watch movements, jewels, pearls, precious and semi-precious stones, bullion, gold, silver, platinum and other precious alloys or metals. This limit does not apply to jewelry and watches worth \$100 or less per item.
 - c. \$2,500 for patterns, dies, molds and forms.

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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.4., does not apply to Business Income coverage or to Extra Expense coverage.

5. 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 term Covered Cause of Loss includes the Additional Coverage - Collapse as described and limited in D.1. through D.5. below.

1. We will pay for direct physical loss or damage to Covered Property, caused by collapse of a building or any part of a building insured under this Coverage Form, if the collapse is caused by one or more of the following:

- a. The specified causes of loss or breakage of building glass, all only as insured against in this Coverage Part;
- b. Hidden decay;
- c. Hidden insect or vermin damage;
- d. Weight of people or personal property;
- e. Weight of rain that collects on a roof;

f. Use of defective material or methods in construction, remodeling or renovation if the collapse occurs during the course of the construction, remodeling or renovation. However, if the collapse occurs after construction, remodeling or renovation is complete and is caused in part by a cause of loss listed in D.1.a. through D.1.e., we will pay for the loss or damage even if use of defective material or methods in construction, remodeling or renovation contributes to the collapse;

2. If the direct physical loss or damage does not involve collapse of a building or any part of a building, we will pay for loss or damage to Covered Property caused by the collapse of personal property only if:

- a. The personal property which collapses is inside a building; and
- b. The collapse was caused by a cause of loss listed in D.1.a. through D.1.f. above.

3. 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 the collapse is caused by a cause of loss listed in D.1.b. through D.1.f., we will pay for loss or damage to that property only if:

a. Such loss or damage is a direct result of the collapse of a building insured under this Coverage Form; and

b. The property is Covered Property under this Coverage Form.

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

5. This Additional Coverage - Collapse will not increase the Limits of Insurance provided in this Coverage Part.

E. 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 road bed.
- (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 \$1000.

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.

F. DEFINITIONS

"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.

1. Sinkhole collapse means the sudden sinking or collapse of land into underground empty spaces created by the action of water on limestone or dolomite. This cause of loss does not include:

- a. The cost of filling sinkholes; or
- b. Sinking or collapse of land into man-made underground cavities.

2. Falling objects does not include loss or damage to:

- a. Personal property in the open; or
- b. 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.

3. Water damage means accidental discharge or leakage of water or steam as the direct result of the breaking apart or cracking of any part of a system or appliance (other than a sump system including its related equipment and parts) containing water or steam.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

COMPREHENSIVE INSURANCE POLICY PROPERTY COVERAGE EXTENSION ENDORSEMENT

This following modifies insurance provided under:

BUILDING AND PERSONAL PROPERTY COVERAGE FORM
CAUSES OF LOSS — BROAD FORM
CAUSES OF LOSS — SPECIAL FORM

1. COVERAGE EXTENSIONS

A. BUSINESS PERSONAL PROPERTY OFF PREMISES

The Coverage Extension — Property Off-Premises (Paragraph A. 5, d.) is deleted and replaced with the following:

1. We will pay up to \$10,000 for loss or damage to Your Business Personal Property at any location not specifically described in the Declarations.
2. This Extension does not apply to Covered Property:
 - (a) In transit;
 - (b) In the care, custody or control of your salespersons; or
 - (c) At any fair or exhibition.

B. FAIRS OR EXHIBITIONS

We will pay up to \$10,000 for loss or damage to Your Business Personal Property while temporarily on display to the public at fairs or exhibitions on premises not owned, operated or leased by the Named Insured. This extension does not apply to your salespersons samples or Fine Arts.

C. SALESPERSONS SAMPLES

We will pay up to \$10,000 for loss or damage to:

1. Samples of your stock in trade; and
2. Similar property of others;

while such property is in the care, custody, or control of your salespersons, sales agents, or yourself while acting as a salesperson and not on premises you own, lease or operate.

Coverage does not apply to property on display at any fair or exhibition or to Fine Arts.

D. NEWLY ACQUIRED OR CONSTRUCTED PROPERTY

The Coverage Extension — Newly Acquired or Constructed Property (Paragraph A. 5. a.) is deleted and replaced with the following:

1. 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:
 - (1) Similar use as the building described in the Declarations; or
 - (2) Use as a warehouse.

The most we will pay for loss or damage under this Extension is \$500,000 at each building.

2. You may extend the Insurance that applies to Your Business Personal Property to apply to your property at any location you acquire other than fairs or exhibitions.

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

3. Insurance under this Extension for each newly acquired property will end when any of the following first occurs:

- a. This policy expires;
- b. 90 days expire after you acquire or begin to construct the property; or
- c. You report the values to us.

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

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E. PERSONAL EFFECTS AND PROPERTY OF OTHERS

The coverage limit provided by the Personal Effects and Property of Others Coverage Extension (Paragraph A. 5. b.) is increased to \$10,000.

F. VALUABLE PAPERS AND RECORDS — COST OF RESEARCH

The coverage limit provided by the Valuable Papers and Records — Cost of Research Coverage Extension (Paragraph A. 5. c.) is increased to \$10,000.

G. OUTDOOR PROPERTY

The Coverage Extension — Outdoor Property (Paragraph A. 5. e.) is deleted and replaced by the following:

Coverage is provided for radio and television antennas (including satellite dishes), lawns, trees, plants, and shrubs (other than "stock" of trees, shrubs, or plants) while located outside of buildings for the following causes of loss:

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

The most we will pay for loss or damage under this extension is \$10,000, but not more than \$500 for any one tree, plant, or shrub. These limits apply to any one occurrence, regardless of the types or number of items lost or damaged in that occurrence.

H. DETACHED OUTDOOR SIGNS

We will pay up to \$5,000 for loss or damage to any detached outdoor sign permanently fixed in place as a result of a Covered Cause of loss.

I. MONEY AND SECURITIES

1. We will pay up to \$2,000 for loss of money and securities by the actual destruction, disappearance or wrongful abstraction from:
 - a. Any location described in the Declarations;
 - b. Any banking premises;
 - c. Outside your premises while being conveyed by a "messenger"; or
 - d. Within the living quarters of any "messenger".
2. "Messenger" means you, any of your partners or any employee while having care and custody of the money and securities outside the described premises.

3. In addition to the exclusions and limitations applicable to commercial property coverage, we will not pay for loss:

- a. Resulting from accounting or arithmetical errors or omissions;
- b. Resulting from the giving or surrendering of property in any exchange or purchase;
- c. Of property contained in any money operated device unless the amount of money deposited in it is recorded by a continuous recording instrument in the device.

4. You must keep records of all money and securities so we can verify the amount of any loss.

J. ACCOUNTS RECEIVABLE

1. We will pay up to \$10,000 to apply to:

- a. All amounts due from your customers that you are unable to collect;
- b. Interest charges on any loan required to offset amounts you are unable to collect;
- 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 result from Covered Causes of Loss to your records of accounts receivable.

2. In addition to the exclusions and limitations applicable to commercial property coverage, we will not pay for loss:

- a. Caused by or resulting from electrical or magnetic injury, disturbance or erasure of electronic recordings.

But we will pay for direct loss caused by lightning.

- b. Caused by or resulting from alteration, falsification, concealment or destruction of records of accounts receivable done to conceal wrongful giving, taking or withholding of money, securities or other property.

This exclusion applies only to the extent of the wrongful giving, taking or withholding.

- c. Bookkeeping, accounting or billing errors or omissions.

3. Determination of Receivables

- a. If you cannot accurately establish the amount of accounts receivable outstanding as of the time of loss, the following method will be used:

BZH104596

- (1) Determine the total average monthly amounts of accounts receivable for the 12 months immediately preceding the month in which the loss occurs; and
 - (2) Adjust that total for any normal fluctuations in the amounts of accounts receivable for the month in which the loss occurred or for any demonstrated variance from the average for that month.
- b. The following will be deducted from the total amount of accounts receivable, however that amount is established:
- (1) The amount of the accounts for which there is no loss;
 - (2) The amount of the accounts that you are able to re-establish or collect;
 - (3) An amount to allow for probable bad debts that you are normally unable to collect; and
 - (4) All unearned interest and service charges.

K. FINE ARTS

We will pay up to \$5,000 for loss or damage to paintings, etchings, pictures, tapestries, art glass windows and other bona fide works of art of rarity, historical value, or artistic merit caused by or resulting from a covered cause of loss.

Each of these extensions is additional insurance. The Additional Condition, Coinsurance, does not apply to these extensions.

II. ADDITIONAL COVERAGES

A. FIRE DEPARTMENT SERVICE CHARGE

The coverage limit provided by the Fire Department Service Charge Additional Coverage (Paragraph A. 4. c.) is increased to \$10,000.

B. TRANSIT

If the Causes of Loss — Special Form is applicable to this policy, the Additional Coverage Extension — Property in Transit is deleted.

2. We will pay up to \$10,000 for loss or damage to covered property while in transit. The loss or damage must be a result of:
 - a. A Covered Cause of Loss;
 - b. 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 road bed.
 - c. Flood;

d. Earthquake.

3. Coverage is provided while the property is in the custody of:
 - a. Any railroad, public trucker, private trucker or land transportation company;
 - b. You or anyone else while the Covered Property is in or on vehicles you own, lease or hire;
 - c. Any air transportation carrier;
 - d. Any water transportation carrier;
 - e. Any messenger in charge or control of the Covered Property.

4. Coverage does not apply to:
 - a. Property in the care, custody or control of your salespersons or you while acting as a salesperson;
 - b. Shipments by mail;
 - c. Property covered under import or export Ocean Cargo Policies;
 - d. Intercoastal water shipments via the Panama Canal; or
 - e. Coastwise water shipments to Alaska.

The Additional Condition, Coinsurance, does not apply to this extension.

C. EXTRA EXPENSE

We will pay up to \$10,000 for the actual and necessary Extra Expense you sustain due to direct physical loss of or damage to property at a premises described in the Declarations, including personal property in the open (or in a vehicle) within 1,000 feet, caused by or resulting from any Covered Cause of Loss.

If you are a tenant, your premises is the portion of the building which you rent, lease or occupy, including:

1. All routes within the building to gain access to the described premises; and
2. Your personal property in the open (or in a vehicle) within 1,000 feet.

Extra Expense means necessary expenses you incur during the period of restoration that you would not have incurred if there had been no direct physical loss or damage to property.

1. To avoid or minimize the suspension of business and to continue operations:
 - a. At the described premises; or
 - b. At replacement premises or at temporary locations, including:
 - (1) Relocation Expenses; and
 - (2) Costs to equip and operate the replacement or temporary locations;

BZH104597

2. To minimize the suspension of business if you cannot continue operations; or

3. a. To repair or replace any property; or
b. To research, replace, or restore the lost information on damaged valuable papers and records;

to the extent it reduces the amount of loss that otherwise would have been payable under this Coverage Form.

4. Period of Restoration means the period of time that:

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

- b. Ends on the earlier of:

- (1) The date the property at the described premises should be repaired, rebuilt or replaced with reasonable speed and similar quality; or

- (2) The date when business is resumed at a new permanent location.

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

- (1) Regulates the construction, use or repair, or requires the tearing down of any property; or

- (2) Requires any insured or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of "pollutants".

D. UTILITY SERVICES COVERAGE

We will pay up to \$10,000 for loss or damage to Covered Property at any described premises resulting from the interruption of service to that premises. The interruption must result from direct physical loss or damage by a Covered Cause of Loss to the following property not on the described premises:

1. Water Supply Services, meaning pumping stations and water mains supplying water to the described premises.
2. Communication Supply Services, meaning property supplying communication services, including telephone, radio, microwave or television services to the described premises, such as:
 - a. Communication transmission lines, including optic fiber transmission lines;
 - b. Coaxial cables;

- c. Microwave radio relays except satellites.

3. Power Supply Services, meaning utility generating plants, switching stations, substations, transformers and transmission lines supplying electricity, steam or gas to the described premises.

E. RECHARGING

We will pay up to \$2,000 for expenses you incur for the recharging of fire extinguishers or fire extinguishing systems when used to fight fire on your premises or adjacent premises.

F. ARSON REWARD

We will pay up to \$5,000 for information which leads to an arson conviction in connection with a fire loss covered under this policy. Regardless of the number of persons involved in providing information our liability under this Additional Coverage shall not be increased.

G. COSTS TO PREPARE INVENTORY

- a. We will pay up to \$2,500 for expenses you incur in compiling inventories at our request to assist us in determining the amount of a loss covered by this policy.

- b. We will not pay for:

- (1) Expenses to prove that loss or damage is covered; and
- (2) Expenses incurred under the Appraisal Loss Condition

III. OTHER POLICY CHANGES

A. BUILDING DEFINITION

1. The following items are added as Covered Property — Buildings

- a. Attached signs;
- b. Outdoor fences;
- c. Lightpoles;

2. The second paragraph of Paragraph C. LIMITS OF INSURANCE is deleted.

B. GLASS

1. If the Causes of Loss — Broad Form is attached to this policy, Paragraph C.2.c. of the Additional Coverage — Breakage of Glass is deleted and replaced with the following:

We will not pay more than \$1,000 for any one occurrence, regardless of the number of:

- (1) Panes, plates, or similar units of glass; and
- (2) Items of other property damaged due to breakage of glass.

BZH104598

Subject to this \$1,000 aggregate, we will not pay more than \$250 for any one pane, plate, multiple plate insulating unit, radiant or solar heating panel, jalousie, louver or shutter.

2. If the Causes of Loss — Special Form is attached to this policy, Paragraph C.2. of the Limitations is deleted and replaced with the following:

We will not pay more than \$1,000 in any one occurrence for loss or damage to glass that is part of a building or structure, regardless of the number of panes, plates, or similar units of glass. Subject to this \$ 1 000 aggregate, we will not pay more than \$250 for any one pane, plate, multiple plate insulating unit, radiant or solar heating panel, jalousie, louver or shutter.

However, this limitation does not apply to:

- a. Loss or damage by the "specified causes of loss", except vandalism; or
- b. Business Income coverage or Extra Expense coverage.

C. PREMISES BOUNDARY

Paragraphs A.1.a., Building, A.1.b., Your Business Personal Property, and A.1.c., Personal Property of Others, are amended to increase the distance limitation from within 100 feet of the described premises to within 1,000 feet of the described premises.

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THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

TENTATIVE RATE

The rates used in the development of the premium for the Commercial Property Coverage Part are tentative. We will adjust the premium effective from the inception date of this Coverage Part once we develop the actual rates. If this is a renewal of a policy previously issued by us, we will adjust the premium effective from the renewal date of this Coverage Part once we develop the actual rates.

COMMERCIAL INLAND MARINE CONDITIONS

The following conditions apply in addition to the Common Policy Conditions and applicable Additional Conditions in Commercial Inland Marine Coverage Forms:

LOSS CONDITIONS

A. ABANDONMENT

There can be no abandonment of any property to us.

B. 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:

1. Pay its chosen appraiser; and
2. 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.

C. DUTIES IN THE EVENT OF LOSS

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

1. Notify the police if a law may have been broken.
2. Give us prompt notice of the "loss". Include a description of the property involved.
3. As soon as possible, give us a description of how, when and where the "loss" 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" 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. Make no statement that will assume any obligation or admit any liability, for any "loss" for which we may be liable, without our consent.

6. Permit us to inspect the property and records proving "loss".

7. If requested, permit us to question you under oath, at such times as may be reasonably required, about any matter relating to this insurance or your claim, including your books and records. In such event, your answers must be signed.

8. Send us a signed, sworn statement of "loss" containing the information we request to settle the claim. You must do this within 60 days after our request. We will supply you with the necessary forms.

9. Promptly send us any legal papers or notices received concerning the "loss".

10. Cooperate with us in the investigation or settlement of the claim.

D. INSURANCE UNDER TWO OR MORE COVERAGES

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

E. LOSS PAYMENT

We will pay or make good any "loss" covered under this Coverage Part within 30 days after:

1. We reach agreement with you;
2. The entry of final judgment; or
3. The filing of an appraisal award.

We will not be liable for any part of a "loss" that has been paid or made good by others.

F. OTHER INSURANCE

If you have other insurance covering the same "loss" as the insurance under this Coverage Part, we will pay only the excess over what you should have received from the other insurance. We will pay the excess whether you can collect on the other insurance or not.

G. PAIR, SETS OR PARTS

1. Pair or Set. In case of "loss" to any part of a pair or set we may:
 - a. Repair or replace any part to restore the pair or set to its value before the "loss"; or
 - b. Pay the difference between the value of the pair or set before and after the "loss".
2. Parts. In case of "loss" to any part of Covered Property consisting of several parts when complete, we will only pay for the value of the lost or damaged part.

H. PRIVILEGE TO ADJUST WITH OWNER

In the event of "loss" involving property of others in your care, custody or control, we have the right to:

1. Settle the "loss" with the owners of the property. A receipt for payment from the owners of that property will satisfy any claim of yours.
2. Provide a defense for legal proceedings brought against you. If provided, the expense of this defense will be at our cost and will not reduce the applicable Limit of Insurance under this insurance.

I. RECOVERIES

Any recovery or salvage on a "loss" will accrue entirely to our benefit until the sum paid by us has been made up.

J. REINSTATEMENT OF LIMIT AFTER LOSS

The Limit of Insurance will not be reduced by the payment of any claim, except for total "loss" of a scheduled item, in which event we will refund the unearned premium on that item.

K. TRANSFER OF RIGHTS OF RECOVERY AGAINST OTHERS TO US

If any person or organization to or for whom we make payment under this insurance 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.

GENERAL CONDITIONS

A. CONCEALMENT, MISREPRESENTATION OR FRAUD

This Coverage Part is void in any case of fraud, intentional concealment or misrepresentation of a material fact, by you or any other insured, at any time, 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. 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 the terms of this Coverage Part; and
2. The action is brought within 2 years after you first have knowledge of the "loss".

C. NO BENEFIT TO BAILEE

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

D. POLICY PERIOD

We cover "loss" commencing during the policy period shown in the Declarations.

E. VALUATION

The value of property will be the least of the following amounts:

1. The actual cash value of that property;
2. The cost of reasonably restoring that property to its condition immediately before "loss"; or
3. The cost of replacing that property with substantially identical property.

In the event of "loss", the value of property will be determined as of the time of "loss".

BLANKET CONTRACTORS EQUIPMENT COVERAGE

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.

Words and phrases that appear in quotation marks have special meaning. Refer to section G — DEFINITIONS.

A. COVERAGE

We will pay for direct physical loss of or damage to Covered Property caused by or resulting from any of the Covered Causes of Loss.

1. Covered Property

Covered Property, as used in this Coverage, means:

- a. Your contractors equipment;
- b. Your tools, accessories and spare parts used in conjunction with A.1.a. above; or
- c. Property of others in your care, custody, or control.

2. Property Not Covered

Covered property does not include:

- a. Aircraft or watercraft;
- b. Automobiles, motor trucks, trailers, and similar conveyances designed for highway use and used for over the road transportation of people or cargo. However this does not include:
 - (1) Self-propelled vehicles designed and used primarily to carry mounted equipment; or
 - (2) Vehicles designed for highway use that are unlicensed and not operated on public roads;
- c. Contraband, or property in the course of illegal transportation or trade;
- d. Plans, blueprints, mechanical drawings, designs or specifications;
- e. Property you have leased or rented to others;
- f. Property you have loaned to others;

g. Property while in caissons or underwater, or while being used in underground mining, tunnelling or similar operations, unless specifically described as being used for these operations;

h. Property that is or will become a permanent part of any building or structure;

i. Property while stored or operated underground in connection with any mining operation;

j. Property while airborne or waterborne or being loaded or unloaded from a watercraft. However, we will cover property while being transported on any regular ferry incidental to other modes of transportation;

k. Your employee's tools except as provided for in the Employees Tools Additional Coverage; or

l. Furniture, fixtures and office supplies, except as covered by the Office Trailers And Contents Additional Coverage.

3. Covered Causes of Loss

Covered Causes of Loss means Risks of Direct Physical Loss to Covered Property, unless the loss is excluded in section B., EXCLUSIONS.

4. Additional Coverages

a. Employees Tools

We will pay for loss or damage to tools owned by your employees. Coverage applies only when the tools are located on the jobsite or in transit to and from the jobsite in your vehicles.

The most we will pay for loss or damage is \$5,000 for any one occurrence. Subject to:

(1) A \$1,000 limit for any one employee; and

(2) A \$250 limit per item.

If an increased limit of insurance is purchased, the above \$5,000 Limit of Insurance is replaced by the Employees Tools Limit of Insurance shown in the Blanket Contractors Equipment Declarations.

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

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b. Office Trailers and Contents

We will pay for loss or damage resulting from a covered cause of loss to office trailers and their contents owned by you. This Additional Coverage applies to office trailers and their contents only when located at a jobsite or while in transit.

The most we will pay for loss or damage in any one occurrence is \$10,000.

If an increased limit of insurance is purchased, the above \$10,000 Limit of Insurance is replaced by the Office Trailers and Contents Limit of Insurance shown in the Blanket Contractors Equipment Declarations.

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

c. Debris Removal

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

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

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

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

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

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

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

- (4) If:

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

we will pay up to an additional \$10,000 for each location in any one occurrence under the Debris Removal Additional Coverage.

If an increased limit of insurance is purchased, the above \$10,000 Limit of Insurance is replaced by the Debris Removal Limit of Insurance shown in Blanket Contractors Equipment Declarations.

d. Reward Expense

- (1) We will pay for reward expenses you have incurred leading to the successful return of undamaged stolen Covered Property to a law enforcement agency. Reward payments must be documented before they are reimbursed. Regardless of the number of persons receiving a reward, our liability under this Additional Coverage shall not be increased.

- (2) The most we will pay is the lesser of:

- (a) \$5,000; or
- (b) 25% of the covered loss.

No Deductible applies to this Additional Coverage.

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

e. Collapse

- (1) We will pay for direct physical loss or damage to Covered Property, caused by collapse of a building or any part of a building, if the collapse is caused by one or more of the following:

- (a) The "specified cause of loss", all only as insured against in this coverage form;
- (b) Hidden decay;
- (c) Hidden insect or vermin damage;
- (d) Weight of people or personal property;
- (e) Weight of rain that collects on a roof;
- (f) Use of defective material or methods in construction, remodeling or renovation if the collapse occurs during the course of the construction, remodeling or renovation. However, if the collapse occurs after construction, remodeling or renovation is complete and is caused in part by a cause of loss listed in e.(1)(a) through e.(1)(e).

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THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

LOSS PAYABLE CLAUSE

This endorsement modifies insurance provided under the following:
COMMERCIAL INLAND MARINE COVERAGE FORMS

SCHEDULE

Description of Covered Property

Loss Payee
Name and Address

The following is added to Loss Conditions E. Loss Payment.

A. LOSS PAYABLE

For Covered Property in which both you and a Loss Payee shown in the Schedule or in the Declarations have an insurable interest, we will:

1. Adjust losses with you; and
2. Pay any claim for "loss" jointly to you and the loss payee, as interests may appear.

COMMERCIAL GENERAL LIABILITY COVERAGE FORM

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

Throughout this policy the words "you" and "your" refer to the Named Insured shown in the Declarations, and any other person or organization qualifying as a Named Insured under this policy. The words "we", "us" and "our" refer to the company providing this insurance.

The word "insured" means any person or organization qualifying as such under Section II - Who Is An Insured.

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

SECTION I - COVERAGES

COVERAGE A BODILY INJURY AND PROPERTY DAMAGE LIABILITY

1. Insuring Agreement

- a. We will pay those sums that the insured becomes legally obligated to pay as damages because of "bodily injury" or "property damage" to which this insurance applies. We will have the right and duty to defend the insured against any "suit" seeking those damages. However, we will have no duty to defend the insured against any "suit" seeking damages for "bodily injury" or "property damage" to which this insurance does not apply. We may, at our discretion, investigate any "occurrence" and settle any claim or "suit" that may result. But:

- (1) The amount we will pay for damages is limited as described in Section III - Limits Of Insurance; and
- (2) Our right and duty to defend end when we have used up the applicable limit of insurance in the payment of judgments or settlements under Coverages A or B or medical expenses under Coverage C.

No other obligation or liability to pay sums or perform acts or services is covered unless explicitly provided for under Supplementary Payments - Coverages A and B.

- b. This insurance applies to "bodily injury" and "property damage" only if:

- (1) The "bodily injury" or "property damage" is caused by an "occurrence" that takes place in the "coverage territory"; and
- (2) The "bodily injury" or "property damage" occurs during the policy period.

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

2. Exclusions

This insurance does not apply to:

a. Expected Or Intended Injury

"Bodily injury" or "property damage" expected or intended from the standpoint of the insured. This exclusion does not apply to "bodily injury" resulting from the use of reasonable force to protect persons or property.

b. Contractual Liability

"Bodily injury" or "property damage" for which the insured is obligated to pay damages by reason of the assumption of liability in a contract or agreement. This exclusion does not apply to liability for damages:

- (1) That the insured would have in the absence of the contract or agreement; or
- (2) Assumed in a contract or agreement that is an "insured contract", provided the "bodily injury" or "property damage" occurs subsequent to the execution of the contract or agreement. Solely for the purposes of liability assumed in an "insured contract", reasonable attorney fees and necessary litigation expenses incurred by or for a party other than an insured are deemed to be damages because of "bodily injury" or "property damage", provided:
 - (a) Liability to such party for, or for the cost of, that party's defense has also been assumed in the same "insured contract"; and

- (b) Such attorney fees and litigation expenses are for defense of that party against a civil or alternative dispute resolution proceeding in which damages to which this insurance applies are alleged.

c. Liquor Liability

"Bodily injury" or "property damage" for which any insured may be held liable by reason of:

- (1) Causing or contributing to the intoxication of any person;
- (2) The furnishing of alcoholic beverages to a person under the legal drinking age or under the influence of alcohol; or
- (3) Any statute, ordinance or regulation relating to the sale, gift, distribution or use of alcoholic beverages.

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

d. Workers' Compensation And Similar Laws

Any obligation of the insured under a workers' compensation, disability benefits or unemployment compensation law or any similar law.

e. Employer's Liability

"Bodily injury" to:

- (1) An "employee" of the insured arising out of and in the course of:
 - (a) Employment by the insured; or
 - (b) Performing duties related to the conduct of the insured's business; or
- (2) The spouse, child, parent, brother or sister of that "employee" as a consequence of Paragraph (1) above.

This exclusion applies:

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

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

f. Pollution

- (1) "Bodily injury" or "property damage" arising out of the actual, alleged or threatened discharge, dispersal, seepage, migration, release or escape of "pollutants";

- (a) At or from any premises, site or location which is or was at any time owned or occupied by, or rented or loaned to, any insured. However, this subparagraph does not apply to:

- (i) "Bodily injury" if sustained within a building and caused by smoke, fumes, vapor or soot from equipment used to heat that building;

- (ii) "Bodily injury" or "property damage" for which you may be held liable, if you are a contractor and the owner or lessee of such premises, site or location has been added to your policy as an additional insured with respect to your ongoing operations performed for that additional insured, at that premises, site or location and such premises, site or location is not and never was owned or occupied by, or rented or loaned to, any insured, other than that additional insured; or

- (iii) "Bodily injury" or "property damage" arising out of heat, smoke or fumes from a "hostile fire";

- (b) At or from any premises, site or location which is or was at any time used by or for any insured or others for the handling, storage, disposal, processing or treatment of waste;

- (c) Which are or were at any time transported, handled, stored, treated, disposed of, or processed as waste by or for any insured or any person or organization for whom you may be legally responsible; or

(d) At or from any premises, site or location on which any insured or any contractors or subcontractors working directly or indirectly on any insured's behalf are performing operations if the "pollutants" are brought on or to the premises, site or location in connection with such operations by such insured, contractor or subcontractor. However, this subparagraph does not apply to:

(i) "Bodily injury" or "property damage" arising out of the escape of fuels, lubricants or other operating fluids which are needed to perform the normal electrical, hydraulic or mechanical functions necessary for the operation of "mobile equipment" or its parts, if such fuels, lubricants or other operating fluids escape from a vehicle part designed to hold, store or receive them. This exception does not apply if the "bodily injury" or "property damage" arises out of the intentional discharge, dispersal or release of the fuels, lubricants or other operating fluids, or if such fuels, lubricants or other operating fluids are brought on or to the premises, site or location with the intent that they be discharged, dispersed or released as part of the operations being performed by such insured, contractor or subcontractor;

(ii) "Bodily injury" or "property damage" sustained within a building and caused by the release of gases, fumes or vapors from materials brought into that building in connection with operations being performed by you or on your behalf by a contractor or subcontractor; or

(iii) "Bodily injury" or "property damage" arising out of heat, smoke or fumes from a "hostile fire".

(e) At or from any premises, site or location on which any insured or any contractors or subcontractors working directly or indirectly on any insured's behalf are performing operations if the operations are to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of, "pollutants".

(2) Any loss, cost or expense arising out of any:

(a) Request, demand, order or statutory or regulatory requirement that any insured or others test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of, "pollutants"; or

(b) Claim or suit by or on behalf of a governmental authority for damages because of testing for, monitoring, cleaning up, removing, containing, treating, detoxifying or neutralizing, or in any way responding to, or assessing the effects of, "pollutants".

However, this paragraph does not apply to liability for damages because of "property damage" that the insured would have in the absence of such request, demand, order or statutory or regulatory requirement, or such claim or "suit" by or on behalf of a governmental authority.

g. Aircraft, Auto Or Watercraft

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

This exclusion does not apply to:

(1) A watercraft while ashore on premises you own or rent;

(2) A watercraft you do not own that is:

(a) Less than 26 feet long; and

(b) Not being used to carry persons or property for a charge;

(3) Parking an "auto" on, or on the ways next to, premises you own or rent, provided the "auto" is not owned by or rented or loaned to you or the insured;

(4) Liability assumed under any "insured contract" for the ownership, maintenance or use of aircraft or watercraft; or

(5) "Bodily injury" or "property damage" arising out of the operation of any of the equipment listed in Paragraph f.(2) or f.(3) of the definition of "mobile equipment".

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h. Mobile Equipment

"Bodily injury" or "property damage" arising out of:

- (1) The transportation of "mobile equipment" by an "auto" owned or operated by or rented or loaned to any insured; or
- (2) The use of "mobile equipment" in, or while in practice for, or while being prepared for, any prearranged racing, speed, demolition, or stunting activity.

i. War

"Bodily injury" or "property damage" due to war, whether or not declared, or any act or condition incident to war. War includes civil war, insurrection, rebellion or revolution. This exclusion applies only to liability assumed under a contract or agreement.

j. Damage To Property

"Property damage" to:

- (1) Property you own, rent, or occupy;
- (2) Premises you sell, give away or abandon, if the "property damage" arises out of any part of those premises;
- (3) Property loaned to you;
- (4) Personal property in the care, custody or control of the insured;
- (5) That particular part of real property on which you or any contractors or subcontractors working directly or indirectly on your behalf are performing operations, if the "property damage" arises out of those operations; or
- (6) That particular part of any property that must be restored, repaired or replaced because "your work" was incorrectly performed on it.

Paragraphs (1), (3) and (4) of this exclusion do not apply to "property damage" (other than damage by fire) to premises, including the contents of such premises, rented to you for a period of 7 or fewer consecutive days. A separate limit of insurance applies to Damage To Premises Rented To You as described in Section III - Limits Of Insurance.

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

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

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

k. Damage To Your Product

"Property damage" to "your product" arising out of it or any part of it.

l. Damage To Your Work

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

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

m. Damage To Impaired Property Or Property Not Physically Injured

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

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

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

n. Recall Of Products, Work Or Impaired Property

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

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

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

o. Personal And Advertising Injury

"Bodily injury" arising out of "personal and advertising injury".

Exclusions c. through n. do not apply to damage by fire to premises while rented to you or temporarily occupied by you with permission of the owner. A separate limit of insurance applies to this coverage as described in Section III - Limits Of Insurance.

COVERAGE B PERSONAL AND ADVERTISING INJURY LIABILITY

1. Insuring Agreement

- a. We will pay those sums that the insured becomes legally obligated to pay as damages because of "personal and advertising injury" to which this insurance applies. We will have the right and duty to defend the insured against any "suit" seeking those damages. However, we will have no duty to defend the insured against any "suit" seeking damages for "personal and advertising injury" to which this insurance does not apply. We may, at our discretion, investigate any offense and settle any claim or "suit" that may result. But:

- (1) The amount we will pay for damages is limited as described in Section III - Limits of Insurance; and
- (2) Our right and duty to defend end when we have used up the applicable limit of insurance in the payment of judgments or settlements under Coverages A or B or medical expenses under Coverage C.

No other obligation or liability to pay sums or perform acts or services is covered unless explicitly provided for under Supplementary Payments - Coverages A and B.

- b. This insurance applies to "personal and advertising injury" caused by an offense arising out of your business but only if the offense was committed in the "coverage territory" during the policy period.

2. Exclusions

This insurance does not apply to:

- a. "Personal and advertising injury":

- (1) Caused by or at the direction of the insured with the knowledge that the act would violate the rights of another and would inflict "personal and advertising injury";
- (2) Arising out of oral or written publication of material, if done by or at the direction of the insured with knowledge of its falsity;
- (3) Arising out of oral or written publication of material whose first publication took place before the beginning of the policy period;
- (4) Arising out of a criminal act committed by or at the direction of any insured;
- (5) For which the insured has assumed liability in a contract or agreement. This exclusion does not apply to liability for damages that the insured would have in the absence of the contract or agreement;

- (6) Arising out of a breach of contract, except an implied contract to use another's advertising idea in your "advertisement";

- (7) Arising out of the failure of goods, products or services to conform with any statement of quality or performance made in your "advertisement";

- (8) Arising out of the wrong description of the price of goods, products or services stated in your "advertisement";

- (9) Committed by an insured whose business is advertising, broadcasting, publishing or telecasting. However, this exclusion does not apply to Paragraphs 14.a., b. and c. of "personal and advertising injury" under the Definitions Section; or

- (10) Arising out of the actual, alleged or threatened discharge, dispersal, seepage, migration, release or escape of "pollutants" at any time.

- b. Any loss, cost or expense arising out of any:

- (1) Request, demand or order that any insured or others test for, monitor, clean up, remove, contain, treat, detoxify or neutralize; or in any way respond to, or assess the effects of, "pollutants"; or
- (2) Claim or suit by or on behalf of a governmental authority for damages because of testing for, monitoring, cleaning up, removing, containing, treating, detoxifying or neutralizing, or in any way responding to, or assessing the effects of, "pollutants".

COVERAGE C MEDICAL PAYMENTS

1. Insuring Agreement

- a. We will pay medical expenses as described below for "bodily injury" caused by an accident:

- (1) On premises you own or rent;
- (2) On ways next to premises you own or rent; or

- (3) Because of your operations; provided that:

- (1) The accident takes place in the "coverage territory" and during the policy period;
- (2) The expenses are incurred and reported to us within one year of the date of the accident; and
- (3) The injured person submits to examination at our expense, by physicians of our choice as often as we reasonably require.

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b. We will make these payments regardless of fault. These payments will not exceed the applicable limit of insurance. We will pay reasonable expenses for:

- (1) First aid administered at the time of an accident;
- (2) Necessary medical, surgical, x-ray and dental services, including prosthetic devices; and
- (3) Necessary ambulance, hospital, professional nursing and funeral services.

2. Exclusions

We will not pay expenses for "bodily injury":

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

SUPPLEMENTARY PAYMENTS - COVERAGES A AND B

1. We will pay, with respect to any claim we investigate or settle, or any "suit" against an insured we defend:

- a. All expenses we incur.
- b. Up to \$250 for cost of bail bonds required because of accidents or traffic law violations arising out of the use of any vehicle to which the Bodily Injury Liability Coverage applies. We do not have to furnish these bonds.
e cost of bonds to release attachments, but only for bond amounts within the applicable limit of insurance. We do not have to furnish these bonds.
- d. All reasonable expenses incurred by the insured at our request to assist us in the investigation or defense of the claim or "suit", including actual loss of earnings up to \$250 a day because of time off from work.

e. All costs taxed against the insured in the "suit".

f. Prejudgment interest awarded against the insured on that part of the judgment we pay. If we make an offer to pay the applicable limit of insurance, we will not pay any prejudgment interest based on that period of time after the offer.

g. All interest on the full amount of any judgment that accrues after entry of the judgment and before we have paid, offered to pay, or deposited in court the part of the judgment that is within the applicable limit of insurance.

These payments will not reduce the limits of insurance.

2. If we defend an insured against a "suit", and an indemnitee of the insured is also named as a party to the "suit", we will defend that indemnitee if all of the following conditions are met:

- a. The "suit" against the indemnitee seeks damages for which the insured has assumed the liability of the indemnitee in a contract or agreement that is an "insured contract";
- b. This insurance applies to such liability assumed by the insured;
- c. The obligation to defend, or the cost of the defense of, that indemnitee, has also been assumed by the insured in the same "insured contract";
- d. The allegations in the "suit" and the information we know about the "occurrence" are such that no conflict appears to exist between the interests of the insured and the interests of the indemnitee;
- e. The indemnitee and the insured ask us to conduct and control the defense of that indemnitee against such "suit" and agree that we can assign the same counsel to defend the insured and the indemnitee; and
- f. The indemnitee:

(1) Agrees in writing to:

- (a) Cooperate with us in the investigation, settlement or defense of the "suit";
- (b) Immediately send us copies of any demands, notices, summonses or legal papers received in connection with the "suit";
- (c) Notify any other insurer whose coverage is available to the indemnitee; and
- (d) Cooperate with us with respect to coordinating other applicable insurance available to the indemnitee; and

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(2) Provides us with written authorization to:

- (a) Obtain records and other information related to the "suit"; and
- (b) Conduct and control the defense of the indemnitee in such "suit".

So long as the above conditions are met, attorneys' fees incurred by us in the defense of that indemnitee, necessary litigation expenses incurred by us and necessary litigation expenses incurred by the indemnitee at our request will be paid as Supplementary Payments. Notwithstanding the provisions of Paragraph 2.b.(2) of Section I - Coverage A - Bodily Injury And Property Damage Liability, such payments will not be deemed to be damages for "bodily injury" and "property damage" and will not reduce the limits of insurance.

Our obligation to defend an Insured's indemnitee and to pay for attorneys' fees and necessary litigation expenses as Supplementary Payments ends when:

- a. We have used up the applicable limit of insurance in the payment of judgments or settlements; or
- b. The conditions set forth above, or the terms of the agreement described in Paragraph f. above, are no longer met.

SECTION II - WHO IS AN INSURED

1. If you are designated in the Declarations as:

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

2. Each of the following is also an insured:

- a. Your "employees", other than either your "executive officers" (if you are an organization other than a partnership, joint venture or limited liability company) or your managers (if you are a limited liability company), but only for acts within the scope of their employment by you or while performing duties related to the conduct of your business. However, none of these "employees" is an insured for:

(1) "Bodily injury" or "personal and advertising injury":

- (a) To you, to your partners or members (if you are a partnership or joint venture), to your members (if you are a limited liability company), or to a co-"employee" while that co-"employee" is either in the course of his or her employment or performing duties related to the conduct of your business;

- (b) To the spouse, child, parent, brother or sister of that co-"employee" as a consequence of Paragraph (1)(a) above;

- (c) For which there is any obligation to share damages with or repay someone else who must pay damages because of the injury described in Paragraphs (1)(a) or (b) above; or

- (d) Arising out of his or her providing or failing to provide professional health care services.

(2) "Property damage" to property:

- (a) Owned, occupied or used by,
- (b) Rented to, in the care, custody or control of, or over which physical control is being exercised for any purpose by

you, any of your "employees", any partner or member (if you are a partnership or joint venture), or any member (if you are a limited liability company).

- b. Any person (other than your "employee"), or any organization while acting as your real estate manager.

- c. Any person or organization having proper temporary custody of your property if you die, but only:

(1) With respect to liability arising out of the maintenance or use of that property; and

(2) Until your legal representative has been appointed.

BZH104612

- d. Your legal representative if you die, but only with respect to duties as such. That representative will have all your rights and duties under this Coverage Part.
 3. With respect to "mobile equipment" registered in your name under any motor vehicle registration law, any person is an insured while driving such equipment along a public highway with your permission. Any other person or organization responsible for the conduct of such person is also an insured, but only with respect to liability arising out of the operation of the equipment, and only if no other insurance of any kind is available to that person or organization for this liability. However, no person or organization is an insured with respect to:
 - a. "Bodily injury" to a co-"employee" of the person driving the equipment; or
 - b. "Property damage" to property owned by, rented to, in the charge of or occupied by you or the employer of any person who is an insured under this provision.
 4. Any organization you newly acquire or form, other than a partnership, joint venture or limited liability company, and over which you maintain ownership or majority interest, will qualify as a Named Insured if there is no other similar insurance available to that organization. However:
 - a. Coverage under this provision is afforded only until the 90th day after you acquire or form the organization or the end of the policy period, whichever is earlier;
 - b. Coverage A does not apply to "bodily injury" or "property damage" that occurred before you acquired or formed the organization; and
 - c. Coverage B does not apply to "personal and advertising injury" arising out of an offense committed before you acquired or formed the organization.
- No person or organization is an insured with respect to the conduct of any current or past partnership, joint venture or limited liability company that is not shown as a Named Insured in the Declarations.

SECTION III - LIMITS OF INSURANCE

1. The Limits of Insurance shown in the Declarations and the rules below fix the most we will pay regardless of the number of:
 - a. Insureds;
 - b. Claims made or "suits" brought; or
 - c. Persons or organizations making claims or bringing "suits".

2. The General Aggregate Limit is the most we will pay for the sum of:

- a. Medical expenses under Coverage C;
- b. Damages under Coverage A, except damages because of "bodily injury" or "property damage" included in the "products-completed operations hazard"; and
- c. Damages under Coverage B.

3. The Products-Completed Operations Aggregate Limit is the most we will pay under Coverage A for damages because of "bodily injury" and "property damage" included in the "products-completed operations hazard".

4. Subject to 2. above, the Personal and Advertising Injury Limit is the most we will pay under Coverage B for the sum of all damages because of all "personal and advertising injury" sustained by any one person or organization.

5. Subject to 2. or 3. above, whichever applies, the Each Occurrence Limit is the most we will pay for the sum of:

- a. Damages under Coverage A; and
- b. Medical expenses under Coverage C because of all "bodily injury" and "property damage" arising out of any one "occurrence".

6. Subject to 5. above, the Damage To Premises Rented To You Limit is the most we will pay under Coverage A for damages because of "property damage" to any one premises, while rented to you, or in the case of damage by fire, while rented to you or temporarily occupied by you with permission of the owner.

7. Subject to 5. above, the Medical Expense Limit is the most we will pay under Coverage C for all medical expenses because of "bodily injury" sustained by any one person.

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

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SECTION IV - COMMERCIAL GENERAL LIABILITY CONDITIONS

1. Bankruptcy

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

2. Duties In The Event Of Occurrence, Offense, Claim Or Suit

a. You must see to it that we are notified as soon as practicable of an "occurrence" or an offense which may result in a claim. To the extent possible, notice should include:

- (1) How, when and where the "occurrence" or offense took place;
- (2) The names and addresses of any injured persons and witnesses; and
- (3) The nature and location of any injury or damage arising out of the "occurrence" or offense.

b. If a claim is made or "suit" is brought against any insured, you must:

- (1) Immediately record the specifics of the claim or "suit" and the date received; and
- (2) Notify us as soon as practicable.

You must see to it that we receive written notice of the claim or "suit" as soon as practicable.

c. You and any other involved insured must:

- (1) Immediately send us copies of any demands, notices, summonses or legal papers received in connection with the claim or "suit";
- (2) Authorize us to obtain records and other information;
- (3) Cooperate with us in the investigation or settlement of the claim or defense against the "suit"; and
- (4) Assist us, upon our request, in the enforcement of any right against any person or organization which may be liable to the insured because of injury or damage to which this insurance may also apply.

d. No insured will, except at that insured's own cost, voluntarily make a payment, assume any obligation, or incur any expense, other than for first aid, without our consent.

3. Legal Action Against Us

No person or organization has a right under this Coverage Part:

- a. To join us as a party or otherwise bring us into a "suit" asking for damages from an insured; or

- b. To sue us on this Coverage Part unless all of its terms have been fully complied with.

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

4. Other Insurance

If other valid and collectible insurance is available to the insured for a loss we cover under Coverages A or B of this Coverage Part, our obligations are limited as follows:

a. Primary Insurance

This insurance is primary except when b. below applies. If this insurance is primary, our obligations are not affected unless any of the other insurance is also primary. Then, we will share with all that other insurance by the method described in c. below.

b. Excess Insurance

This insurance is excess over:

- (1) Any of the other insurance, whether primary, excess, contingent or on any other basis:
 - (a) That is Fire, Extended Coverage, Builder's Risk, Installation Risk or similar coverage for "your work";
 - (b) That is Fire insurance for premises rented to you or temporarily occupied by you with permission of the owner;
 - (c) That is insurance purchased by you to cover your liability as a tenant for "property damage" to premises rented to you or temporarily occupied by you with permission of the owner; or
 - (d) If the loss arises out of the maintenance or use of aircraft, "autos" or watercraft to the extent not subject to Exclusion g. of Section I - Coverage A - Bodily Injury And Property Damage Liability.
- (2) Any other primary insurance available to you covering liability for damages arising out of the premises or operations for which you have been added as an additional insured by attachment of an endorsement.

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When this insurance is excess, we will have no duty under Coverages A or B to defend the insured against any "suit" if any other insurer has a duty to defend the insured against that "suit". If no other insurer defends, we will undertake to do so, but we will be entitled to the insured's rights against all those other insurers.

When this insurance is excess over other insurance, we will pay only our share of the amount of the loss, if any, that exceeds the sum of:

- (1) The total amount that all such other insurance would pay for the loss in the absence of this insurance; and
- (2) The total of all deductible and self-insured amounts under all that other insurance.

We will share the remaining loss, if any, with any other insurance that is not described in this Excess Insurance provision and was not bought specifically to apply in excess of the Limits of Insurance shown in the Declarations of this Coverage Part.

c. Method Of Sharing

If all of the other insurance permits contribution by equal shares, we will follow this method also. Under this approach each insurer contributes equal amounts until it has paid its applicable limit of insurance or none of the loss remains, whichever comes first.

If any of the other insurance does not permit contribution by equal shares, we will contribute by limits. Under this method, each insurer's share is based on the ratio of its applicable limit of insurance to the total applicable limits of insurance of all insurers.

5. Premium Audit

- a. We will compute all premiums for this Coverage Part in accordance with our rules and rates.
- b. Premium shown in this Coverage Part as advance premium is a deposit premium only. At the close of each audit period we will compute the earned premium for that period. Audit premiums are due and payable on notice to the first Named Insured. If the sum of the advance and audit premiums paid for the policy period is greater than the earned premium, we will return the excess to the first Named Insured.
- c. The first Named Insured must keep records of the information we need for premium computation, and send us copies at such times as we may request.

6. Representations

By accepting this policy, you agree:

- a. The statements in the Declarations are accurate and complete;
- b. Those statements are based upon representations you made to us; and
- c. We have issued this policy in reliance upon your representations.

7. Separation Of Insureds

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

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

8. Transfer Of Rights Of Recovery Against Others To Us

If the insured has rights to recover all or part of any payment we have made under this Coverage Part, those rights are transferred to us. The insured must do nothing after loss to impair them. At our request, the insured will bring "suit" or transfer those rights to us and help us enforce them.

9. When We Do Not Renew

If we decide not to renew this Coverage Part, we will mail or deliver to the first Named Insured shown in the Declarations written notice of the nonrenewal not less than 30 days before the expiration date.

If notice is mailed, proof of mailing will be sufficient proof of notice.

SECTION V - DEFINITIONS

1. "Advertisement" means a notice that is broadcast or published to the general public or specific market segments about your goods, products or services for the purpose of attracting customers or supporters.
2. "Auto" means a land motor vehicle, trailer or semitrailer designed for travel on public roads, including any attached machinery or equipment. But "auto" does not include "mobile equipment".
3. "Bodily injury" means bodily injury, sickness or disease sustained by a person, including death resulting from any of these at any time.
4. "Coverage territory" means:
 - a. The United States of America (including its territories and possessions), Puerto Rico and Canada;

b. International waters or airspace, provided the injury or damage does not occur in the course of travel or transportation to or from any place not included in a. above; or

c. All parts of the world if:

(1) The injury or damage arises out of:

(a) Goods or products made or sold by you in the territory described in a. above; or

(b) The activities of a person whose home is in the territory described in a. above, but is away for a short time on your business; and

(2) The insured's responsibility to pay damages is determined in a "suit" on the merits, in the territory described in a. above or in a settlement we agree to.

5. "Employee" includes a "leased worker". "Employee" does not include a "temporary worker".

6. "Executive officer" means a person holding any of the officer positions created by your charter, constitution, by-laws or any other similar governing document.

7. "Hostile fire" means one which becomes uncontrollable or breaks out from where it was intended to be.

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

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

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

if such property can be restored to use by:

a. The repair, replacement, adjustment or removal of "your product" or "your work"; or

b. Your fulfilling the terms of the contract or agreement.

9. "Insured contract" means:

a. A contract for a lease of premises. However, that portion of the contract for a lease of premises that indemnifies any person or organization for damage by fire to premises while rented to you or temporarily occupied by you with permission of the owner is not an "insured contract";

b. A sidetrack agreement;

c. Any easement or license agreement, except in connection with construction or demolition operations on or within 50 feet of a railroad;

d. An obligation, as required by ordinance, to indemnify a municipality, except in connection with work for a municipality;

e. An elevator maintenance agreement;

f. That part of any other contract or agreement pertaining to your business (including an indemnification of a municipality in connection with work performed for a municipality) under which you assume the tort liability of another party to pay for "bodily injury" or "property damage" to a third person or organization. Tort liability means a liability that would be imposed by law in the absence of any contract or agreement.

Paragraph f. does not include that part of any contract or agreement:

(1) That indemnifies a railroad for "bodily injury" or "property damage" arising out of construction or demolition operations, within 50 feet of any railroad property and affecting any railroad bridge or trestle, tracks, road-beds, tunnel, underpass or crossing;

(2) That indemnifies an architect, engineer or surveyor for injury or damage arising out of:

(a) Preparing, approving, or failing to prepare or approve, maps, shop drawings, opinions, reports, surveys, field orders, change orders or drawings and specifications; or

(b) Giving directions or instructions, or failing to give them, if that is the primary cause of the injury or damage; or

(3) Under which the insured, if an architect, engineer or surveyor, assumes liability for an injury or damage arising out of the insured's rendering or failure to render professional services, including those listed in (2) above and supervisory, inspection, architectural or engineering activities.

10. "Leased worker" means a person leased to you by a labor leasing firm under an agreement between you and the labor leasing firm, to perform duties related to the conduct of your business. "Leased worker" does not include a "temporary worker".

11. "Loading or unloading" means the handling of property:

a. After it is moved from the place where it is accepted for movement into or onto an aircraft, watercraft or "auto";

b. While it is in or on an aircraft, watercraft or "auto"; or

c. While it is being moved from an aircraft, watercraft or "auto" to the place where it is finally delivered;

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

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

- a. Bulldozers, farm machinery, forklifts and other vehicles designed for use principally off public roads;
- b. Vehicles maintained for use solely on or next to premises you own or rent;
- c. Vehicles that travel on crawler treads;
- d. Vehicles, whether self-propelled or not, maintained primarily to provide mobility to permanently mounted:
 - (1) Power cranes, shovels, loaders, diggers or drills; or
 - (2) Road construction or resurfacing equipment such as graders, scrapers or rollers;
- e. Vehicles not described in a., b., c. or d. above that are not self-propelled and are maintained primarily to provide mobility to permanently attached equipment of the following types:
 - (1) Air compressors, pumps and generators, including spraying, welding, building cleaning, geophysical exploration, lighting and well servicing equipment; or
 - (2) Cherry pickers and similar devices used to raise or lower workers;
- f. Vehicles not described in a., b., c. or d. above maintained primarily for purposes other than the transportation of persons or cargo.

However, self-propelled vehicles with the following types of permanently attached equipment are not "mobile equipment" but will be considered "autos":

- (1) Equipment designed primarily for:
 - (a) Snow removal;
 - (b) Road maintenance, but not construction, or resurfacing; or
 - (c) Street cleaning;
- (2) Cherry pickers and similar devices mounted on automobile or truck chassis and used to raise or lower workers; and
- (3) Air compressors, pumps and generators, including spraying, welding, building cleaning, geophysical exploration, lighting and well servicing equipment.

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

14. "Personal and advertising injury" means injury, including consequential "bodily injury", arising out of one or more of the following offenses:

- a. False arrest, detention or imprisonment;
- b. Malicious prosecution;
- c. The wrongful eviction from, wrongful entry into, or invasion of the right of private occupancy of a room, dwelling or premises that a person occupies, committed by or on behalf of its owner, landlord or lessor;
- d. Oral or written publication of material that slanders or libels a person or organization or disparages a person's or organization's goods, products or services;
- e. Oral or written publication of material that violates a person's right of privacy;
- f. The use of another's advertising idea in your "advertisement"; or
- g. Infringing upon another's copyright, trade dress or slogan in your "advertisement".

15. "Pollutants" mean 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.

16. "Products-completed operations hazard":

- a. Includes all "bodily injury" and "property damage" occurring away from premises you own or rent and arising out of "your product" or "your work" except:
 - (1) Products that are still in your physical possession; or
 - (2) Work that has not yet been completed or abandoned. However, "your work" will be deemed completed at the earliest of the following times:
 - (a) When all of the work called for in your contract has been completed.
 - (b) When all of the work to be done at the job site has been completed if your contract calls for work at more than one job site.
 - (c) When that part of the work done at a job site has been put to its intended use by any person or organization other than another contractor or subcontractor working on the same project.

Work that may need service, maintenance, correction, repair or replacement, but which is otherwise complete, will be treated as completed.

b. Does not include "bodily injury" or "property damage" arising out of:

- (1) The transportation of property, unless the injury or damage arises out of a condition in or on a vehicle not owned or operated by you, and that condition was created by the "loading or unloading" of that vehicle by any insured;
- (2) The existence of tools, uninstalled equipment or abandoned or unused materials; or
- (3) Products or operations for which the classification, listed in the Declarations or in a policy schedule, states that products-completed operations are subject to the General Aggregate Limit.

17. "Property damage" means:

- a. Physical injury to tangible property, including all resulting loss of use of that property. All such loss of use shall be deemed to occur at the time of the physical injury that caused it; or
- b. Loss of use of tangible property that is not physically injured. All such loss of use shall be deemed to occur at the time of the "occurrence" that caused it.

18. "Suit" means a civil proceeding in which damages because of "bodily injury", "property damage" or "personal and advertising injury" to which this insurance applies are alleged. "Suit" includes:

- a. An arbitration proceeding in which such damages are claimed and to which the insured must submit or does submit with our consent; or
- b. Any other alternative dispute resolution proceeding in which such damages are claimed and to which the insured submits with our consent.

19. "Temporary worker" means a person who is furnished to you to substitute for a permanent "employee" on leave or to meet seasonal or short-term workload conditions.

20. "Your product" means:

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

"Your product" includes:

- a. Warranties or representations made at any time with respect to the fitness, quality, durability, performance or use of "your product"; and
- b. The providing of or failure to provide warnings or instructions.

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

21. "Your work" means:

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

"Your work" includes:

- a. Warranties or representations made at any time with respect to the fitness, quality, durability, performance or use of "your work"; and
- b. The providing of or failure to provide warnings or instructions.

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THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

INDIANA CHANGES – POLLUTION EXCLUSION

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

The following is added to Subparagraph f., Pollution of Paragraph 2., Exclusions of Bodily Injury And Property Damage Liability Coverage (Section I – Coverages) and to Paragraph 2., Exclusions of Personal And Advertising Injury Liability Coverage (Section I – Coverages) or to any amendment to or replacement thereof:

This Pollution Exclusion applies whether or not such irritant or contaminant has any function in your business, operations, premises, site or location.

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POLICY NUMBER:

COMMERCIAL GENERAL LIABILITY

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

ADDITIONAL INSURED—LESSOR OF LEASED EQUIPMENT

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART.

SCHEDULE

Name of Person or Organization:

(If no entry appears above, information required to complete this endorsement will be shown in the Declarations as applicable to this endorsement.)

WHO IS AN INSURED (Section II) is amended to include as an insured the person(s) or organization(s) shown in the Schedule, but only with respect to their liability arising out of the maintenance, operation or use by you of equipment leased to you by such person(s) or organization(s), subject to the following additional exclusions:

This insurance does not apply:

1. To any "occurrence" which takes place after the equipment lease expires;
2. To "bodily injury" or "property damage" arising out of the sole negligence of the person or organization shown in the Schedule.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

EMPLOYMENT-RELATED PRACTICES EXCLUSION

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

A. The following exclusion is added to Paragraph 2, Exclusions of Section I – Coverage A – Bodily Injury And Property Damage Liability:

This insurance does not apply to:

"Bodily injury" to:

- (1) A person arising out of any:
 - (a) Refusal to employ that person;
 - (b) Termination of that person's employment; or
 - (c) Employment-related practices, policies, acts or omissions, such as coercion, demotion, evaluation, reassignment, discipline, defamation, harassment, humiliation or discrimination directed at that person; or
- (2) The spouse, child, parent, brother or sister of that person as a consequence of "bodily injury" to that person at whom any of the employment-related practices described in Paragraphs (a), (b), or (c) above is directed.

This exclusion applies:

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

B. The following exclusion is added to Paragraph 2, Exclusions of Section I – Coverage B – Personal And Advertising Injury Liability:

This insurance does not apply to:

"Personal and advertising injury" to:

- (1) A person arising out of any:
 - (a) Refusal to employ that person;
 - (b) Termination of that person's employment; or
 - (c) Employment-related practices, policies, acts or omissions, such as coercion, demotion, evaluation, reassignment, discipline, defamation, harassment, humiliation or discrimination directed at that person; or
- (2) The spouse, child, parent, brother or sister of that person as a consequence of "personal and advertising injury" to that person at whom any of the employment-related practices described in Paragraphs (a), (b), or (c) above is directed.

This exclusion applies:

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

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

POLICY CHANGES – CONTRACTUAL LIABILITY EXCLUSION AND SUPPLEMENTARY PAYMENTS

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE FORM

A. Paragraph 2.b. of Exclusions of Bodily Injury And Property Damage Liability (Section I – Coverages) is replaced by the following:

2. Exclusions

This insurance does not apply to:

b. Contractual Liability

"Bodily injury" or "property damage" for which the insured is obligated to pay damages by reason of the assumption of liability in a contract or agreement. This exclusion does not apply to liability for damages:

- (1) That the insured would have had in the absence of the contract or agreement; or
- (2) Assumed in a contract or agreement that is an "insured contract", provided the "bodily injury" or "property damage" occurs subsequent to the execution of the contract or agreement.

B. The **SUPPLEMENTARY PAYMENTS** provision is deleted and replaced by the following:

We will pay, with respect to any claim we investigate or settle, or any "suit" against an insured we defend:

1. All expenses we incur.
2. Up to \$500 for cost of bail bonds required because of accidents or traffic law violations arising out of the use of any vehicle to which the Bodily Injury Liability Coverage applies. We do not have to furnish these bonds.
3. The cost of bonds to release attachments, but only for bond amounts within the applicable limit of insurance. We do not have to furnish these bonds.
4. All reasonable expenses incurred by the insured at our request to assist us in the investigation or defense of the "claim" or "suit", including actual loss of earnings up to \$250 a day because of time off from work.
5. All costs taxed against the insured in any "suit".
6. Prejudgment interest awarded against the insured on that part of the judgment we pay. If we make an offer to pay the applicable limit of insurance, we will not pay any prejudgment interest based on that period of time after the offer.
7. All interest on the full amount of any judgment that accrues after entry of the judgment and before we have paid, offered to pay, or deposited in court the part of the judgment that is within the applicable limit of insurance.

These payments will not reduce the limits of insurance.

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THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

EXCLUSION – YEAR 2000 COMPUTER-RELATED AND OTHER ELECTRONIC PROBLEMS – WITH EXCEPTION FOR BODILY INJURY ON YOUR PREMISES

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

The following exclusion is added to Paragraph 2., Exclusions of Section I – Coverage A – Bodily Injury And Property Damage Liability and Paragraph 2., Exclusions of Section I – Coverage B – Personal And Advertising Injury Liability:

2. Exclusions

This insurance does not apply to "bodily injury", "property damage", "personal injury" or "advertising injury" (or "personal and advertising injury" if defined as such in your policy) arising directly or indirectly out of:

a. Any actual or alleged failure, malfunction or inadequacy of:

(1) Any of the following, whether belonging to any insured or to others:

- (a) Computer hardware, including microprocessors;
- (b) Computer application software;
- (c) Computer operating systems and related software;
- (d) Computer networks;
- (e) Microprocessors (computer chips) not part of any computer system; or
- (f) Any other computerized or electronic equipment or components; or

(2) Any other products, and any services, data or functions that directly or indirectly use or rely upon, in any manner, any of the items listed in Paragraph 2.a.(1) of this endorsement

due to the inability to correctly recognize, process, distinguish, interpret or accept the year 2000 and beyond.

b. Any advice, consultation, design, evaluation, inspection, installation, maintenance, repair, replacement or supervision provided or done by you or for you to determine, rectify or test for, any potential or actual problems described in Paragraph 2.a. of this endorsement.

This exclusion does not apply to "bodily injury" occurring on any premises owned by or rented to you.

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THIS ENDORSEMENT DOES NOT CHANGE THE POLICY. PLEASE READ IT CAREFULLY.

COMPREHENSIVE INSURANCE POLICY LIABILITY COVERAGE EXTENSION ENDORSEMENT

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE FORM

A. EXTENDED NON-OWNED WATERCRAFT

Under Coverage A, Exclusion 2, g. (2) (a) is deleted and replaced by the following:

- (a) Less than 50 feet long; and

B. EXTENDED MEDICAL PAYMENTS

The Insuring Agreement of Coverage C. (MEDICAL PAYMENTS) is extended to apply to medical expenses incurred and reported to us within three years of the date of the accident.

C. DAMAGE BY FIRE, EXPLOSION, SMOKE OR LEAKAGE

- Under Coverage A. (BODILY INJURY AND PROPERTY DAMAGE LIABILITY), the last paragraph of item 2. Exclusions is deleted and replaced by the following:

Exclusions c. through n. do not apply to damage by fire, explosion, smoke or leakage from fire protection systems to premises while rented to you or temporarily occupied by you with permission of the owner. A separate limit of insurance applies to this coverage as described in SECTION III - LIMITS OF INSURANCE.

- SECTION III - LIMITS OF INSURANCE, item 6. is replaced by the following:

- Subject to 5. above, the Fire Damage Limit is the most we will pay in any one event under Coverage A for damages because of "property damage" from fire, explosion, smoke or leakage from automatic fire protection systems, or any combination of these perils to premises while rented to you or temporarily occupied by you with the permission of the owner.

- SECTION IV. (COMMERCIAL GENERAL LIABILITY CONDITIONS), Condition 4. (Other Insurance) item b. (2) is deleted and replaced by the following:

- That is Fire or Extended Coverage insurance for premises rented to you or temporarily occupied by you with permission of the owner; or

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D. AMENDMENT OF AGGREGATE LIMIT OF INSURANCE

The General Aggregate Limit of Insurance (SECTION III) applies separately to:

- Each of your "locations" owned by or rented to you; and
- Each of your projects away from premises owned by or rented to you.

"Location" means premises involving the same or connecting lots, or premises whose connection is interrupted only by a street, roadway, waterway or right-of-way of a railroad.

E. ADDITIONAL INSURED - LESSOR OF LEASED EQUIPMENT

- WHO IS AN INSURED (SECTION II) includes as an insured any person or organization from whom you lease equipment when you and such person or organization have agreed in writing in a contract or agreement that such person or organization be added as an additional insured on your policy. Such person or organization is an insured only with respect to their liability arising out of the maintenance, operation or use by you of equipment leased to you by such person or organization. A person's or organization's status as an insured under this provision ends when their contract or agreement with you for such leased equipment ends.

- With respect to the insurance afforded these additional insureds, the following additional exclusions apply:

This insurance does not apply:

- To any "occurrence" which takes place after the equipment lease expires;
- To "bodily injury" or "property damage" arising out of the sole negligence of such person or organization.

F. LIBERALIZATION

If we revise this endorsement to provide more coverage without additional premium charge, your policy will automatically provide the coverage as of the day the revision is effective in your state.

BZH104623

POLICY NUMBER

COMMERCIAL GENERAL LIABILITY

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY

BLANKET ADDITIONAL INSURED ENDORSEMENT

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

The following is added to paragraph 2 . SECTION II
- WHO IS AN INSURED:

- e. Any person or organization whom you are required to add as an additional insured on this policy under a written contract or agreement, or a contract where a certificate of insurance showing that person or organization as an additional insured has been issued.

The written contract or agreement must be in effect at the time this policy is issued or become effective during the term of this policy.

The written contract or agreement must have been executed prior to the "bodily injury", "property damage", "personal injury", or "advertising injury".

That person or organization is only an insured with respect to liability arising out of premises you own, rent, lease or occupy, or "your work" for that additional insured by or for you.

The insurance provided to that person or organization does not apply to "bodily injury", "property damage", "personal injury" or "advertising injury" arising out of an architect's, engineer's or surveyor's rendering or failing to render any professional services including:

1. The preparing, approving or failing to prepare or approve maps, drawings, opinions, reports, surveys, change orders, design or specifications; or
2. Supervisory, inspection or engineering services.

Any coverage provided hereunder shall be excess over any other valid and collectible insurance available to that person or organization whether primary, excess, contingent or on any other basis unless a contract specifically requires that this insurance be primary.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

MOTOR VEHICLE LAWS

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART.

The following are added to COMMERCIAL GENERAL LIABILITY CONDITIONS (Section IV):

1. When this Coverage Part is certified as proof of financial responsibility for the future under the provisions of any motor vehicle financial responsibility law, the insurance provided by the coverage part for Bodily Injury Liability or Property Damage Liability will comply with the provisions of the law to the extent of the coverage and limits of insurance required by that law.
2. With respect to "mobile equipment" to which this insurance applies, we will provide any liability, uninsured motorists, underinsured motorists, no-fault or other coverages required by any motor vehicle insurance law. We will provide the required limits for those coverages.

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EMPLOYEE DISHONESTY COVERAGE FORM

(Coverage Form A—Blanket)

A. COVERAGE

We will pay for loss of, and loss from damage to, Covered Property resulting directly from the Covered Cause of Loss.

1. Covered Property: "Money", "securities", and "property other than money and securities".

2. Covered Cause of Loss: "Employee dishonesty".

3. Coverage Extension

Employees Temporarily Outside Coverage Territory:
We will pay for loss caused by any "employee" while temporarily outside the territory specified in the Territory General Condition for a period not more than 90 days.

B. LIMIT OF INSURANCE

The most we will pay for loss in any one "occurrence" is the applicable Limit of Insurance shown in the DECLARATIONS.

C. DEDUCTIBLE

1. We will not pay for loss in any one "occurrence" unless the amount of loss exceeds the Deductible Amount shown in the DECLARATIONS. We will then pay the amount of loss in excess of the Deductible Amount, up to the Limit of Insurance.

2. You must:

a. Give us notice as soon as possible of any loss of the type insured under this Coverage Form even though it falls entirely within the Deductible Amount.

b. Upon our request, give us a statement describing the loss.

D. ADDITIONAL EXCLUSIONS, CONDITION AND DEFINITIONS: In addition to the provisions in the Crime General Provisions, this Coverage Form is subject to the following:

1. Additional Exclusions: We will not pay for loss as specified below:

a. Employee Cancelled Under Prior Insurance: loss caused by any "employee" of yours, or predecessor in interest of yours, for whom similar prior insurance has been cancelled and not reinstated since the last such cancellation.

b. Inventory Shortages: loss, or that part of any loss, the proof of which as to its existence

or amount is dependent upon:

(1) An inventory computation; or

(2) A profit and loss computation.

2. Additional Condition

Cancellation As To Any Employee: This insurance is cancelled as to any "employee":

a. Immediately upon discovery by:

(1) You; or

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

of any dishonest act committed by that "employee" whether before or after becoming employed by you.

b. On the date specified in a notice mailed to you. That date will be least 30 days after the date of mailing.

The mailing of notice to you at the last mailing address known to us will be sufficient proof of notice. Delivery of notice is the same as mailing.

3. Additional Definitions

a. "Employee Dishonesty" in paragraph A.2. means only dishonest acts committed by an "employee", whether identified or not, acting alone or in collusion with other persons, except you or a partner, with the manifest intent to:

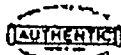
(1) Cause you to sustain loss; and also

(2) Obtain financial benefit (other than employee benefits earned in the normal course of employment, including: salaries, commissions, fees, bonuses, promotions, awards, profit sharing or pensions) for:

(a) The "employee"; or

(b) Any person or organization intended by the "employee" to receive that benefit.

b. "Occurrence" means all loss caused by, or involving, one or more "employees", whether the result of a single act or series of acts.



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ROA 1362

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FORGERY OR ALTERATION COVERAGE FORM
(Coverage Form 8)

A. COVERAGE

We will pay for loss involving Covered Instruments resulting directly from the Covered Causes of Loss.

1. Covered Instruments: Checks, drafts, promissory notes, or similar written promises, orders or directions to pay a sum certain in "money" that are:

- a. Made or drawn by or drawn upon you;
- b. Made or drawn by one acting as your agent; or that are purported to have been so made or drawn.

2. Covered Causes Of Loss: Forgery or alteration of, on or in any Covered Instrument.

3. Coverage Extension

Legal Expenses: If you are sued for refusing to pay any Covered Instrument on the basis that it has been forged or altered, and you have our written consent to defend against the suit, we will pay for any reasonable legal expenses that you incur and pay in that defense. The amount we will pay under this extension is in addition to the Limit of Insurance applicable to this insurance.

B. LIMIT OF INSURANCE

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

C. DEDUCTIBLE

We will not pay for loss in any one "occurrence" unless the amount of loss exceeds the Deductible Amount shown in the Declarations. We will then pay the amount of loss in excess of the Deductible Amount, up to the Limit of Insurance. This provision does not apply to legal expenses paid under the Coverage Extension.

D. ADDITIONAL EXCLUSION, CONDITIONS AND DEFINITION

In addition to the provisions in the Crime General Provisions Form, this Coverage Form is also subject to the following:

1. Additional Exclusion

Acts of Employees, Directors, or Trustees: We will not pay for loss resulting from any dishonest or criminal act committed by any of your "employees", directors, or trustees:

- a. Whether acting alone or in collusion with other persons;
- or
- b. Whether while performing services for you or otherwise.

2. Additional Conditions

- a. **Facsimile Signatures:** We will treat mechanically reproduced facsimile signatures the same as handwritten signatures.
- b. **General Amendment:** As respects this Coverage Form, the words Covered Property in the Crime General Provisions Form mean Covered Instruments.
- c. **Proof of Loss:** You must include with your proof of loss any instrument involved in that loss, or, if that is not possible, an affidavit setting forth the amount and cause of loss.
- d. **Territory:** We will cover loss you sustain anywhere in the world.

The Territory General Condition does not apply to this Coverage Form.

3. Additional Definition

"Occurrence" means all loss caused by any person or in which that person is involved, whether the loss involves one or more instruments.



BZH104627

ROA 1363

THEFT, DISAPPEARANCE AND DESTRUCTION COVERAGE FORM

A. COVERAGE – We will pay for loss of Covered Property resulting directly from the Covered Causes of Loss.

1. Section 1. – Inside The Premises

a. Covered Property: "Money" and "securities" inside the "premises" or a "banking premises."

b. Covered Causes of Loss

- (1) "Theft"
- (2) Disappearance
- (3) Destruction

c. Coverage Extensions

(1) **Containers of Covered Property:** We will pay for loss of, and loss from damage to, a locked safe, vault, cash register, cash box or cash drawer located in the "premises" resulting directly from an actual or attempted:

- (a) "Theft" of; or
- (b) Unlawful entry into those containers.

(2) **Premises Damage:** We will pay for loss from damage to the "premises" or its exterior resulting directly from an actual or attempted "theft" of Covered Property if you are the owner of the "premises" or are liable for damage to it.

2. Section 2. – Outside the Premises

a. Covered Property: "Money" and "securities" outside the "premises" in the care and custody of a "messenger."

b. Covered Causes of Loss

- (1) "Theft"
- (2) Disappearance
- (3) Destruction

c. Coverage Extension

Conveyance of Property By Armored Motor Vehicle Company: We will pay for loss of Covered Property resulting directly from the Covered Causes of Loss while outside the "premises" in the care and custody of an armored motor vehicle company.

But, we will pay only for the amount of loss that you cannot recover:

- (1) Under your contract with the armored motor vehicle company; and
- (2) From any insurance or indemnity carried by, or for the benefit of customers of, the armored motor vehicle company.

B. LIMIT OF INSURANCE

The most we will pay for loss in any one "occurrence" is the applicable Limit of Insurance shown in the DECLARATIONS.

C. DEDUCTIBLE

We will not pay for loss in any one "occurrence" unless the amount of loss exceeds the Deductible Amount shown in the DECLARATIONS. We will then pay the amount of loss in excess of the Deductible Amount, up to the Limit of Insurance. In the event more than one Deductible Amount could apply to the loss, only the highest Deductible Amount may be applied.

D. ADDITIONAL EXCLUSIONS, CONDITION AND DEFINITIONS: In addition to the provisions in the Crime General Provisions, this Coverage Form is subject to the following:

1. Additional Exclusions: We will not pay for loss as specified below:

a. Accounting or Arithmetical Errors or Omissions: Loss resulting from accounting or arithmetical errors or omissions.

b. Acts of Employees, Directors, Trustees or Representatives: Loss resulting from any dishonest or criminal act committed by any of your "employees," directors, trustees or authorized representatives:

- (1) Acting alone or in collusion with other persons; or
- (2) While performing services for you or otherwise.

c. Exchanges or Purchases: Loss resulting from the giving or surrendering of property in any exchange or purchase.

d. Fire: Loss from damage to the "premises" resulting from fire, however caused.

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e. **Money Operated Device** : Loss of property contained in any money operated device unless the amount of "money" deposited in it is recorded by a continuous recording instrument in the device.

f. **Transfer or Surrender of Property**

(1) Loss of property after it has been transferred or surrendered to a person or place outside the "premises" or "banking premises:"

(a) On the basis of unauthorized instructions; or

(b) As a result of a threat to do:

I. Bodily harm to any person; or

II. Damage to any property.

(2) But, this exclusion does not apply under **COVERAGE, Section 2.** to loss of Covered Property while outside the "premises" or "banking premises" in the care and custody of a "messenger" if you:

(a) Had no knowledge of any threat at the time the conveyance began; or

(b) Had knowledge of a threat at the time the conveyance began, but the loss was not related to the threat.

g. **Vandalism**: Loss from damage to the "premises" or its exterior or to containers of Covered Property by vandalism or malicious mischief.

h. **Voluntary Parting of Title to or Possession of Property**: Loss resulting from your, or anyone acting on your express or implied authority, being induced by any dishonest act to voluntarily part with title to or possession of any property.

2. **Additional Condition**

Duties in the Event of Loss: If you have reason to believe that any loss of, or loss from damage to, Covered Property involves a violation of law, you must notify the police.

3. **Additional Definitions**

a. **"Banking Premises"** means the interior of that portion of any building occupied by a banking institution or similar safe depository.

b. **"Messenger"** means you, any of your partners or any "employee" while having care and custody of the property outside the "premises."

c. **"Occurrence"** means an:

(1) Act or series of related acts involving one or more persons; or

(2) Act or event, or a series of related acts or events not involving any person.

d. **"Premises"** means the interior of that portion of any building you occupy in conducting your business.

e. **"Theft"** means any act of stealing.

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CRIME GENERAL PROVISIONS LOSS SUSTAINED FORM

Various provisions in this policy restrict coverage. Read the entire policy carefully to determine rights, duties and what is or 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.

Words and phrases in quotation marks are defined in the policy.

Unless stated otherwise in any Crime Coverage Form, Declarations or endorsement, the following General Exclusions, General Conditions and General Definitions apply to all Crime Coverage Forms forming part of this policy.

A. General Exclusions

We will not pay for loss as specified below:

1. Acts Committed By You Or Your Partners

Loss resulting from any dishonest or criminal act committed by you or any of your partners whether acting alone or in collusion with other persons.

2. Governmental Action

Loss resulting from seizure or destruction of property by order of governmental authority.

3. Indirect Loss

Loss that is an indirect result of any act or "occurrence" covered by this insurance including, but not limited to, loss resulting from:

- a. Your inability to realize income that you would have realized had there been no loss of, or loss from damage to, Covered Property.
- b. Payment of damages of any type for which you are legally liable. But, we will pay compensatory damages arising directly from a loss covered under this insurance.
- c. Payment of costs, fees or other expenses you incur in establishing either the existence or the amount of loss under this insurance.

4. Legal Expenses

Expenses related to any legal action.

5. Nuclear

Loss resulting from nuclear reaction, nuclear radiation or radioactive contamination, or any related act or incident.

6. War And Similar Actions

Loss resulting from war, whether or not declared, warlike action, insurrection, rebellion or revolution, or any related act or incident.

B. General Conditions

1. Concealment, Misrepresentation Or Fraud

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

- a. This insurance;
- b. The Covered Property;
- c. Your interest in the Covered Property; or
- d. A claim under this insurance.

2. Consolidation - Merger

If through consolidation or merger with, or purchase or acquisition of assets or liabilities of, some other entity:

- a. Any additional persons become "employees"; or
- b. You acquire the use and control of any additional "premises";

any insurance afforded for "employees" or "premises" also applies to those additional "employees" and "premises", for a period of 60 days after the effective date of such consolidation, merger, or purchase or acquisition of assets or liabilities.

You must give us written notice within this 60 day period and obtain our written consent to extend this insurance to such additional "employees" or "premises". Upon obtaining our written consent, you must pay us an additional premium.

If you fail to notify us in writing within this 60 day period, then this insurance shall automatically terminate as to such additional "employees" or "premises".

3. Coverage Extensions

Unless stated otherwise in the Coverage Form, our liability under any Coverage Extension is part of, not in addition to, the Limit Of Insurance applying to the Coverage or Coverage Section.

4. Duties In The Event Of Loss

After you discover a loss or a situation that may result in loss of, or loss from damage to, Covered Property you must:

- a. Notify us as soon as possible.
- b. Submit to examination under oath at our request and give us a signed statement of your answers.
- c. Give us a detailed, sworn proof of loss within 120 days.
- d. Cooperate with us in the investigation and settlement of any claim.

5. Extended Period To Discover Loss

We will pay only for covered loss discovered no later than one year from the end of the policy period.

6. Joint Insured

- a. If more than one Insured is named in the Declarations, the first named Insured will act for itself and for every other Insured for all purposes of this insurance. If the first named Insured ceases to be covered, then the next named Insured will become the first named Insured.
- b. If any Insured or partner or officer of that Insured has knowledge of any information relevant to this insurance, that knowledge is considered knowledge of every Insured.
- c. An "employee" of any Insured is considered to be an "employee" of every Insured.
- d. If this insurance or any of its coverages is cancelled or terminated as to any Insured, loss sustained by that Insured is covered only if discovered no later than one year from the date of that cancellation or termination.
- e. We will not pay more for loss sustained by more than one Insured than the amount we would pay if all the loss had been sustained by one Insured.

7. Legal Action Against Us

You may not bring any legal action against us involving loss:

- a. Unless you have complied with all the terms of this insurance; and

- b. Until 90 days after you have filed proof of loss with us; and

- c. Unless brought within 2 years from the date you discover the loss.

8. Liberalization

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

9. Loss Covered Under More Than One Coverage Of This Insurance

If two or more coverages of this insurance apply to the same loss, we will pay the lesser of:

- a. The actual amount of loss; or
- b. The sum of the limits of insurance applicable to those coverages.

10. Loss Sustained During Prior Insurance

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

- (1) This insurance became effective at the time of cancellation or termination of the prior insurance; and
- (2) The loss would have been covered by this insurance had it been in effect when the acts or events causing the loss were committed or occurred.

- b. The insurance under this Condition is part of, not in addition to, the Limits Of Insurance applying to this insurance and is limited to the lesser of the amount recoverable under:

- (1) This insurance as of its effective date; or
- (2) The prior insurance had it remained in effect.

11. Loss Covered Under This Insurance And Prior Insurance Issued By Us Or Any Affiliate

If any loss is covered:

- a. Partly by this insurance; and
 - b. Partly by any prior cancelled or terminated insurance that we or any affiliate had issued to you or any predecessor in interest;
- the most we will pay is the larger of the amount recoverable under this insurance or the prior insurance.

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

12. Other Insurance

This insurance does not apply to loss recoverable or recovered under other insurance or indemnity. However, if the limit of the other insurance or indemnity is insufficient to cover the entire amount of the loss, this insurance will apply to that part of the loss, other than that falling within any deductible amount, not recoverable or recovered under the other insurance or indemnity. However, this insurance will not apply to the amount of loss that is more than the applicable Limit Of Insurance shown in the Declarations.

13. Ownership Of Property; Interests Covered

The property covered under this insurance is limited to property:

- a. That you own or hold; or
- b. For which you are legally liable.

However, this insurance is for your benefit only. It provides no rights or benefits to any other person or organization.

14. Policy Period

- a. The Policy Period is shown in the Declarations.
- b. Subject to the Loss Sustained During Prior Insurance condition, we will pay only for loss that you sustain through acts committed or events occurring during the Policy Period.

15. Records

You must keep records of all Covered Property so we can verify the amount of any loss.

16. Recoveries

- a. Any recoveries, less the cost of obtaining them, made after settlement of loss covered by this insurance will be distributed as follows:

- (1) To you, until you are reimbursed for any loss that you sustain that exceeds the Limit of Insurance and the Deductible Amount, if any;
- (2) Then to us, until we are reimbursed for the settlement made;
- (3) Then to you, until you are reimbursed for that part of the loss equal to the Deductible Amount, if any.

- b. Recoveries do not include any recovery:

- (1) From insurance, suretyship, reinsurance, security or indemnity taken for our benefit; or
- (2) Of original "securities" after duplicates of them have been issued.

17. Territory

This insurance covers only acts committed or events occurring within the United States of America, U. S. Virgin Islands, Puerto Rico, Canal Zone, or Canada.

18. Transfer Of Your Rights Of Recovery Against Others To Us

You must transfer to us all your rights of recovery against any person or organization for any loss you sustained and for which we have paid or settled. You must also do everything necessary to secure those rights and do nothing after loss to impair them.

19. Valuation - Settlement

- a. Subject to the applicable Limit Of Insurance provision we will pay for:

- (1) Loss of "money" but only up to and including its face value. We may, at our option, pay for loss of "money" issued by any country other than the United States of America:
 - (a) At face value in the "money" issued by that country; or
 - (b) In the United States of America dollar equivalent determined by the rate of exchange on the day the loss was discovered.
- (2) Loss of "securities" but only up to and including their value at the close of business on the day the loss was discovered. We may, at our option:
 - (a) Pay the value of such "securities" or replace them in kind, in which event you must assign to us all your rights, title and interest in and to those "securities"; or
 - (b) Pay the cost of any Lost Securities Bond required in connection with issuing duplicates of the "securities". However, we will be liable only for the payment of so much of the cost of the bond as would be charged for a bond having a penalty not exceeding the lesser of the:
 - (i) Value of the "securities" at the close of business on the day the loss was discovered; or
 - (ii) Limit Of Insurance.

- (3) Loss of, or loss from damage to, "property other than money and securities" or loss from damage to the "premises" for not more than the:

- (a) Actual cash value of the property on the day the loss was discovered;
- (b) Cost of repairing the property or "premises"; or
- (c) Cost of replacing the property with property of like kind and quality.

We may, at our option, pay the actual cash value of the property or repair or replace it.

If we cannot agree with you upon the actual cash value or the cost of repair or replacement, the value or cost will be determined by arbitration.

- b. We may, at our option, pay for loss of, or loss from damage to, property other than "money":

- (1) In the "money" of the country in which the loss occurred; or
- (2) In the United States of America dollar equivalent of the "money" of the country in which the loss occurred determined by the rate of exchange on the day the loss was discovered.

- c. Any property that we pay for or replace becomes our property.

C. General Definitions

1. "Employee" means:

- a. Any natural person:

- (1) While in your service (and for 30 days after termination of service); and
- (2) Whom you compensate directly by salary, wages or commissions; and
- (3) Whom you have the right to direct and control while performing services for you; or

- b. Any natural person who is furnished to you to:

- (1) Substitute for a permanent "employee" on leave; or

- (2) Meet seasonal or short-term work load conditions;

while that person is subject to your direction and control and performing services for you, excluding, however, any such person while having care and custody of property outside the "premises".

But "employee" does not mean any:

- (1) Agent, broker, person leased to you by a labor leasing firm, factor, commission merchant, consignee, independent contractor or representative of the same general character; or

- (2) Director or trustee except while performing acts coming within the scope of the usual duties of an employee.

2. "Money" means:

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

3. "Property Other Than Money And Securities" means any tangible property other than "money" and "securities" that has intrinsic value but does not include any property listed in any Crime Coverage Form as Property Not Covered.

4. "Securities" means negotiable and non-negotiable instruments or contracts representing either "money" or other property and includes:

- a. Tokens, tickets, revenue and other stamps (whether represented by actual stamps or unused value in a meter) in current use; and
- b. Evidences of debt issued in connection with credit or charge cards, which cards are not issued by you;

but does not include "money".

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 at least:
 - a. 10 days before the effective date of cancellation if we cancel for nonpayment of premium, or
 - b. 30 days before the effective date of cancellation if we cancel for any other reason.
3. We will mail or deliver our notice to the first Named Insured's last mailing address known to us
4. Notice of cancellation will state the effective date of cancellation. The policy period will end on that date
5. If this policy is cancelled, we will send the first Named Insured any premium refund due. If we cancel the refund will be pro rata. If the first Named Insured cancels, the refund may be less than pro rata. The cancellation will be effective even if we have not made or offered a refund
6. If notice is mailed, proof of mailing will be sufficient proof of notice

B. Changes

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

C. 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

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

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

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THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

INDIANA CHANGES - CONCEALMENT, MISREPRESENTATION OR FRAUD

This endorsement modifies insurance provided under the following:

BOILER AND MACHINERY COVERAGE PART
BUSINESSOWNERS POLICY
COMMERCIAL AUTO COVERAGE PART
COMMERCIAL INLAND MARINE COVERAGE PART
COMMERCIAL PROPERTY COVERAGE PART
FARM COVERAGE PART

The CONCEALMENT, MISREPRESENTATION OR FRAUD Condition is replaced by the following:
CONCEALMENT, MISREPRESENTATION OR FRAUD

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

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

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

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

NUCLEAR ENERGY LIABILITY EXCLUSION ENDORSEMENT

(Broad Form)

This endorsement modifies insurance provided under the following:

BUSINESSOWNERS POLICY
COMMERCIAL AUTO COVERAGE PART
COMMERCIAL GENERAL LIABILITY COVERAGE PART
EMPLOYMENT-RELATED PRACTICES LIABILITY COVERAGE PART
FARM COVERAGE PART
LIQUOR LIABILITY COVERAGE PART
OWNERS AND CONTRACTORS PROTECTIVE LIABILITY COVERAGE PART
POLLUTION LIABILITY COVERAGE PART
PRODUCTS/COMPLETED OPERATIONS LIABILITY COVERAGE PART
PROFESSIONAL LIABILITY COVERAGE PART
RAILROAD PROTECTIVE LIABILITY COVERAGE PART
SPECIAL PROTECTIVE AND HIGHWAY LIABILITY POLICY NEW YORK DEPARTMENT OF
TRANSPORTATION
UNDERGROUND STORAGE TANK POLICY

1. The insurance does not apply:

A. Under any Liability Coverage, to "bodily injury" or "property damage":

- (1) With respect to which an "insured" under the policy is also an insured under a nuclear energy liability policy issued by Nuclear Energy Liability Insurance Association, Mutual Atomic Energy Liability Underwriters, Nuclear Insurance Association of Canada or any of their successors, or would be an insured under any such policy but for its termination upon exhaustion of its limit of liability; or
- (2) Resulting from the "hazardous properties" of "nuclear material" and with respect to which (a) any person or organization is required to maintain financial protection pursuant to the Atomic Energy Act of 1954, or any law amendatory thereof, or (b) the "insured" is, or had this policy not been issued would be, entitled to indemnity from the United States of America, or any agency thereof, under any agreement entered into by the United States of America, or any agency thereof, with any person or organization.

B. Under any Medical Payments coverage, to expenses incurred with respect to "bodily injury" resulting from the "hazardous properties" of "nuclear material" and arising out of the operation of a "nuclear facility" by any person or organization.

C. Under any Liability Coverage, to "bodily injury" or "property damage" resulting from "hazardous properties" of "nuclear material", if:

- (1) The "nuclear material" (a) is at any "nuclear facility" owned by, or operated by or on behalf of, an "insured" or (b) has been discharged or dispersed therefrom;
- (2) The "nuclear material" is contained in "spent fuel" or "waste" at any time possessed, handled, used, processed, stored, transported or disposed of, by or on behalf of an "insured"; or
- (3) The "bodily injury" or "property damage" arises out of the furnishing by an "insured" of services, materials, parts or equipment in connection with the planning, construction, maintenance, operation or use of any "nuclear facility", but if such facility is located within the United States of America, its territories or possessions or Canada, this exclusion (3) applies only to "property damage" to such "nuclear facility" and any property thereat.

2. As used in this endorsement:

"Hazardous properties" includes radioactive, toxic or explosive properties.

"Nuclear material" means "source material", "Special nuclear material" or "by-product material"

"Source material", "special nuclear material", and "by-product material" have the meanings given them in the Atomic Energy Act of 1954 or in any law amendatory thereof.

"Spent fuel" means any fuel element or fuel component, solid or liquid, which has been used or exposed to radiation in a "nuclear reactor".

"Waste" means any waste material (a) containing "by-product material" other than the tailings or wastes produced by the extraction or concentration of uranium or thorium from any ore processed primarily for its "source material" content, and (b) resulting from the operation by any person or organization of any "nuclear facility" included under the first two paragraphs of the definition of "nuclear facility".

"Nuclear facility" means:

- (a) Any "nuclear reactor";
- (b) Any equipment or device designed or used for (1) separating the isotopes of uranium or plutonium, (2) processing or utilizing "spent fuel", or (3) handling, processing or packaging "waste";

- (c) Any equipment or device used for the processing, fabricating or alloying of "special nuclear material" if at any time the total amount of such material in the custody of the "insured" at the premises where such equipment or device is located consists of or contains more than 25 grams of plutonium or uranium 233 or any combination thereof, or more than 250 grams of uranium 235;

- (d) Any structure, basin, excavation, premises or place prepared or used for the storage or disposal of "waste";

and includes the site on which any of the foregoing is located, all operations conducted on such site and all premises used for such operations.

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

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

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THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

INDIANA CHANGES

This endorsement modifies insurance provided under the following:

COMMERCIAL AUTOMOBILE COVERAGE PART
COMMERCIAL CRIME - LIABILITY FOR GUESTS' PROPERTY SAFE DEPOSIT BOX
COVERAGE FORM K
COMMERCIAL CRIME - LIABILITY FOR GUESTS' PROPERTY PREMISES
COVERAGE FORM L
COMMERCIAL CRIME - SAFE DEPOSITORY LIABILITY COVERAGE FORM M
COMMERCIAL GENERAL LIABILITY COVERAGE PART
COMMERCIAL PROPERTY - LEGAL LIABILITY COVERAGE FORM
COMMERCIAL PROPERTY - MORTGAGE HOLDERS ERRORS AND OMISSIONS
COVERAGE FORM*
EMPLOYMENT-RELATED PRACTICES LIABILITY COVERAGE PART
FARM LIABILITY COVERAGE FORM
LIQUOR LIABILITY COVERAGE PART
OWNERS AND CONTRACTORS PROTECTIVE LIABILITY COVERAGE PART
POLLUTION LIABILITY COVERAGE PART
PRODUCTS/COMPLETED OPERATIONS LIABILITY COVERAGE PART
PROFESSIONAL LIABILITY COVERAGE PART
RAILROAD PROTECTIVE LIABILITY COVERAGE PART
UNDERGROUND STORAGE TANK POLICY

- * Under the MORTGAGE HOLDERS ERRORS AND OMISSIONS COVERAGE FORM, the following condition applies only to Coverage C and Coverage D.

The following condition is added:

Notice given by or on behalf of the insured to any of our authorized agents in Indiana, with particulars sufficient to identify the insured, shall be considered to be notice to us.

BZH104638

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

INDIANA CHANGES – RIGHTS OF RECOVERY

This endorsement modifies insurance provided under the following:

**BOILER AND MACHINERY COVERAGE PART
COMMERCIAL CRIME COVERAGE PART
COMMERCIAL INLAND MARINE COVERAGE PART**

The Transfer Of Rights Of Recovery Against Others To Us Condition is replaced by the following:

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. Our right to recover damages from another may be enforced even if the person or organization to or for whom we make payment has not been fully compensated for damages.

The person or organization to or for whom we make payment must do everything necessary to secure our rights and must do nothing after loss to impair them.

BZH104639

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

INDIANA CHANGES – POLLUTION

This endorsement modifies insurance provided under the following:

**COMMERCIAL PROPERTY COVERAGE PART
FARM COVERAGE PART**

In this Coverage Part, any exclusion, limitation or other provision relating to pollutants ("pollutants"), or any amendment to or replacement of such exclusions, limitations or other provisions, applies whether or not the irritant or contaminant has any function in your business, operations, premises, site or location.

BZH104640

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

SOUTH CAROLINA CHANGES - LEGAL ACTION AGAINST US

This endorsement modifies insurance provided under the following:

COMMERCIAL PROPERTY COVERAGE PART
FARM COVERAGE PART - FARM LIVESTOCK COVERAGE FORM
FARM COVERAGE PART - FARM MOBILE AGRICULTURAL MACHINERY AND EQUIPMENT COVERAGE FORM
FARM COVERAGE PART - FARM PROPERTY COVERAGE FORM
STANDARD PROPERTY POLICY

- A. The Legal Action Against Us Condition, in the Commercial Property Conditions, the Standard Property Policy, and in the Farm Coverage Forms listed above, is replaced by the following:

LEGAL ACTION AGAINST US

No one may bring a legal action against us under this Coverage Part, Coverage Form or Policy unless:

1. There has been full compliance with all of the terms of this Coverage Part, Coverage Form or Policy; and
2. The action is brought within 3 years after the date on which the direct physical loss ("loss") or damage occurred.

- B. Under the Commercial Property Coverage Part, Paragraph a. of the Legal Action Against Us Condition in the Mortgageholders Errors And Omissions Coverage Form is replaced by the following:

- a. No one may bring a legal action against us under Coverages A and B unless:

- (1) There has been full compliance with all of the terms of Coverages A and B; and
- (2) The action is brought within 3 years after you discover the error or accidental omission.

BZH104641

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

OHIO CHANGES - CANCELLATION AND NONRENEWAL

This endorsement modifies insurance provided under the following:

BOILER AND MACHINERY COVERAGE PART
BUSINESSOWNERS POLICY
COMMERCIAL AUTO COVERAGE PART
COMMERCIAL CRIME COVERAGE PART*
COMMERCIAL GENERAL LIABILITY COVERAGE PART
COMMERCIAL INLAND MARINE COVERAGE PART
COMMERCIAL PROPERTY COVERAGE PART
FARM COVERAGE PART
LIQUOR LIABILITY COVERAGE PART
POLLUTION LIABILITY COVERAGE PART
PRODUCTS/COMPLETED OPERATIONS LIABILITY COVERAGE PART

* This endorsement does not apply to coverage provided for employee dishonesty (Coverage Form A) or public employee dishonesty (Coverage Forms O and P):

- A. With respect to a policy which has been in effect for more than 90 days, or is a renewal of a policy we issued, the CANCELLATION Common Policy Condition is replaced by the following:
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 only for one or more of the following reasons, except as provided in paragraph 6. below.
 - a. Nonpayment of premium;
 - b. Discovery of fraud or material misrepresentation in the procurement of the insurance or with respect to any claims submitted thereunder;
 - c. Discovery of a moral hazard or willful or reckless acts or omissions on your part which increases any hazard insured against;
 - d. The occurrence of a change in the individual risk which substantially increases any hazard insured against after the insurance coverage has been issued or renewed except to the extent the insurer could reasonably have foreseen the change or contemplated the risk in writing the contract;
 - e. Loss of applicable reinsurance or a substantial decrease in applicable reinsurance, if the Superintendent has determined that reasonable efforts have been made to prevent the loss of, or substantial decrease in, the applicable reinsurance, or to obtain replacement coverage;
 - f. Failure of an insured to correct material violations of safety codes; or
 - g. A determination by the Superintendent of Insurance that the continuation of the policy would create a condition that would be hazardous to the policyholders or the public.
 3. We will mail written notice of cancellation to the first Named Insured, and agent if any, at the last mailing addresses known to us. Proof of mailing will be sufficient proof of notice.
 4. We will mail the notice of cancellation at least:
 - a. 10 days before the effective date of cancellation, if we cancel for nonpayment of premium; or
 - b. 30 days before the effective date of cancellation, if we cancel for a reason stated in 2.b. through 2.g. above.
 5. a. The notice of cancellation will state the effective date of cancellation. The policy period will end on that date.
b. The notice will also contain the date of the notice and the policy number, and will state the reason for cancellation.

6. Policies written for a term of more than one year or on a continuous basis may be cancelled by us for any reason at an anniversary date, upon 30 days' written notice of cancellation.

7. 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.

B. The following is added to the Common Policy Conditions and supersedes any provisions to the contrary:

NONRENEWAL

1. If we elect not to renew this policy, we will mail written notice of nonrenewal to the first Named Insured, and agent if any, at the last mailing addresses known to us. The notice will contain the date of the notice and the policy number, and will state the expiration date of the policy.

2. We will mail the notice of nonrenewal at least 30 days before the expiration date of the policy.

3. Proof of mailing will be sufficient proof of notice.

C. 1. Paragraph A.2.a. of the BUSINESSOWNERS Common Policy Conditions is deleted;

2. Paragraph E.2. of the Cancellation-Common Policy Condition in the STANDARD PROPERTY POLICY is deleted. Paragraph E.2. is replaced by the following (unless item A. of this endorsement applies):

We may cancel this policy by mailing or delivering to the first Named Insured written notice of cancellation at least:

a. 10 days before the effective date of cancellation, if we cancel for nonpayment of premium; or

b. 30 days before the effective date, if we cancel for any other reason.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

INDIANA CHANGES – POLLUTION

This endorsement modifies insurance provided under the following:

**COMMERCIAL PROPERTY COVERAGE PART
FARM COVERAGE PART**

In this Coverage Part, any exclusion, limitation or other provision relating to pollutants ("pollutants"), or any amendment to or replacement of such exclusions, limitations or other provisions, applies whether or not the irritant or contaminant has any function in your business, operations, premises, site or location.

BZH104644

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

SOUTH CAROLINA CHANGES - LEGAL ACTION AGAINST US

This endorsement modifies insurance provided under the following:

COMMERCIAL PROPERTY COVERAGE PART
FARM COVERAGE PART - FARM LIVESTOCK COVERAGE FORM
FARM COVERAGE PART - FARM MOBILE AGRICULTURAL MACHINERY AND EQUIPMENT COVERAGE
FORM
FARM COVERAGE PART - FARM PROPERTY COVERAGE FORM
STANDARD PROPERTY POLICY

- A. The Legal Action Against Us Condition, in the Commercial Property Conditions, the Standard Property Policy, and in the Farm Coverage Forms listed above, is replaced by the following:

LEGAL ACTION AGAINST US

No one may bring a legal action against us under this Coverage Part, Coverage Form or Policy unless:

1. There has been full compliance with all of the terms of this Coverage Part, Coverage Form or Policy; and
2. The action is brought within 3 years after the date on which the direct physical loss ("loss") or damage occurred.

- B. Under the Commercial Property Coverage Part, Paragraph a. of the Legal Action Against Us Condition in the Mortgageholders Errors And Omissions Coverage Form is replaced by the following:

- a. No one may bring a legal action against us under Coverages A and B unless:

- (1) There has been full compliance with all of the terms of Coverages A and B; and
- (2) The action is brought within 3 years after you discover the error or accidental omission.

BZH104645

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

OHIO CHANGES - CANCELLATION AND NONRENEWAL

This endorsement modifies insurance provided under the following:

BOILER AND MACHINERY COVERAGE PART
BUSINESSOWNERS POLICY
COMMERCIAL AUTO COVERAGE PART
COMMERCIAL CRIME COVERAGE PART
COMMERCIAL GENERAL LIABILITY COVERAGE PART
COMMERCIAL INLAND MARINE COVERAGE PART
COMMERCIAL PROPERTY COVERAGE PART
FARM COVERAGE PART
LIQUOR LIABILITY COVERAGE PART
POLLUTION LIABILITY COVERAGE PART
PRODUCTS/COMPLETED OPERATIONS LIABILITY COVERAGE PART

- * This endorsement does not apply to coverage provided for employee dishonesty (Coverage Form A) or public employee dishonesty (Coverage Forms O and P).

A. With respect to a policy which has been in effect for more than 90 days, or is a renewal of a policy we issued, the CANCELLATION Common Policy Condition is replaced by the following:

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 only for one or more of the following reasons, except as provided in paragraph 6. below.
 - a. Nonpayment of premium;
 - b. Discovery of fraud or material misrepresentation in the procurement of the insurance or with respect to any claims submitted thereunder;
 - c. Discovery of a moral hazard or willful or reckless acts or omissions on your part which increases any hazard insured against;
 - d. The occurrence of a change in the individual risk which substantially increases any hazard insured against after the insurance coverage has been issued or renewed except to the extent the insurer could reasonably have foreseen the change or contemplated the risk in writing the contract;
 - e. Loss of applicable reinsurance or a substantial decrease in applicable reinsurance, if the Superintendent has determined that reasonable efforts have been made to prevent the loss of, or substantial decrease in, the applicable reinsurance, or to obtain replacement coverage;
 - f. Failure of an insured to correct material violations of safety codes; or
 - g. A determination by the Superintendent of Insurance that the continuation of the policy would create a condition that would be hazardous to the policyholders or the public.
3. We will mail written notice of cancellation to the first Named Insured, and agent if any, at the last mailing addresses known to us. Proof of mailing will be sufficient proof of notice.
4. We will mail the notice of cancellation at least:
 - a. 10 days before the effective date of cancellation, if we cancel for nonpayment of premium; or
 - b. 30 days before the effective date of cancellation, if we cancel for a reason stated in 2.b. through 2.g. above.
5. a. The notice of cancellation will state the effective date of cancellation. The policy period will end on that date.
b. The notice will also contain the date of the notice and the policy number, and will state the reason for cancellation.

6. Policies written for a term of more than one year or on a continuous basis may be cancelled by us for any reason at an anniversary date, upon 30 days' written notice of cancellation.

7. 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.

B. The following is added to the Common Policy Conditions and supersedes any provisions to the contrary:

NONRENEWAL

1. If we elect not to renew this policy, we will mail written notice of nonrenewal to the first Named Insured, and agent if any, at the last mailing addresses known to us. The notice will contain the date of the notice and the policy number, and will state the expiration date of the policy.

2. We will mail the notice of nonrenewal at least 30 days before the expiration date of the policy.

3. Proof of mailing will be sufficient proof of notice.

C.1. Paragraph A.2.a. of the BUSINESSOWNERS Common Policy Conditions is deleted.

2. Paragraph E.2. of the Cancellation-Common Policy Condition in the STANDARD PROPERTY POLICY is deleted. Paragraph E.2. is replaced by the following (unless item A. of this endorsement applies):

We may cancel this policy by mailing or delivering to the first Named Insured written notice of cancellation at least:

a. 10 days before the effective date of cancellation, if we cancel for nonpayment of premium; or

b. 30 days before the effective date, if we cancel for any other reason.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

SOUTH CAROLINA CHANGES – CANCELLATION AND NONRENEWAL

This endorsement modifies insurance provided under the following:

BOILER AND MACHINERY COVERAGE PART
COMMERCIAL CRIME COVERAGE PART
COMMERCIAL GENERAL LIABILITY COVERAGE PART
COMMERCIAL INLAND MARINE COVERAGE PART
COMMERCIAL PROPERTY COVERAGE PART
FARM COVERAGE PART
LIQUOR LIABILITY COVERAGE PART
POLLUTION LIABILITY COVERAGE PART
PRODUCTS/COMPLETED OPERATIONS LIABILITY COVERAGE PART

A. Paragraphs 2. and 3. of CANCELLATION Common Policy Condition are replaced by the following:

2. We may cancel this policy by mailing or delivering to the first Named Insured and the agent, if any, written notice of cancellation at least:
 - a. 10 days before the effective date of cancellation if we cancel for nonpayment of premium; or
 - b. 30 days before the effective date of cancellation if we cancel for any other reason.

3. We will mail or deliver our notice to the first Named Insured's and agent's last known addresses.

B. The following is added to the CANCELLATION Common Policy Condition:

7. CANCELLATION OF POLICIES IN EFFECT FOR 90 DAYS OR MORE

If this policy has been in effect for 90 days or more, or is a renewal or continuation of a policy we issued, we may cancel this policy only for one or more of the following reasons:

- a. Nonpayment of premium;
- b. Material misrepresentation of fact which, if known to us, would have caused us not to issue the policy;

c. Substantial change in the risk assumed, except to the extent that we should reasonably have foreseen the change or contemplated the risk in writing the policy;

d. Substantial breaches of contractual duties, conditions or warranties; or

e. Loss of our reinsurance covering all or a significant portion of the particular policy insured, or where continuation of the policy would imperil our solvency or place us in violation of the Insurance laws of South Carolina.

Prior to cancellation for reasons permitted in this item e., we will notify the Commissioner, in writing, at least sixty days prior to such cancellation and the Commissioner will, within thirty days of such notification, approve or disapprove such action.

Any notice of cancellation will state the precise reason for cancellation.

C. The following is added and supersedes any provisions to the contrary:

NONRENEWAL

1. If we decide not to renew this policy, we will mail or deliver written notice of nonrenewal to the first Named Insured and agent, if any, at least 30 days before:

- a. The expiration date of this policy, if the policy is written for a term of one year or less; or

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- b. An anniversary date of this policy, if the policy is written for a term of more than one year or for an indefinite term.

However, we will not refuse to renew a policy issued for a term of more than one year, until expiration of its full term, if anniversary renewal has been guaranteed by additional premium consideration.

2. Any notice of nonrenewal will be mailed or delivered to the first Named Insured's and agent's last known addresses. If notice is mailed, proof of mailing will be sufficient proof of notice.
3. Any notice of nonrenewal will state the precise reason for nonrenewal.

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THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

TENNESSEE CHANGES – CANCELLATION AND NONRENEWAL

This endorsement modifies insurance provided under the following:

BOILER AND MACHINERY COVERAGE PART
COMMERCIAL AUTOMOBILE COVERAGE PART
COMMERCIAL CRIME COVERAGE PART*
COMMERCIAL GENERAL LIABILITY COVERAGE PART
COMMERCIAL PROPERTY COVERAGE PART
COMMERCIAL INLAND MARINE COVERAGE PART
LIQUOR LIABILITY COVERAGE PART
POLLUTION LIABILITY COVERAGE PART
PRODUCTS/COMPLETED OPERATIONS LIABILITY COVERAGE PART

* This endorsement does not apply to coverage provided for employee dishonesty (Coverage Form A) or public employee dishonesty (Coverage Forms O and P).

A. Paragraph 5. of the CANCELLATION Common Policy Condition is replaced by the following:

5. If this policy is cancelled, we will send the first Named Insured any premium refund due.

The refund will be pro rata if:

- a. We cancel; or
- b. The policy is cancelled at the request of a premium finance company that has financed this policy under a premium finance agreement.

The refund may be less than pro rata if the first Named Insured cancels the policy.

The cancellation will be effective even if we have not made or offered a refund.

B. The following is added to the CANCELLATION Common Policy Condition:

CANCELLATION OF POLICIES IN EFFECT FOR 60 DAYS OR MORE.

If this policy has been in effect for 60 days or more, or if this policy is a renewal of a policy we issued, we may cancel this policy only for one or more of the following reasons:

1. Nonpayment of premium, including any additional premium, calculated in accordance with our current rating manual, justified by a physical change in the insured property or a change in its occupancy or use;
2. Your conviction of a crime increasing any hazard insured against;

3. Discovery of fraud or material misrepresentation on the part of either of the following:

- a. You or your representative in obtaining this insurance; or
- b. You in pursuing a claim under this policy;

4. Failure to comply with written loss control recommendations;

5. Material change in the risk which increases the risk of loss after we issued or renewed insurance coverage;

6. Determination by the insurance commissioner that the continuation of the policy would jeopardize our solvency or would place us in violation of the insurance laws of Tennessee or any other state;

7. Your violation or breach of any policy terms or conditions; or

8. Other reasons that are approved by the insurance commissioner.

Notice of cancellation will state the reason for cancellation.

C. The following is added and supersedes any provisions to the contrary:

NONRENEWAL

1. If we decide not to renew this policy, we will mail or deliver written notice of nonrenewal to the first Named Insured and agent, at least 60 days before the expiration date unless:

- a. We have offered to issue a renewal policy; or

- b. You have obtained replacement coverage or have agreed in writing to obtain replacement coverage.
- 2. Any notice of nonrenewal will be mailed or delivered to the first Named Insured's and agent's addresses shown in the policy. If notice is mailed, proof of mailing will be sufficient proof of notice.

- D. The following is added to the PREMIUMS Common Policy Condition:

Whenever an insurance policy which is financed with a premium finance company is cancelled, the insurer shall return, within 30 days after the effective date of the cancellation, whatever gross unearned premiums are due under the insurance policy directly to the premium finance company for the account of the first Named Insured.

BZH104651

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

KENTUCKY CHANGES – CANCELLATION AND NONRENEWAL

This endorsement modifies insurance provided under the following:

BOILER AND MACHINERY COVERAGE PART
BUSINESSOWNERS POLICY
COMMERCIAL AUTOMOBILE COVERAGE PART
COMMERCIAL CRIME COVERAGE PART
COMMERCIAL GENERAL LIABILITY COVERAGE PART
COMMERCIAL INLAND MARINE COVERAGE PART
COMMERCIAL PROPERTY COVERAGE PART
EMPLOYMENT-RELATED PRACTICES LIABILITY COVERAGE PART
FARM COVERAGE PART
LIQUOR LIABILITY COVERAGE PART
POLLUTION LIABILITY COVERAGE PART
PRODUCTS/COMPLETED OPERATIONS LIABILITY COVERAGE PART
PROFESSIONAL LIABILITY COVERAGE PART

- This endorsement does not apply to coverage provided for employee dishonesty (Coverage Form A) or to public employee dishonesty (Coverage Forms O and P).

A. Paragraph 2. of the CANCELLATION Common Policy Condition is replaced by the following:

2. Cancellation of Policies in Effect For 60 Days Or Less

If this policy has been in effect for 60 days or less, we may cancel this policy for any reason by mailing or delivering to the first Named Insured written notice of cancellation, stating the reason for cancellation, at least 14 days before the effective date of cancellation.

B. The following is added to the CANCELLATION Common Policy Condition:

7. Cancellation of Policies in Effect For More Than 60 Days

- a. If this policy has been in effect for more than 60 days or is a renewal of a policy we issued, we may cancel this policy only for one or more of the following reasons:

- (1) Nonpayment of premium;
- (2) Discovery of fraud or material misrepresentation made by you or with your knowledge in obtaining the policy, continuing the policy, or in presenting a claim under the policy;
- (3) Discovery of willful or reckless acts or omissions on your part which increase any hazard insured against;

- (4) The occurrence of a change in the risk which substantially increases any hazard insured against after insurance coverage has been issued or renewed;

- (5) A violation of any local fire, health, safety, building, or construction regulation or ordinance with respect to any insured property or the occupancy thereof which substantially increases any hazard insured against;

- (6) We are unable to reinsure the risk covered by the policy; or

- (7) A determination by the commissioner that the continuation of the policy would place us in violation of the Kentucky insurance code or regulations of the commissioner.

- b. If we cancel this policy based on paragraph 7.a. above, we will mail or deliver a written notice of cancellation to the first Named Insured, stating the reason for cancellation, at least:

- (1) 14 days before the effective date of the cancellation, if cancellation is for nonpayment of premium; or
- (2) 75 days before the effective date of the cancellation, if cancellation is for any reason stated in 7.a.(2) through 7.a.(7) above.

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THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

KENTUCKY CHANGES – CANCELLATION AND NONRENEWAL

This endorsement modifies insurance provided under the following:

BOILER AND MACHINERY COVERAGE PART
BUSINESSOWNERS POLICY
COMMERCIAL AUTOMOBILE COVERAGE PART
COMMERCIAL CRIME COVERAGE PART
COMMERCIAL GENERAL LIABILITY COVERAGE PART
COMMERCIAL INLAND MARINE COVERAGE PART
COMMERCIAL PROPERTY COVERAGE PART
EMPLOYMENT-RELATED PRACTICES LIABILITY COVERAGE PART
FARM COVERAGE PART
LIQUOR LIABILITY COVERAGE PART
POLLUTION LIABILITY COVERAGE PART
PRODUCTS/COMPLETED OPERATIONS LIABILITY COVERAGE PART
PROFESSIONAL LIABILITY COVERAGE PART

- * This endorsement does not apply to coverage provided for employee dishonesty (Coverage Form A) or to public employee dishonesty (Coverage Forms O and P).
- A. Paragraph 2. of the CANCELLATION Common Policy Condition is replaced by the following:
 - 2. Cancellation of Policies in Effect For 60 Days Or Less
If this policy has been in effect for 60 days or less, we may cancel this policy for any reason by mailing or delivering to the first Named Insured written notice of cancellation, stating the reason for cancellation, at least 14 days before the effective date of cancellation.
- B. The following is added to the CANCELLATION Common Policy Condition:
 - 7. Cancellation of Policies in Effect For More Than 60 Days
 - a. If this policy has been in effect for more than 60 days or is a renewal of a policy we issued, we may cancel this policy only for one or more of the following reasons:
 - (1) Nonpayment of premium;
 - (2) Discovery of fraud or material misrepresentation made by you or with your knowledge in obtaining the policy, continuing the policy, or in presenting a claim under the policy;
 - (3) Discovery of willful or reckless acts or omissions on your part which increase any hazard insured against;
 - b. If we cancel this policy based on paragraph 7.a. above, we will mail or deliver a written notice of cancellation to the first Named Insured, stating the reason for cancellation, at least:
 - (1) 14 days before the effective date of the cancellation, if cancellation is for non-payment of premium; or
 - (2) 75 days before the effective date of the cancellation, if cancellation is for any reason stated in 7.a.(2) through 7.a.(7) above.
 - (4) The occurrence of a change in the risk which substantially increases any hazard insured against after insurance coverage has been issued or renewed;
 - (5) A violation of any local fire, health, safety, building, or construction regulation or ordinance with respect to any insured property or the occupancy thereof which substantially increases any hazard insured against;
 - (6) We are unable to reinsure the risk covered by the policy; or
 - (7) A determination by the commissioner that the continuation of the policy would place us in violation of the Kentucky insurance code or regulations of the commissioner.

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C. The following is added and supersedes any provision to the contrary:

NONRENEWAL

1. For the purpose of this Condition:

- a. Any policy period or term of less than 6 months shall be considered to be a policy period or term of six months; and
- b. Any policy period or term of more than 1 year or any policy with no fixed expiration date shall be considered a policy period or term of 1 year.

2. If we elect not to renew this policy, we will mail or deliver written notice of nonrenewal, stating the reason for nonrenewal, to the first Named Insured shown in the Declarations, at the last mailing address known to us, at least 75 days before the expiration date of the policy period.

3. If notice of nonrenewal is not provided pursuant to this Condition, coverage under the same terms and conditions shall be deemed to be renewed for the ensuing policy period upon payment of the appropriate premium until you have accepted replacement coverage with another insurer, or until you have agreed to the nonrenewal.

4. If we mail or deliver a renewal notice to the first Named Insured at least 30 days before the end of the policy period, stating the renewal premium and its due date, the policy will terminate without further notice unless the renewal premium is received by us or our authorized agent by the due date.

5. If this policy terminates because the renewal premium has not been received by the due date, we will, within 15 days, mail or deliver to the first Named Insured at his last known address a notice that the policy was not renewed and the date it was terminated.

6. If notice is mailed, proof of mailing is sufficient proof of notice.

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THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

NORTH CAROLINA CHANGES - CANCELLATION AND NONRENEWAL

This endorsement modifies insurance provided under the following:

BOILER AND MACHINERY COVERAGE PART
BUSINESSOWNERS POLICY
COMMERCIAL CRIME COVERAGE PART
COMMERCIAL GENERAL LIABILITY COVERAGE PART
COMMERCIAL INLAND MARINE COVERAGE PART
COMMERCIAL PROPERTY COVERAGE PART
FARM COVERAGE PART
LIQUOR LIABILITY COVERAGE PART
POLLUTION LIABILITY COVERAGE PART
PRODUCTS/COMPLETED OPERATIONS LIABILITY COVERAGE PART

* This endorsement does not apply to coverage provided for employee dishonesty (Coverage Form A), forgery or alteration (Coverage Form B), or public employee dishonesty (Coverage Forms O and P).

A. Paragraph 2. of the CANCELLATION Common Policy Condition is replaced by the following:

2.a. CANCELLATION OF POLICIES IN EFFECT LESS THAN 60 DAYS

If this policy has been in effect for less than 60 days, we may cancel this policy by mailing or delivering to the first Named Insured written notice of cancellation at least:

- (1) 15 days before the effective date of cancellation if we cancel for nonpayment of premium; or
- (2) 30 days before the effective date of cancellation if we cancel for any other reason.

b. CANCELLATION OF POLICIES IN EFFECT FOR 60 DAYS OR MORE

If this policy has been in effect for 60 days or more, or is a renewal of a policy we issued, we may cancel this policy prior to the:

- (1) Expiration of the policy term; or
- (2) Anniversary date,

stated in the policy only for one or more of the following reasons:

- (a) Nonpayment of premium;
- (b) An act or omission by the insured or his or her representative that constitutes material misrepresentation or nondisclosure of a material fact in obtaining this policy, continuing this policy or presenting a claim under this policy;

(c) Increased hazard or material change in the risk assumed that could not have been reasonably contemplated by the parties at the time of assumption of the risk;

(d) Substantial breach of contractual duties, conditions or warranties that materially affects the insurability of the risk;

(e) A fraudulent act against us by the insured or his or her representative that materially affects the insurability of the risk;

(f) Willful failure by the insured or his or her representative to institute reasonable loss control measures that materially affect the insurability of the risk after written notice by us;

(g) Loss of facultative reinsurance, or loss of or substantial changes in applicable reinsurance as provided in G.S. 58-41-30;

(h) Conviction of the insured of a crime arising out of acts that materially affect the insurability of the risk;

(i) A determination by the Commissioner of Insurance that the continuation of the policy would place us in violation of the laws of North Carolina; or

BZH104655

- (j) You fail to meet the requirements contained in our corporate charter, articles of incorporation or by-laws when we are a company organized for the sole purpose of providing members of an organization with insurance coverage in North Carolina.

We will mail or deliver written notice of cancellation to the first Named Insured at least:

- (i) 15 days before the effective date of cancellation if we cancel for nonpayment of premium; or
(ii) 30 days before the effective date of cancellation if we cancel for any other reason.

c. Cancellation for nonpayment of premium will not become effective if you pay the premium amount due before the effective date of cancellation.

d. We may also cancel this policy for any reason not stated above provided we obtain your prior written consent.

B. The following provisions are added and supersede any other provisions to the contrary:

1. NONRENEWAL

- a. If we elect not to renew this policy, we will mail or deliver to the first Named Insured shown in the Declarations written notice of nonrenewal at least 45 days prior to the:

- (1) Expiration of the policy if this policy has been written for one year or less; or

- (2) Anniversary date of the policy if this policy has been written for more than one year or for an indefinite term.

b. We need not mail or deliver the notice of nonrenewal if you have:

- (1) Insured property covered under this policy, under any other insurance policy;

(2) Accepted replacement coverage; or

(3) Requested or agreed to nonrenewal of this policy.

c. If notice is mailed, proof of mailing will be sufficient proof of notice.

2. The written notice of cancellation or nonrenewal will:

- a. Be mailed or delivered to the first Named Insured and any designated mortgagee or loss payee at their addresses shown in the policy, or if not indicated in the policy, at their last known addresses; and

b. State the reason or reasons for cancellation or nonrenewal.

BZH104656

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

INDIANA CHANGES – CANCELLATION AND NONRENEWAL

This endorsement modifies insurance provided under the following:

BOILER AND MACHINERY COVERAGE PART
BUSINESSOWNERS POLICY
COMMERCIAL AUTO COVERAGE PART
COMMERCIAL CRIME COVERAGE PART*
COMMERCIAL GENERAL LIABILITY COVERAGE PART
COMMERCIAL INLAND MARINE COVERAGE PART
COMMERCIAL PROPERTY COVERAGE PART
FARM COVERAGE PART
EMPLOYMENT-RELATED PRACTICES LIABILITY COVERAGE PART
LIQUOR LIABILITY COVERAGE PART
POLLUTION LIABILITY COVERAGE PART
PRODUCTS/COMPLETED OPERATIONS LIABILITY COVERAGE PART

*This endorsement does not apply to coverage provided for employee dishonesty (Coverage Form A), forgery or alteration (Coverage Form B), or public employee dishonesty (Coverage Forms O and P).

A. Paragraph 2. of the CANCELLATION Common Policy Condition is replaced by the following:

2.a. Cancellation of Policies in Effect for 90 Days or Less

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

- (1) 10 days before the effective date of cancellation if we cancel for nonpayment of premium;
- (2) 20 days before the effective date of cancellation if you have perpetrated a fraud or material misrepresentation on us; or
- (3) 30 days before the effective date of cancellation if we cancel for any other reason.

b. Cancellation of Policies in Effect for More Than 90 Days

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

- (1) 10 days before the effective date of cancellation if we cancel for nonpayment of premium;

- (2) 20 days before the effective date of cancellation if you have perpetrated a fraud or material misrepresentation on us; or

- (3) 45 days before the effective date of cancellation if:

- (a) There has been a substantial change in the scale of risk covered by this policy; or
- (b) Reinsurance of the risk associated with this policy has been cancelled.

B. The following is added to the Common Policy Conditions and supersedes any provision to the contrary.

NONRENEWAL

1. If we elect not to renew this policy, we will mail or deliver to the first Named Insured written notice of nonrenewal at least 45 days before:

- a. The expiration date of this policy, if the policy is written for a term of one year or less; or
- b. The anniversary date of this policy, if the policy is written for a term of more than one year.

2. We will mail or deliver our notice to the first Named Insured's last mailing address known to us. If notice is mailed, proof of mailing will be sufficient proof of notice.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

INDIANA CHANGES – CANCELLATION AND NONRENEWAL

This endorsement modifies insurance provided under the following:

BOILER AND MACHINERY COVERAGE PART
BUSINESSOWNERS POLICY
COMMERCIAL AUTO COVERAGE PART
COMMERCIAL CRIME COVERAGE PART*
COMMERCIAL GENERAL LIABILITY COVERAGE PART
COMMERCIAL INLAND MARINE COVERAGE PART
COMMERCIAL PROPERTY COVERAGE PART
FARM COVERAGE PART
EMPLOYMENT-RELATED PRACTICES LIABILITY COVERAGE PART
LIQUOR LIABILITY COVERAGE PART
POLLUTION LIABILITY COVERAGE PART
PRODUCTS/COMPLETED OPERATIONS LIABILITY COVERAGE PART

*This endorsement does not apply to coverage provided for employee dishonesty (Coverage Form A), forgery or alteration (Coverage Form B), or public employee dishonesty (Coverage Forms O and P).

A. Paragraph 2. of the CANCELLATION Common Policy Condition is replaced by the following:

2.a. Cancellation of Policies in Effect for 90 Days or Less

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

- (1) 10 days before the effective date of cancellation if we cancel for nonpayment of premium;
- (2) 20 days before the effective date of cancellation if you have perpetrated a fraud or material misrepresentation on us; or
- (3) 30 days before the effective date of cancellation if we cancel for any other reason.

b. Cancellation of Policies in Effect for More Than 90 Days

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

- (1) 10 days before the effective date of cancellation if we cancel for nonpayment of premium;

- (2) 20 days before the effective date of cancellation if you have perpetrated a fraud or material misrepresentation on us; or

- (3) 45 days before the effective date of cancellation if:

(a) There has been a substantial change in the scale of risk covered by this policy; or

(b) Reinsurance of the risk associated with this policy has been cancelled.

B. The following is added to the Common Policy Conditions and supersedes any provision to the contrary.

NONRENEWAL

1. If we elect not to renew this policy, we will mail or deliver to the first Named Insured written notice of nonrenewal at least 45 days before:

a. The expiration date of this policy, if the policy is written for a term of one year or less; or

b. The anniversary date of this policy, if the policy is written for a term of more than one year.

2. We will mail or deliver our notice to the first Named Insured's last mailing address known to us. If notice is mailed, proof of mailing will be sufficient proof of notice.

POLICY NUMBER:

INTERLINE
IL 04 15 04 98

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

PROTECTIVE SAFEGUARDS

This endorsement modifies insurance provided under the following:

COMMERCIAL PROPERTY COVERAGE PART
FARM COVERAGE PART

SCHEDULE*

Prem. No.	Bldg. No.	Protective Safeguards Symbols Applicable
Describe any "P-9":		
* Information required to complete this Schedule, if not shown on this endorsement, will be shown in the Declarations.		

A. The following is added to the:

Commercial Property Conditions
General Conditions in the
Farm Property - Other Farm
Provisions Form - Additional Coverages,
Conditions, Definitions
General Conditions in the Mobile Agricultural
Machinery and Equipment Coverage Form
General Conditions in the Livestock Coverage
Form

PROTECTIVE SAFEGUARDS

1. As a condition of this insurance, you are required to maintain the protective devices or services listed in the Schedule above.
2. The protective safeguards to which this endorsement applies are identified by the following symbols:

"P-1" Automatic Sprinkler System, including related supervisory services.

Automatic Sprinkler System means:

- a. Any automatic fire protective or extinguishing system, including connected:
 - (1) Sprinklers and discharge nozzles;
 - (2) Ducts, pipes, valves and fittings;

(3) Tanks, their component parts and supports; and

(4) Pumps and private fire protection mains.

b. When supplied from an automatic fire protective system:

(1) Non-automatic fire protective systems; and

(2) Hydrants, standpipes and outlets.

"P-2" Automatic Fire Alarm, protecting the entire building, that is:

- a. Connected to a central station; or
- b. Reporting to a public or private fire alarm station.

"P-3" Security Service, with a recording system or watch clock, making hourly rounds covering the entire building, when the premises are not in actual operation.

"P-4" Service Contract with a privately owned fire department providing fire protection service to the described premises.

"P-9" The protective system described in the Schedule.

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B. The following is added to the EXCLUSIONS section of:

CAUSES OF LOSS - BASIC FORM
CAUSES OF LOSS - BROAD FORM
CAUSES OF LOSS - SPECIAL FORM
MORTGAGE HOLDERS ERRORS AND
OMISSIONS COVERAGE FORM
STANDARD PROPERTY POLICY
CAUSES OF LOSS FORM - FARM
PROPERTY
MOBILE AGRICULTURAL MACHINERY AND
EQUIPMENT COVERAGE FORM
LIVESTOCK COVERAGE FORM

We will not pay for loss or damage caused by or resulting from fire if, prior to the fire, you:

1. Knew of any suspension or impairment in any protective safeguard listed in the Schedule above and failed to notify us of that fact; or
2. Failed to maintain any protective safeguard listed in the Schedule above, and over which you had control, in complete working order.

If part of 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.

BZH104660

MINICOMPUTER 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 F — DEFINITIONS.

A. COVERAGE

We will pay for "loss" to Covered Property from any of the Covered Causes of Loss

1. COVERED PROPERTY

Covered Property, as used in this Coverage Form, means electronic "data" processing equipment and its component parts as scheduled in the Declarations which is:

- a. Owned by you; or
- b. Leased, rented or under your control and for which you are legally liable.

2. PROPERTY NOT COVERED

Covered Property does not include:

- a. Accounts, bills, evidences of debt, valuable papers, records, abstracts, deeds, manuscripts or other similar documents. However, we will pay for "loss" to these items when in "data" form. This coverage is subject to paragraph 2.c. below.
- b. Property rented or leased to others while away from your premises;
- c. Any "data" or "media" which cannot be replaced with other of like kind and quality;
- d. Contraband, or property in the course of illegal transportation or trade.

3. COVERED CAUSES OF LOSS

Covered Causes of Loss means RISKS OF DIRECT PHYSICAL "LOSS" to Covered Property except those causes of "loss" Listed in the Exclusions.

4. ADDITIONAL COVERAGE — COLLAPSE

We will pay for direct "loss" caused by or resulting from risks of direct physical "loss" involving collapse of all or part of a

building or structure caused by one or more of the following:

- a. Fire; lightning; windstorm; hail; explosion; smoke; aircraft; vehicles; riot; civil commotion; vandalism; breakage of glass; falling objects; weight of snow ice or sleet; water damage; all only as covered in this Coverage Form,
- b. Hidden decay;
- c. Hidden insect or vermin damage;
- d. Weight of people or personal property.
- e. Weight of rain that collects on a roof;
- f. Use of defective materials or methods in construction, remodeling or renovation if the collapse occurs during the course of the construction, remodeling or renovation.

This Additional Coverage does not increase the Limits of Insurance provided in this Coverage Form.

5. COVERAGE EXTENSIONS

This Coverage Form is extended to cover

- a. Your "Data" and "Media", or "Data" and "Media" for which you are liable.

The most we will pay for "loss" under this Extension is 25% of the total Limit of Insurance on equipment at each location, but not more than \$10,000.

- b. The actual and necessary Extra Expense you sustain due to direct physical "loss" to Covered Property covered by this Coverage Form. Extra Expense means necessary expenses you incur during the "period of restoration" that you would not have incurred if there had been no direct physical "loss" to Covered Property.

The most we will pay for "loss" under this Extension is 25% of the total Limit of Insurance shown on the Declarations for equipment at each location, but not more than \$10,000.

- c. Newly acquired equipment. Coverage is extended to newly acquired property similar to already Covered Property as of its delivery date to your premises. The most we will pay for "loss" under this Extension is 25% of the total Limit of Insurance on equipment at the location, but not more than \$50,000.

Insurance under this Extension will end when any of the following first occurs:

- (1) This policy expires;
- (2) 30 days expire after you acquire the property; or
- (3) You report values to us.

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

- d. Newly acquired locations Coverage is extended to equipment already covered by this Coverage Form if it is moved to a new location occupied by you. The most we will pay for "loss" under this Extension is \$50,000.

Insurance under this Extension will end when any of the following first occurs:

- (1) This policy expires.
- (2) 30 days expire after you acquire the location, or
- (3) You report values to us.

We will charge you additional premium if due for values reported from the date you acquire the property

- e. Debris Removal. We will pay your expenses to remove debris of Covered Property caused by or resulting from a Covered Cause of Loss. The most we will pay under this Extension is 10% of the Limit of Insurance for the damaged property, but not more than \$10,000

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

- (1) While it is being moved or while temporarily stored at another location;
- (2) If the "loss" occurs within 10 days after the property is first moved

- g. Transit. We will pay for "loss" to Covered Property resulting from a Covered Cause of Loss while the property is in transit or at a temporary location. The most we will pay under this Extension is \$10,000.

B. EXCLUSION

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

a. GOVERNMENTAL ACTION

Seizure or destruction of property by order of governmental authority.

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

b. NUCLEAR HAZARD

- (1) Any weapon employing atomic fission or fusion; or
- (2) Nuclear reaction or radiation or radioactive contamination from any other cause. But we will pay for direct "loss" caused by resulting fire if the fire would be covered under this Coverage Form.

c. 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.

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

- a. Mechanical failure, faulty workmanship or material, or error or omission in design of the Covered Property But if "loss" by fire or explosion results, we will pay for that resulting "loss"
- b. Any quality in the property that causes it to damage or destroy itself, wear and tear, insects, gradual deterioration or depreciation;
- c. Dishonest or criminal acts by you, any of your partners, employees, directors, trustees, authorized representatives or

anyone to whom you entrust the property for any purpose:

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

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

- d. Dryness or dampness of atmosphere extremes of temperature, corrosion, or rust unless directly resulting from "loss" to the "data processing system's air conditioning facilities caused by a Cause of Loss not excluded in this Coverage Form:

- e. Short circuit, blow out, or other electrical disturbance, other than lightning, within the Covered Property

However, if "loss" by fire or explosion results, we will pay for that resulting damage.

- f. Actual work upon the Covered Property. However, if "loss" by fire or explosion results, we will pay for that resulting damage.

- g. Error in machine programming or instructions to machine;

- h. The enforcement of any state or municipal law or ordinance unless such liability is specifically assumed elsewhere in this Coverage Form;

- i. Delay, loss of profit, loss of use or loss of market;

- j. Interferences at premises by strikers or other persons with repairing or replacing the property damaged or destroyed or with the resumption or continuation of your operation;

- k. Voluntary parting with any property by you or anyone entrusted with the property if induced to do so by any fraudulent scheme, trick, device or false pretense;

- l. Unauthorized instructions to transfer property to any person or to any place.

3. We will not pay for a "loss" caused by or resulting from any of the following. But if "loss" by a Covered Cause of Loss results, we will pay for that resulting "loss".

- a. Weather conditions. But this exclusion only applies if weather conditions con-

tribute in any way with a Cause of event excluded in paragraph 1 above to produce "loss"

- 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 wherever located.

- d. Collapse except as provided in the Additional Coverage Collapse section of this Coverage Form.

C. LIMITS OF INSURANCE

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

D. DEDUCTIBLE

We will not pay for "loss" in any one occurrence until the amount of the adjusted "loss" before applying the applicable Limits of Insurance exceeds the Deductible shown in the Declarations. We will then pay the amount of the adjusted "loss" in excess of the Deductible, up to the applicable Limit of Insurance.

E. ADDITIONAL CONDITIONS

The following conditions apply in addition to the Commercial Inland Marine Conditions and the Common Policy Conditions:

1. COVERAGE TERRITORY

We cover property wherever located within:

- a. The United States of America;
- b. Puerto Rico; and
- c. Canada.

2. VALUATION

- a. Equipment

- (1) If coverage is shown on the Declarations as Actual Cash Value, General Condition E. Valuation in the Commercial Inland Marine Conditions applies.

- (2) If coverage is shown on the Declarations as Replacement Cost, General Condition E. Valuation in the Commercial Inland Marine Conditions is replaced by the following:

We will not pay more for "loss" on a replacement cost basis than the actual retail replacement cost of property similar in kind to the Covered Property at the time of the "loss".

However, we will not pay more than the Limit of Insurance shown in the Declarations.

b. "Data" and "Media"

- (1) "Data". The actual cost of reproducing the "data". If "data" is not replaced or reproduced, then the cost of blank "media".
- (2) "Media". The actual cost to repair or replace the property with material of like kind and quality.

3. COINSURANCE

This clause applies to equipment and its component parts:

All Covered Property must be insured for its total value. If all Covered Property is not insured for its total value as of the time of "loss" you will incur a penalty.

The penalty is that we will pay only the proportion of any "loss" that the Limit of Insurance shown in the Declarations for all Covered Property at all locations bears to the total value of all property at all locations as of the time of "loss".

F. DEFINITIONS

1. "Loss" means accidental loss or damage.
2. "Media" means the materials on which "data" is stored.
3. "Data" means the information stored on the "media", including computer programs.
4. "Period of Restoration" means the period of time that:
 - a. Begins with the date of direct physical "loss" caused by or resulting from any Covered Cause of Loss; and
 - b. Ends on the date when the property at the described premises should be repaired, rebuilt or replaced with reasonable speed and similar quality.

we will pay for the loss or damage even if use of defective material or methods in construction, remodeling or renovation, contributes to the collapse.

- (2) If the direct physical loss or damage does not involve collapse of a building or any part of a building, we will pay for loss or damage to Covered Property caused by the collapse of personal property only if the collapse was caused by a cause of loss listed in e.(1)(a) through e.(1)(f) above.

- (3) Collapse does not include settling, cracking, shrinkage, bulging or expansion.

f. Fire Department Service Charge

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

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

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

5. Coverage Extensions

a. Recharging of Fire Extinguishing Equipment

You may extend the insurance provided by this policy to apply to expenses you incur for the recharging of fire extinguishers or fire extinguishing systems. This Coverage Extension applies to recharging expenses:

- (1) For extinguishing equipment that is mounted or installed on Covered Property; and
- (2) When the extinguishing equipment is discharged to fight a fire involving Covered Property.

The most we will pay under this Coverage Extension is \$1,000.

This Coverage Extension is not subject to the Limits of Insurance.

b. Waiver of Depreciation (Partial Losses)

We will not deduct for depreciation on the adjustment of any partial loss that does not exceed 10% of the Actual Cash Value of the item at the time of loss.

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. 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 policy.

b. 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.

c. 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.

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

a. Consequential Losses

Delay, loss of use or loss of market.

b. Dishonesty

Dishonest or criminal acts by you, anyone else with an interest in the property, or any of your or their partners, employees, directors, trustees, authorized representatives or anyone to whom you entrust the property for any purpose:

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

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

This exclusion does not apply to covered property in the custody of a carrier for hire.

c. False Pretense

Voluntary parting with any property by you or anyone else to whom you have entrusted the property if induced to do so by any fraudulent scheme, trick, device or false pretense.

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d. Pollution

We will not pay for loss or damage caused by or resulting from the 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".

e. Other Types of Loss

- (1) Wear and tear;
- (2) Rust, corrosion, fungus, decay, deterioration, hidden or latent defect or any quality in property that causes it to damage or destroy itself;
- (3) Weight of a load, when it exceeds the designed capacity of any Covered Property to lift, move or support the load from any position;
- (4) Your neglect to use all reasonable means to save and preserve Covered Property from impending loss or damage during and after the occurrence of loss;
- (5) Loss of or damage to tires and tubes in or on a unit from:
 - (a) Theft, unless the entire unit is stolen; or
 - (b) Damage due and confined to blow-out, bruises, cuts or other causes inherent in the use of the unit. However, if the loss is a result of another Covered Cause of Loss, we will pay for the damage;
- (6) Unexplained disappearance;
- (7) Shortage found upon taking inventory;
- (8) Mechanical or electrical breakdown or failure. But we will pay for direct loss caused by resulting fire or explosion;
- (9) Repairing, adjusting, servicing or maintenance operations. But we will pay for direct loss caused by resulting fire or explosion; or
- (10) The following causes of loss to covered property:

- (a) Dampness or dryness of atmosphere;
- (b) Changes in or extremes of temperature;
- (c) Freezing; or
- (d) Marring or scratching;

(11) Collapse, except as provided in the Additional Coverage for Collapse.

But if an excluded cause of loss that is listed in B.2.e.(1), B.2.e.(2), B.2.e.(8), B.2.e.(9), B.2.e.(10) or B.2.e.(11) results in a Covered Cause of loss, we will pay for the loss or damage caused by that Covered Cause of loss.

C. LIMITS OF INSURANCE

The most we will pay for loss in any one occurrence is the Catastrophic Limit of Insurance, but no more than the Per Item Limit of Insurance for any one item, shown in the Blanket Contractors Equipment Declarations.

D. DEDUCTIBLE

1. We will not pay for loss or damage in any one occurrence until the amount of loss or damage exceeds the Equipment Deductible shown in the Blanket Contractors Equipment Declarations. We will then pay the amount of loss or damage in excess of the Equipment Deductible up to the applicable Limit of Insurance.
2. Regardless of the amount of the Equipment Deductible shown in the Blanket Contractors Equipment Declarations, the most we will deduct from any loss or damage, under the:
 - a. Employees Tools Additional Coverage is \$100 per employee claim; and
 - b. Office Trailers and Contents Additional Coverage is \$250.

But these Additional Coverage Deductibles will not increase the Equipment Deductible shown in the Blanket Contractors Equipment Declarations. These Deductibles will be used to satisfy the requirements of the Equipment Deductible shown in the Blanket Contractors Equipment Declarations.

3. No Deductible applies to the following:

- a. Additional Coverages:
 - (1) Reward Expense Coverage;
 - (2) Fire Department Service Charge; and

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- b. The Recharging of Fire Extinguishing Equipment Coverage Extension.

E. ADDITIONAL CONDITIONS

The following additional conditions apply.

1. COINSURANCE

All Covered Property must be insured for at least 80% of the total values at the time of the loss or you will incur a penalty.

The penalty is that we will pay only the proportion of any loss that the Catastrophic Limit of Insurance shown in the Blanket Contractors Equipment Declarations for Covered Property bears to 80% of the total values of all Covered Property as of the time of the loss.

2. COVERAGE TERRITORY

We cover property wherever located within:

- a. The United States of America;
- b. Puerto Rico; and
- c. Canada.

3. IMPAIRMENT OF RECOVERY

We will not pay for loss or damage if you have made any agreement or make any agreement that relieves another person or organization from any liability which law or custom may impose upon them.

F. OPTIONAL COVERAGES

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

1. Rental Reimbursement

- a. We will reimburse you for rental expenses you incur when it is necessary to rent equipment to replace Covered Property which has been damaged by a covered Cause of Loss. We will reimburse you only when the Covered Property has been damaged to the extent that it must be withdrawn from normal use.
- b. We will not reimburse you:
 - (1) When other equipment owned or controlled by you can be used to continue operations.
 - (2) When the rented equipment is not similar and used for the same purpose as the replaced equipment.
 - (3) For the rental expense of any equipment unless you make every reasonable effort to repair, replace, or rebuild the inoperable equipment after the loss occurs.

- c. This Rental Reimbursement optional coverage:

- (1) Begins 48 hours after the loss. Sundays and legal holidays are not to be included in this 48 hour period; and
- (2) Ends when the insured property is repaired, replaced or restored to service regardless of the expiration date of the policy.

- d. The most we will reimburse you is the applicable Limits of Insurance for Rental Reimbursement shown in the Blanket Contractors Equipment Declarations.

This Optional Coverage applies to owned equipment only.

No deductible applies to this Optional Coverage.

2. Replacement Cost Coverage

Paragraph F. VALUATION of the General Conditions in the COMMERCIAL INLAND MARINE CONDITIONS form is deleted and replaced by:

The value of property will be determined as follows:

- a. Owned Covered Property will be valued at replacement cost without deduction for depreciation.

Replacement cost is limited to the cost of repair or replacement with similar equipment and used for the same purpose. Payment shall not exceed the amount you spend to repair or replace the damage or destroy property.

Paragraph G. Pairs, Sets Or Parts of the LOSS CONDITIONS in the COMMERCIAL INLAND MARINE CONDITIONS does not apply to items valued at replacement cost.

Paragraph A.5.b. Waiver of Depreciation (Partial Losses) does not apply to items valued at replacement cost.

- b. Covered Property of others will be valued at the least of the following:

- (a) The actual cash value of that property at the time of loss or damage;
- (b) The cost of reasonably restoring that property to its condition immediately before loss or damage; or
- (c) The cost of replacing that property with substantially identical property.

In the event of a loss or damage, the value of the property will be determined as of the time of the loss or damage.

BZH104667

3. Percentage Deductible

Section D. DEDUCTIBLE is deleted and replaced by the following:

DEDUCTIBLE

- a. We will not pay for loss or damage in any one occurrence until the amount of loss or damage exceeds the Percentage Deductible shown in the Blanket Contractors Equipment Declarations. We will then pay the amount of loss or damage in excess of the Percentage Deductible up to the applicable Limit of Insurance.

The Percentage Deductible amount is determined by applying the percentage indicated in the Blanket Contractors Equipment Declarations to the value of the covered property that is involved in the loss. If a loss involves two or more items, the percentage indicated in the Blanket Contractors Equipment Declarations will apply only to the covered property with the highest value.

The Percentage Deductible will not exceed the Maximum Deductible amount and will not be less than the Minimum Deductible amount indicated in the Blanket Contractors Equipment Declarations.

- b. Regardless of the amount of Percentage Deductible shown in the Blanket Contractors Equipment Declarations, the most we will deduct from any loss or damage, under the:

- (1) Employees Tools Additional Coverage is \$100 per employee claim; and
- (2) Office Trailers and Contents Additional Coverage is \$250

But these Additional Coverage Deductibles will not increase the Percentage Deductible shown in the Blanket Contractors Equipment Declarations. These Deductibles will be used to satisfy the requirements of the Percentage Deductible shown in the Blanket Contractors Equipment Declarations.

- c. No deductible applies to the following:

(1) Additional Coverages:

- (a) Reward Expense Coverage;
- (b) Fire Department Service Charge; and

(2) The Recharging of Fire Extinguishing Equipment Coverage Extension.

G. DEFINITIONS

1. "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.

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 of or damage to:

- (1) Personal property in the open; or
- (2) The interior of a building or structure, or property inside a building or structure, unless the roof or an outside wall of the building or structure is first damaged by a falling object.

- c. Water damage means accidental discharge or leakage of water or steam as the direct result of the breaking apart or cracking of any part of a system or appliance (other than a sump system including its related equipment and parts) containing water or steam.

BZH104668

BZH104669

ROA 1405

CERTIFIED COPY

I CERTIFY THIS COPY
TO BE TRUE AND EXACT

Charles T. Taylor Jr.

CHARLES TAYLOR JR.
VICE PRESIDENT

BZH104670

ROA 1406

general casualty

COMPREHENSIVE INSURANCE POLICY

GENERAL CASUALTY INSURANCE COMPANIES

**GENERAL CASUALTY COMPANY OF WISCONSIN
A STOCK COMPANY
ONE GENERAL DRIVE
SUN PRAIRIE, WISCONSIN 53596**

**GENERAL CASUALTY COMPANY OF ILLINOIS
A STOCK COMPANY
1125 S. KIWANIS DRIVE
FREEPORT, ILLINOIS 61032**

**REGENT INSURANCE COMPANY
A STOCK COMPANY
ONE GENERAL DRIVE
SUN PRAIRIE, WISCONSIN 53596**

BZH104671

ROA 1407

IN RETURN FOR THE PAYMENT OF THE PREMIUM, AND SUBJECT TO ALL THE TERMS OF THIS POLICY, WE AGREE WITH YOU TO PROVIDE THE INSURANCE AS STATED IN THIS POLICY.

POLICY PERIOD — 12:01 AM STANDARD TIME AT THE NAMED INSURED'S MAILING ADDRESS SHOWN IN THE DECLARATIONS.



COMPREHENSIVE INSURANCE POLICY QUICK REFERENCE

This Comprehensive Insurance Policy consists of one or more Coverage Part(s). Each Coverage Part consists of several items as described below:

1. **DECLARATION PAGES:** They list the Named Insured, Policy Period, and the Coverage Form(s) included in the policy. They also show the limits of insurance and endorsements that apply to each Coverage Form.
2. **COVERAGE FORMS:** Each Coverage Form describes what is and is not covered and the circumstances under which coverage is provided or excluded. They also include any conditions that apply specifically to that Coverage Form.
3. **ADDITIONAL PROVISIONS OR EXCLUSIONS:** Some or all of the Coverage Forms may be modified by additional provisions or exclusions. When this happens, the forms which contain those provisions or exclusions will be found after the Coverage Forms they modify. The form numbers will also appear on the Declaration Pages of the Coverage Form(s) to which they apply.
4. **COMMON POLICY CONDITIONS AND CONDITIONS SPECIFIC TO INDIVIDUAL COVERAGE PARTS:** This policy contains a Common Policy Conditions Form which lists those conditions which apply to all Coverage Parts written in the policy. Each Individual Coverage Part contains a form which lists those conditions which apply only to that Coverage Part.

THIS QUICK REFERENCE IS NOT PART OF THE COMPREHENSIVE INSURANCE POLICY AND DOES NOT PROVIDE COVERAGE. PLEASE READ THE COMPREHENSIVE INSURANCE POLICY ITSELF FOR ACTUAL CONTRACTUAL PROVISIONS.

IN WITNESS WHEREOF, the Company designated on the Declaration page has caused this policy to be signed by its president and secretary, but this policy shall not be valid unless completed by the attachment hereto of a Declaration page and countersigned on the aforesaid Declaration page by a duly authorized agent of the company.

Anne Brouwers Smith
Secretary

John G. Bollock
President

BZH104672

ROA 1408

CCI 032061500
PAGE 1 OF 15
AGENCY BILL

COMPANY COPY
COMPREHENSIVE INSURANCE POLICY

general casualty

NEW DECLARATION

POLICY NUMBER	POLICY PERIOD	COVERAGE IS PROVIDED BY THE	AGENCY
CCI 0320615	08/29/2000 08/29/2001	REGENT INSURANCE COMPANY	0133009 01
NAMED INSURED AND ADDRESS		AGENT	
CROSSMANN COMMUNITIES INC AS PER G40 9210 N MERIDIAN ST INDIANAPOLIS IN 46260		MBAH INSURANCE 2663 DUNCAN ROAD PO BOX 5609 LAFAYETTE IN 157 47903	

FORM OF BUSINESS: CORPORATION

BUSINESS DESCRIPTION: BUILDER

THIS POLICY CONSISTS OF THE FOLLOWING COVERAGE PARTS INDICATED BY AN (X).

COVERAGE PARTS

- (X) COMMERCIAL PROPERTY COVERAGE PART
- (X) COMMERCIAL INLAND MARINE COVERAGE PART
- (X) COMMERCIAL GENERAL LIABILITY COVERAGE PART
- (X) COMMERCIAL CRIME COVERAGE PART
- () BOILER AND MACHINERY COVERAGE PART
- () COMMERCIAL AUTO COVERAGE PART
- () COMMERCIAL UMBRELLA COVERAGE PART
- ()
- ()

MINIMUM PREMIUM \$ 100

TOTAL PREMIUM FOR ALL COVERAGE PART(S) \$ 212,463*

THIS PREMIUM MAY BE SUBJECT TO ADJUSTMENTS DEPENDING ON THE TERMS AND
CONOITIONS OF THE INDIVIDUAL COVERAGE PART(S).

AUDIT PERIOD: () ANNUAL (X) SEMI-ANNUAL () QUARTERLY () MONTHLY

APPLICABLE FORMS - PER G40 (5-85) ATTACHED

CI 7901 (07-86)

AUTHORIZED SIGNATURE

10/29/2000

DATE

BZH104673

ROA 1409

CCI 032061500
PAGE 2 OF 15
AGENCY BILL

COMPANY COPY
COMPREHENSIVE INSURANCE POLICY

general casualty

NEW DECLARATION

POLICY NUMBER	POLICY PERIOD	COVERAGE IS PROVIDED IN THE	AGENCY
CCI 0320615	08/29/2000 08/28/2001	RECENT INSURANCE COMPANY	0133009 01
NAMED INSURED AND ADDRESS	AGENT		
CROSSMANN COMMUNITIES INC AS PER G40 9210 N MERIDIAN ST INDIANAPOLIS IN 46260	MBAH INSURANCE 2563 DUNCAN ROAD PO BOX 6608 LAFAYETTE IN 157 47903		

COMMERCIAL PROPERTY COVERAGE PART DECLARATIONS
DESCRIPTION OF PREMISES

PREM. BLDG. LOCATION, CONSTRUCTION AND OCCUPANCY
BLK BLK BLANKET BUILDING AND PERSONAL PROPERTY OF THE INSURED AS PER
STATEMENT OF VALUES ON FILE WITH COMPANY

COVERAGES PROVIDED: COV. APPLIES ONLY WHERE A LIMIT OF INS. IS SHOWN BELOW.

PREM.	BLDG.	COV. (+)	LIMIT OF INS.	COVERED CAUSES OF LOSS	COINS.
BLK	BLK	A	\$ 2,983,500	SPECIAL	90 %
		B	\$ INCLUDED	SPECIAL	90 %
		C	\$		%

DEDUCTIBLE: \$ 1,000 THE DEDUCTIBLE APPLIES ON A PER OCCURRENCE BASIS.

OPTIONAL COVERAGES: APPLICABLE ONLY BY AN ENTRY IN THE SCHEDULE BELOW.

PREM.	BLDG.	COV. (+)	EXPIRATION DATE	AGREED VALUE	REPLACEMENT COST (X)	INFLATION GUARD %
BLK	BLK	A	08/29/2001	\$ 2,983,500	(X)	%
		B	08/29/2001	\$ INCLUDED	(X)	%
		C		\$	N/A	%

VALUABLE PAPERS AND RECORDS - COST OF RESEARCH INCREASED LIMIT \$

IF INDICATED BY AN (X) REPLACEMENT COST APPLIES TO "STOCK": ()

(+) A- BUILDING B- BUSINESS PERSONAL PROPERTY C- PERSONAL PROPERTY OF OTHERS

=====

COVERAGE APPLIES ONLY WHEN A LIMIT OF INSURANCE IS SHOWN BELOW.

BUSINESS INCOME:	COV. CAUSES	MAXIMUM PERIOD	MONTHLY LIMIT	EXT. PERIOD
COV. (*)	OF LOSS	OF INDEMNITY	OF INDEMNITY	OF INDEMNITY

LIMIT OF INS.	COINS.	AGREED VALUE - AMOUNT	EXPIRATION DATE
\$	%	\$	

EXTRA EXPENSE: LIMIT OF INS. COV. CAUSES OF LOSS LIMITS ON LOSS PAYMENTS

(*) BUSINESS INCOME: I - INCLUDING RENTAL VALUE II - OTHER THAN RENTAL VALUE
III - RENTAL VALUE

TOTAL PROPERTY PREMIUM: \$ INCLUDED

COMPANY COPY
COMPREHENSIVE INSURANCE POLICY

NEW DECLARATION

POLICY NUMBER	POLICY PERIOD	COVERAGE	INS. PROVIDED	PLATE	AGENCY
CCI 0320615	08/29/2000 08/29/2001	REGENT INSURANCE COMPANY			0133008 01
NAMED ASSURED AND ADDRESS		AGENCY			
CROSSMANN COMMUNITIES INC AS PER G40 8210 N MERIDIAN ST INDIANAPOLIS IN 46260		MBAH INSURANCE 2663 DUNCAN ROAD PO BOX 5608 LAFAYETTE IN 157 47803			

THIS COVERAGE PART CONSISTS OF THE FOLLOWING COVERAGE FORMS FOR WHICH A PREMIUM IS INDICATED. THIS PREMIUM MAY BE SUBJECT TO ADJUSTMENT.

COVERAGE FORM TITLE

PREMIUM

BLANKET CONTRACTORS EQUIPMENT COVERAGE
MINICOMPUTER FORM

\$ INCLUDED
\$ INCLUDED

[illegible]

TOTAL PREMIUM FOR ALL COMMERCIAL INLAND MARINE COVERAGE FORM(S) \$ INCLUDED

CM 7917 (02-96)

BZH104675

ROA 1411

CCI 032061500
PAGE 4 OF 15
AGENCY BILL

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COMPREHENSIVE INSURANCE POLICY

general casualty

NEW DECLARATION

POLICY NUMBER	POLICY PERIOD	COVERAGE IS PROVIDED BY THE	AGENT
CCI 0320615	08/28/2000 08/28/2001	REGENT INSURANCE COMPANY	0133009 01
NAMED INSURED AND ADDRESS		AGENT	
CROSSMANN COMMUNITIES INC AS PER G40 9210 N MERIDIAN ST INDIANAPOLIS IN 46260		MBAH INSURANCE 2663 DUNCAN ROAD PO BOX 6608 LAFAYETTE IN 157 47903	

BLANKET CONTRACTORS EQUIPMENT DECLARATIONS

CATASTROPHIC LIMIT OF INSURANCE \$ 578,035
PER ITEM LIMIT OF INSURANCE \$ 100,000

THE FOLLOWING DEDUCTIBLES APPLY ONLY WHEN INDICATED BY AN (X)

DEDUCTIBLES:

(X) EQUIPMENT DEDUCTIBLE \$ 500
() PERCENTAGE DEDUCTIBLE:
MINIMUM DEDUCTIBLE \$
MAXIMUM DEDUCTIBLE \$
PERCENTAGE DEDUCTIBLE %

THE FOLLOWING INCREASED LIMITS APPLY ONLY WHEN INDICATED BY AN (X)
COVERAGES

() DEBRIS REMOVAL \$
() EMPLOYEES TOOLS \$
(X) OFFICE TRAILERS AND CONTENTS \$ 50,000

THE FOLLOWING OPTIONAL COVERAGES APPLY ONLY WHEN INDICATED BY AN (X)

() RENTAL REIMBURSEMENT LIMITS OF INSURANCE
PER DAY PER ITEM \$
AGGREGATE PER POLICY YEAR \$
(X) REPLACEMENT COST COVERAGE

TOTAL ANNUAL PREMIUM THIS POLICY \$ INCLUDED

CM 7155 (05-00)

BZH104676

ROA 1412

CCI 032061500
PAGE 5 OF 15
AGENCY BILL

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COMPREHENSIVE INSURANCE POLICY

general casualty

NEW DECLARATION

POLICY NUMBER	POLICY PERIOD		COVERAGE IS PROVIDED IN RE	AGENCY
CCI 0320615	08/28/2000	08/29/2001	REGENT INSURANCE COMPANY	0133009 01
NAMED INSURED AND ADDRESS			AGENT	
CROSSMANN COMMUNITIES INC AS PER G40 9210 N MERIDIAN ST INDIANAPOLIS IN 46260			MBAH INSURANCE 2663 DUNCAN ROAD PO BOX 5609 LAFAYETTE IN 157 47903	

MINICOMPUTER DECLARATIONS

EQUIPMENT SCHEDULE

LOC. NUM.	ADDRESS OF LOCATION	LIMIT OF INSURANCE
1.	9210 N MERIDIAN STREET, INDIANAPOLIS, IN	\$ 50,000
2.		\$
3.		\$

VALUATION FOR THE PURPOSES OF THIS COVERAGE FORM IS DETERMINED BY AN (X)
() ACTUAL CASH VALUE (X) REPLACEMENT COST

DEDUCTIBLES APPLICABLE BY LOCATION:

LOCATION 1 \$ 500 LOCATION 2 \$ LOCATION 3 \$

LIMIT OF INSURANCE - DATA, MEDIA, EXTRA EXPENSE AND TRANSIT

LOC. NUM.	BASIC	DATA AND MEDIA INCREASE	TOTAL	BASIC	EXTRA EXPENSE INCREASE	TOTAL
1.	\$ 10,000	\$ 10,000	\$ 20,000	\$ 10,000	\$	\$ 10,000
2.	\$	\$	\$	\$	\$	\$
3.	\$	\$	\$	\$	\$	\$

TRANSIT \$ 10,000 \$ 10,000

() SPECIAL COVERAGE ENDORSEMENT APPLIES IF INDICATED BY AN (X)
DEDUCTIBLE AMOUNT APPLICABLE TO THE SPECIAL COVERAGE END'T. IS: \$

TOTAL PREMIUM THIS COVERAGE FORM \$ INCLUDED

CCI 032061500
PAGE 6 OF 15
AGENCY BILL

COMPANY COPY
COMPREHENSIVE INSURANCE POLICY

general casualty

NEW DECLARATION

POLICY NUMBER	POLICY PERIOD	COVERAGE IS PROVIDED BY THE	AGENCY
CCI 0320615	08/29/2000 08/29/2001	REGENT INSURANCE COMPANY	0133009 01
NAMED INSURED AND ADDRESS		AGENT	
CROSSMANN COMMUNITIES INC AS PER G40 9210 N MERIDIAN ST INDIANAPOLIS IN 46260		MBAH INSURANCE 2663 DUNCAN ROAD PO BOX 5609 LAFAYETTE IN 157 47903	

COMMERCIAL GENERAL LIABILITY COVERAGE PART DECLARATIONS

LIMIT OF INSURANCE

GENERAL AGGREGATE LIMIT..... \$ 2,000,000
(OTHER THAN PRODUCTS-COMPLETED OPERATIONS)
PRODUCTS-COMPLETED OPERATIONS AGGREGATE LIMIT..... \$ 2,000,000
PERSONAL & ADVERTISING INJURY LIMIT..... \$ 1,000,000
EACH OCCURENCE LIMIT..... \$ 1,000,000
FIRE DAMAGE LIMIT (ANY ONE FIRE)..... \$ 100,000
MEDICAL EXPENSE LIMIT (ANY ONE PERSON)..... \$ 5,000

=====

RETROACTIVE DATE (CG 00 02 ONLY)

COVERAGE A OF THIS INSURANCE DOES NOT APPLY TO "BODILY INJURY" OR "PROPERTY DAMAGE" WHICH OCCURS BEFORE THE RETROACTIVE DATE, IF ANY, SHOWN BELOW.

RETROACTIVE DATE:
(ENTER DATE OR "NONE" IF NO RETROACTIVE DATE APPLIES.)

=====

PREMIUM

TOTAL ADVANCE PREMIUM FOR THIS COVERAGE PART..... \$ INCLUDED

=====

CCI 032061500
PAGE 7 OF 15
AGENCY BILL

COMPANY COPY
COMPREHENSIVE INSURANCE POLICY

general casualty

NEW DECLARATION

POLICY NUMBER	POLICY PERIOD	COVERAGE IS PROVIDED BY THE	AGENCY
CCI 0320615	08/29/2000 08/29/2001	REGENT INSURANCE COMPANY	0133008 01
NAME, INSURED AND ADDRESS		AGENCY ADDRESS	
CROSSMANN COMMUNITIES INC AS PER G40 9210 N MERIDIAN ST INDIANAPOLIS IN 46260		MBAH INSURANCE 2663 OUNCAN ROAD PO BOX 5609 LAFAYETTE IN 47903	

CRIME COVERAGE PART DECLARATIONS
THE CRIME COVERAGE PART CONSISTS OF THIS DECLARATIONS FORM, THE CRIME
GENERAL PROVISIONS FORM AND THE COVERAGE FORMS INDICATED AS APPLICABLE.

=====

COVERAGE, PREMIUM, LIMITS OF INSURANCE AND DEDUCTIBLE

COVERAGE FORMS FORMING PART OF THIS COVERAGE PART	PREMIUM
BLANKET EMPLOYEE DISHONESTY	\$ INCLUDED
LIMIT OF INSURANCE \$ 200,000 DEDUCTIBLE \$ 1000	
FORGERY OR ALTERATION	\$ INCLUDED
LIMIT OF INSURANCE \$ 25,000 DEDUCTIBLE \$ 1000	
THEFT, DISAPPEARANCE AND DESTRUCTION - PREMISES	\$ INCLUDED
LIMIT OF INSURANCE \$ 10,000 DEDUCTIBLE \$ 1000	
THEFT, DISAPPEARANCE AND DESTRUCTION - MESSENGER	\$ INCLUDED
LIMIT OF INSURANCE \$ 10,000 DEDUCTIBLE \$ 1000	
	\$
LIMIT OF INSURANCE \$ DEDUCTIBLE \$	

=====

TOTAL PREMIUM FOR CRIME COVERAGE PART \$ INCLUDED

=====

CANCELLATION OF PRIOR INSURANCE: BY ACCEPTANCE OF THIS COVERAGE PART YOU
GIVE US NOTICE OF CANCELLING PRIOR POLICY OR BOND NOS.
THE CANCELLATION TO BE EFFECTIVE AT THE TIME THIS COVERAGE PART BECOMES
EFFECTIVE.

CR 7901 (02-96)

BZH104679

ROA 1415

CCI 032061500
PAGE 8 OF 15
AGENCY BILL

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COMPREHENSIVE INSURANCE POLICY

general casualty

NEW DECLARATION

POLICY NUMBER	POLICY PERIOD	COVERAGE IS PROVIDED IN THE	AGENCY
CCI 0320615	08/29/2000 08/29/2001	REGENT INSURANCE COMPANY	0133009 01
NAMED, GROUPED, AND ADDRESS		AGENT	
CROSSMANN COMMUNITIES INC AS PER G40 9210 N MERIDIAN ST INOIANAPOLIS IN 46260		MBAH INSURANCE 2663 DUNCAN ROAD PO BOX 6608 LAFAYETTE IN 157 47903	

ENDORSEMENT

NAMED INSURED

CROSSMANN COMMUNITIES, INC. AND ALL OF ITS SUBSIDIARIES, FINANCIALLY CONTROLLED ORGANIZATIONS, AND JOINT VENTURES PROVIDED THAT THESE ENTITIES' PRIMARY BUSINESS PURPOSE IS HOME, APARTMENT, AND CONDOMINIUM BUILDING AND/OR LAND DEVELOPMENT.

THIS APPLIES TO ENTITIES NOW EXISTING, PREVIOUSLY EXISTING, OR HEREAFTER ACQUIRED OR CREATED, IN WHICH CROSSMANN HAS AN OWNERSHIP INTEREST, AND FOR WHICH COVERAGE IS NOT OTHERWISE MORE SPECIFICALLY PROVIDED. THIS IS SUBJECT TO THE PROVISION THAT COVERAGE A DOES NOT APPLY TO "BODILY INJURY" OR "PROPERTY DAMAGE" THAT OCCURRED BEFORE YOU ACQUIRED OR FORMED THE ORGANIZATION; AND COVERAGE B DOES NOT APPLY TO "PERSONAL INJURY" OR "ADVERTISING INJURY" ARISING OUT OF AN OFFENSE COMMITTED BEFORE YOU ACQUIRED OR FORMED THE ORGANIZATION.

G40 (5-85)

BZH104680

ROA 1416

CCI 032061500
PAGE 9 OF 15
AGENCY BILL

COMPANY COPY
COMPREHENSIVE INSURANCE POLICY

general casualty

NEW DECLARATION

POLICY NUMBER	POLICY PERIOD	COVERAGE IS PROVIDED IN	AGENCY
CCI 0320615	08/29/2000 08/29/2001	REGENT INSURANCE COMPANY	0133009 01
NAMED INSURED AND ADDRESS		AGENCY	
CROSSMANN COMMUNITIES INC AS PER G40 8210 N MERIDIAN ST INDIANAPOLIS IN 46260		MBAH INSURANCE 2663 DUNCAN ROAD PO BOX 5609 LAFAYETTE IN 157 47903	

ENDORSEMENT

BLANKET BUILDING AND PERSONAL PROPERTY OF THE INSURED SCHEDULE

LOCATION	ADDRESS	BUILDING	PERSONAL PROPERTY
001	929 EASTWIND DR., STE 201 WESTERVILLE, OH		\$ 75,500
002	700 FARABEE CT LAFAYETTE, IN	\$300,000	75,000
003	7233 W JEFFERSON CT FT. WAYNE, IN		50,000
004	5412 COURSEVIEW DR., STE 210 & 130, MASON, OH		75,000
005	9202 N MERIDIAN ST., STE 300 INDIANAPOLIS, IN		1,000,000
006	SOUTH 9TH ST LAFAYETTE, IN	10,000	
007	157 HOLIDAY PLACE FRANKLIN, IN		53,000
008	9210 N MERIDIAN ST INDIANAPOLIS, IN		90,000 90,000
009	1301 CLEAR SPRINGS TRACE STE. 212, LOUISVILLE, KY		45,000
010	3131 CUSTER DR. NO. 4 LEXINGTON, KY		100,000
011	4273 CHERRY CENTER STE 6 MEMPHIS, TN		35,000
012	10239 BEACH RD. SW CALABASH, NC	350,000	125,000
013	916 E MAIN ST STE 115 GRENWOOD, IN		50,000

G40 (5-85)

BZH104681

CCI 032061500
PAGE 10 OF 15
AGENCY BILL

COMPANY COPY
COMPREHENSIVE INSURANCE POLICY

general casualty

NEW DECLARATION

POLICY NUMBER	POLICY PERIOD	COVERAGE IS PROVIDED IN THE	AGENCY
CCI 0320615	08/29/2000 08/28/2001	REGENT INSURANCE COMPANY	0133009 01
NAMED INSURED AND ADDRESS	AGENT		
CROSSMANN COMMUNITIES INC AS PER G40 8210 N MERIDIAN ST INDIANAPOLIS IN 46260	MBAH INSURANCE 2663 DUNCAN ROAD PO BOX 5608 LAFAYETTE IN 157 47903		

ENDORSEMENT

014	3077 KETERING BLVD STE 114 MARIANE, OH	35,000
015	4913-4922-24 23RD ST INDIANAPOLIS, IN	50,000
016	SUITE 100, JACKSON SQUARE LAVERGNE, TN	40,000
017	615 DAVIS DR., STE 300 MORRISVILLE, NC	65,000
018	1411 S OCEAN BLVD, DUNESCAPE UNIT 204, N MYRTLE BEACH, SC	10,000
019	7640 WILDCAT RUN LANE INDIANAPOLIS, IN	105,000
020	SWIMMING POOL AT LOCATION 019 INDIANAPOLIS, IN	165,000
021	4339 STUART ANDREW BLVD STE 201, CHARLOTTE, NC	65,000
022	9245 N MERIDIAN ST., STE 207 INDIANAPOLIS, IN	15,000
TOTALS \$930,000		\$2,053,500

G40 (5-85)

BZH104682

CCI 032061500
PAGE 12 OF 15
AGENCY BILL

COMPANY COPY
COMPREHENSIVE INSURANCE POLICY

general casualty

NEW DECLARATION

POLICY NUMBER	POLICY PERIOD		COVERAGE IS PROVIDED IN THE	AGENCY
CCI 0320615	08/29/2000	08/29/2001	REGENT INSURANCE COMPANY	0133009 01
NAMED INSURED AND ADDRESS			AGENT	
CROSSMANN COMMUNITIES INC AS PER G40 9210 N MERIDIAN ST INDIANAPOLIS IN 46260			MBAH INSURANCE 2663 DUNCAN ROAD PO BOX 5600 LAFAYETTE IN 157	47803

ENDORSEMENT

GENERAL AGGREGATE LIMIT PER PROJECT DEFINITION

THIS ENDORSEMENT MODIFIES INSURANCE PROVIDED UNDER THE FOLLOWING:

COMMERCIAL GENERAL LIABILITY COVERAGE PART:

THE GENERAL AGGREGATE LIMIT UNDER LIMITS OF INSURANCE (SECTION III)
APPLIES SEPARATELY TO EACH OF YOUR PROJECTS AWAY FROM PREMISES OWNED BY
OR RENTED TO YOU. "PROJECT" IS HEREBY DEFINED AS ALL CONSTRUCTION
ASSOCIATED WITH THE DEVELOPMENT OF A RESIDENTIAL SUBDIVISION OR ALL HOMES
TO BE CONSTRUCTED WITHIN A GEOGRAPHICALLY DEFINED RESIDENTIAL
SUBDIVISION.

G40 (5-85)

BZH104683

CCI 032061500
PAGE 11 OF 15
AGENCY BILL

COMPANY COPY
COMPREHENSIVE INSURANCE POLICY

general casualty

NEW DECLARATION

POLICY NUMBER	POLICY PERIOD	COVERAGE IS PROVIDED BY THE	AGENCY
CCI 0320615	08/29/2000 08/29/2001	REGENT INSURANCE COMPANY	0133009 01
NAMED, RELATED, AND ADDRESS		AGENT	
CROSSMANN COMMUNITIES INC AS PER G40 9210 N MERIDIAN ST INDIANAPOLIS IN 46260		MBAH INSURANCE 2663 DUNCAN ROAD PO BOX 5609 LAFAYETTE IN 157 47903	

ENDORSEMENT

GENERAL LIABILITY COMPOSITE RATE ENDORSEMENT

IT IS HEREBY AGREED THAT THE GL POLICY SHALL BE ISSUED WITH A \$0.376 COMPOSITE RATE PER \$1,000 SALES PROVIDED THAT THE FOLLOWING CONDITION IS MET: 85% OR MORE OF THE CERTIFICATES OF INSURANCE ISSUED TO CROSSMANN COMMUNITIES BY THE SUBCONTRACTORS AND REVIEWED BY GENERAL CASUALTY AUDIT PERSONNEL STATE ADDITIONAL INSURED PROTECTION ON A PRIMARY/NONCONTRIBUTORY BASIS IS AFFORDED TO CROSSMANN. IF THIS CONDITION IS NOT MET, THE RATE WILL BE AUDITED AT A \$0.488 RATE PER \$1,000 SALES.

PREMISES BASIS (SALES):	RATE \$1,000 SALES:	DEPOSIT PREMIUM:
530,000,000	\$0.376	\$199,280

G40 (5-B5)

BZH104684

CCI 032061500
PAGE 13 OF 15
AGENCY BILL

COMPANY COPY
COMPREHENSIVE INSURANCE POLICY

general casualty

NEW DECLARATION

POLICY NUMBER	POLICY PERIOD	COVERAGE IS PROVIDED BY THE	AGENT
CCI 0320615	08/29/2000 08/29/2001	REGENT INSURANCE COMPANY	0133009 01
NAMED ASSURED AND ADDRESS		INSURANCE ADDRESS	
CROSSMANN COMMUNITIES INC AS PER G40 9210 N MERIDIAN ST INDIANAPOLIS IN 46260		MBAH INSURANCE 2663 DUNCAN ROAD PO BOX 5608 LAFAYETTE IN 157 47903	

ENDORSEMENT

GLASS

IT IS HEREBY AGREED THAT THE GLASS LIMITATION (C-2 OF CP 1030 AND III-B OF CP 7950) IS DELETED.

G40 (5-85)

BZH104685

CCI 032061500
PAGE 14 OF 15
AGENCY BILL

COMPANY COPY
COMPREHENSIVE INSURANCE POLICY

general casualty

NEW DECLARATION

POLICY NUMBER	POLICY PERIOD	COVERAGE IS PROVIDED BY THE	AGENCY
CCI 0320615	08/29/2000 08/29/2001	REGENT INSURANCE COMPANY	0133008 01
NAMED ASSURED AND ADDRESS		AGENT	
CROSSMANN COMMUNITIES INC AS PER G40 9210 N MERIDIAN ST INDIANAPOLIS IN 46260		MBAH INSURANCE 2563 DUNCAN ROAD PO BOX 5608 LAFAYETTE IN 157 47803	

ENDORSEMENT

MORTGAGE HOLDERS' ERRORS AND OMISSIONS COVERAGE APPLIES TO THE FOLLOWING PREMISES FOR THE LIMIT SHOWN BELOW.

PREMISE - 9210 N MERIFIAN STREET, INDIANAPOLIS, INDIANA

ESTIMATED NUMBER OF MOTGAGE LOANS - IF ANY

LIMIT OF INSURANCE - \$30,000

ANY CAUSES OF LOSS FORM ATTACHED TO THIS POLICY DOES NOT APPLY TO THIS COVERAGE FORM.

FORM CP 0090 - COMMERCIAL PROPERTY CDNDITIONS - DOES NOT APPLY TO THIS COVERAGE FORM.

CCI 032061500
PAGE 15 OF 15
AGENCY BILL

COMPANY COPY
COMPREHENSIVE INSURANCE POLICY

general casualty

NEW DECLARATION

POLICY NUMBER	POLICY PERIOD	COVERAGE IS PROVIDED BY THE	AGENCY
CCI 0320615	08/28/2000 08/28/2001	REGENT INSURANCE COMPANY	0133008 01
NAMED ASSURED AND ADDRESS		AGENT	
CROSSMANN COMMUNITIES INC AS PER G40 9210 N MERIDIAN ST INDIANAPOLIS IN 46260		MBAH INSURANCE 2663 OUNCAN ROAD PO BOX 5609 LAFAYETTE IN 157 47803	

APPLICABLE FORMS-CI 7900 03/92 CP 0010 06/95 CP 0070 06/95 CP 0090 07/88
 CP 0105 12/94 CP 0118 06/95 CP 0152 07/96 CP 0153 02/96 CP 0405 06/95
 CP 1030 06/95 CP 7950 10/95 CP 9993 01/95 CM 0001 06/95 CM 7152 05/00
 CM 7390 07/86 CM 8003 07/86 CG 0001 07/98 CG 0123 03/97 CG 2028 11/85
 CG 2147 07/98 CG 2162 09/98 CG 7920 03/98 CG 7950 03/98 CG 8101 10/95
 CG 9901 11/85 CR 0001 10/90 CR 0002 01/86 CR 0004 10/90 CR 1000 04/97
 IL 0017 11/98 IL 0021 04/98 IL 0156 07/89 IL 0158 04/98 IL 0186 07/96
 IL 0192 03/97 IL 0194 01/98 IL 0244 06/89 IL 0249 06/89 IL 0250 02/96
 IL 0263 04/98 IL 0269 10/94 IL 0272 04/98 IL 0415 04/98 IL 0935 08/98
 G 40 05/85

G40 (5-85)

BZH104687

ROA 1423

BUILDING AND PERSONAL PROPERTY COVERAGE FORM

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

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

Other words and phrases that appear in quotation marks have special meaning. Refer to SECTION H - 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, 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;
- (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

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 unless otherwise specified in the Declarations or on the Your Business Personal Property - Separation of Coverage form:

- (1) Furniture and fixtures;
- (2) Machinery and equipment;
- (3) "Stock";
- (4) All other personal property owned by you and used in your business;
- (5) Labor, materials or services furnished or arranged by you on personal property of others;
- (6) Your use interest as tenant in improvements and betterments. Improvements and betterments are fixtures, alterations, installations or additions:
 - (a) Made a part of the building or structure you occupy but do not own; and
 - (b) You acquired or made at your expense but cannot legally remove;
- (7) Leased personal property for which you have a contractual responsibility to insure, unless otherwise provided for under Personal Property of Others.

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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, deeds, 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, or if owned by you, only as "stock" while inside of buildings;
- 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 another coverage form of this or any other policy in which it is more specifically described, except for the excess of the amount due (whether you can collect on it or not) from that other insurance;
- l. Retaining walls that are not part of a building;
- m. Underground pipes, flues or drains;

- n. The cost to research, replace or restore the information on valuable papers and records, including those which exist on electronic or magnetic media, except as provided in the Coverage Extensions;

o. Vehicles or self-propelled machines (including aircraft or watercraft) that:

- (1) Are licensed for use on public roads; or
- (2) Are operated principally away from the described premises.

This paragraph does not apply to:

- (1) Vehicles or self-propelled machines or autos you manufacture, process or warehouse;
 - (2) Vehicles or self-propelled machines, other than autos, you hold for sale; or
 - (3) Rowboats or canoes out of water at the described premises;
- p. The following property while outside of buildings:
- (1) Grain, hay, straw or other crops;
 - (2) Fences, radio or television antennas (including satellite dishes) and their lead-in wiring, masts or towers, signs (other than signs attached to buildings), 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) 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) The most we will pay under this Additional Coverage is 25% of:
 - (a) The amount we pay for the direct physical loss of or damage to Covered Property; plus

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- (b) The deductible in this policy applicable to that loss or damage.

But this limitation does not apply to any additional debris removal limit provided in the Limits of Insurance section.

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

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

b. Preservation of Property

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

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 or a Value Reporting period symbol, is shown in the Declarations, you may extend the insurance provided by this Coverage Part as follows:

a. Newly Acquired or Constructed Property

- (1) 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) You may extend the insurance that applies to Your Business Personal Property to apply to that property at any location you acquire other than at fairs or exhibitions.

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

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(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.

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

4. Loss Payment

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

(1) Pay the value of lost or damaged property;

(2) Pay the cost of repairing or replacing the lost or damaged property, subject to b. below;

(3) Take all or any part of the property at an agreed or appraised value; or

(4) Repair, rebuild or replace the property with other property of like kind and quality, subject to b. below.

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 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.

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.

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6. 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 of a building, building means the entire building. Such building is vacant when 70% or more of its square footage:

(i) is not rented; or

(ii) is not used 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%.

7. 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., c., d., e. and f. 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. "Stock" you have sold but not delivered at the selling price less discounts and expenses you otherwise would have had.

d. Glass at the cost of replacement with safety glazing material if required by law.

e. Tenant's Improvements and Betterments at:

(1) Actual cash value of the lost or damaged property if you make repairs promptly.

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

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

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

BZH104692

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

- (3) Nothing if others pay for repairs or replacement.

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

- (1) Blank materials for reproducing the records; and
- (2) Labor to transcribe or copy the records when there is a duplicate.

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.

Example No. 1 (Underinsurance):

When:

- The value of the property is \$250,000
- The Coinsurance percentage for it is 80%
- The Limit of Insurance for it is \$100,000
- The Deductible is \$250
- The amount of loss is \$40,000
- Step (1): $250,000 \times 80\% = \$200,000$ (the minimum amount of insurance to meet your Coinsurance requirements)
- Step (2): $100,000 \div \$200,000 = .50$
- Step (3): $40,000 \times .50 = \$20,000$
- Step (4): $\$20,000 - \$250 = \$19,750$
- We will pay no more than \$19,750. The remaining \$20,250 is not covered.

Example No. 2 (Adequate Insurance):

When:

- The value of the property is \$250,000
- The Coinsurance percentage for it is 80%
- The Limit of Insurance for it is \$200,000
- The Deductible is \$250
- The amount of loss is \$40,000
- The minimum amount of insurance to meet your Coinsurance requirement is \$200,000 ($250,000 \times 80\%$). Therefore, the Limit of Insurance in this Example is adequate and no penalty applies. We will pay no more than \$39,750 (\$40,000 amount of loss minus the deductible of \$250).
- If one Limit of Insurance applies to two or more separate items, this condition will apply to the total of all property to which the limit applies.

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Example No. 3:

When:

The value of property is:	
Bldg. at Location No. 1	\$75,000
Bldg. at Location No. 2	\$100,000
Personal Property at Location No. 2	\$75,000
	<u>\$250,000</u>

The Coinsurance percentage for it is 90%

The Limit of Insurance for Buildings and Personal Property at Location Nos. 1 and 2 is \$180,000

The Deductible is \$1,000

The amount of loss is:

Bldg. at Location No. 2	\$30,000
-------------------------	----------

Personal Property at Location No. 2	\$20,000
	<u>\$50,000</u>

Step (1): $\$250,000 \times 90\% = \$225,000$ (the minimum amount of insurance to meet your Coinsurance requirements and to avoid the penalty shown below).

Step (2): $\$180,000 + \$225,000 = .80$

Step (3): $\$50,000 \times .80 = \$40,000$.

Step (4): $\$40,000 - \$1,000 = \$39,000$.

We will pay no more than \$39,000. The remaining \$11,000 is not covered.

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.

BZH104694

- 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 in the Declarations, the following Optional Coverages apply separately to each item.

1. Agreed Value

- 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.
- 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.
- The terms of this Optional Coverage apply only to loss or damage that occurs:
 - On or after the effective date of this Optional Coverage; and
 - Before the Agreed Value expiration date shown in the Declarations or the policy expiration date, whichever occurs first.

2. Inflation Guard

- The Limit of Insurance for property to which this Optional Coverage applied will automatically increase by the annual percentage shown in the Declarations.
- The amount of increase will be:
 - 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
 - The percentage of annual increase shown in the Declarations, expressed as a decimal (example: 8% is .08), times
 - 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.

Example:
If:

The applicable Limit of Insurance is	\$100,000
The annual percentage increase is	8%
The number of days since the beginning of the policy year (or last policy change) is	146
The amount of increase is	
$\$100,000 \times .08 \times 146 \div 365 =$	
	\$3,200

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:

- Personal property of others;
- Contents of a residence;
- Manuscripts;
- Works of art, antiques or rare articles, including etchings, pictures, statuary, marbles, bronzes, porcelain and bric-a-brac; or
- "Stock", unless the Including "Stock" option is shown in the Declarations.

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:

- Until the lost or damaged property is actually repaired or replaced; and
- Unless the repairs or replacement are made as soon as reasonably possible after the loss or damage.

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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, on the same premises, 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 you actually spend that is necessary to repair or replace the lost or damaged property.

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.

H. DEFINITIONS

1. "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.

2. "Stock" means merchandise held in storage or for sale, raw materials and in-process or finished goods, including supplies used in their packing or shipping.

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MORTGAGEHOLDERS ERRORS AND OMISSIONS 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 I - DEFINITIONS.

A. COVERAGE

1. Coverage A - Mortgageholder's Interest

We will pay for loss to your "mortgageholder's interest" in Covered Property due to error or accidental omission, by you or your representative, in the operation of your customary procedure in requiring, procuring and maintaining "valid insurance" payable to you as mortgageholder against the Covered Causes of Loss.

a. Covered Property

Covered Property means:

- (1) Real property; and
- (2) Personal property secured in connection with that real property.

It includes such property:

- (a) During and after your foreclosure; and
- (b) Sold under an agreement in which you retain title, such as a conditional sales agreement.

b. Property Not Covered

Covered Property does not include:

- (1) Accounts, bills, currency, deeds, food stamps or other evidences of debt, money, notes or securities. Lottery tickets held for sale are not securities; or
- (2) Land (including land on which the property is located), water, growing crops or lawns.

c. Covered Causes of Loss

The Covered Causes of Loss are those causes of loss against which you customarily require mortgagors to provide insurance policies that protect your "mortgageholder's interest". They do not include

(1) Causes of Loss excluded under Section B., Exclusions; or

- (2) Losses insured under mortgage guarantee insurance policies or programs, or life, fire, health or accident insurance policies.

d. Coverage Extension - Mortgages Serviced For Others

We will cover loss arising from mortgages owned by others and serviced by you as if you owned the "mortgageholder's interest" in them. All such mortgages must be serviced under a written contract. We will make loss payment payable jointly to you and the mortgage owner.

2. Coverage B - Property Owned or Held In Trust

We will pay for direct physical loss of or damage to Covered Property caused by or resulting from any Covered Cause of Loss; provided the loss is not otherwise insured due to error or accidental omission, by you or your representative, in the operation of your customary procedure in procuring and maintaining "valid insurance" payable to you as owner or trustee of the Covered Property.

a. Covered Property

Covered Property means real and personal property:

- (1) You own; or
- (2) In which you have a fiduciary interest as trustee or otherwise.

b. Property Not Covered

Covered Property does not include:

- (1) Accounts, bills, currency, deeds, food stamps or other evidences of debt, money, notes or securities. Lottery tickets held for sale are not securities; or
- (2) Land (including land on which the property is located), water, growing crops or lawns.

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c. Covered Causes of Loss

The Covered Causes of Loss are:

- (1) Fire.
- (2) Lightning.
- (3) Explosion, including 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. This cause of loss does not include loss or damage by:
 - (a) Rupture, bursting or operation of pressure relief devices; or
 - (b) Rupture or bursting due to expansion or swelling of the contents of any building or structure, caused by or resulting from water.
- (4) Windstorm or Hail, but not including:
 - (a) Frost or cold weather;
 - (b) Ice (other than hail), snow or sleet, whether driven by wind or not; or
 - (c) Loss or damage to the interior of any building or structure, or the property inside the building or structure, caused by rain, snow, sand or dust, whether driven by wind or not, unless the building or structure first sustains wind or hail damage to its roof or walls through which the rain, snow, sand or dust enters.
- (5) Smoke causing sudden and accidental loss or damage. This cause of loss does not include smoke from agricultural smudging or industrial operations.
- (6) Aircraft or Vehicles, meaning only physical contact of an aircraft, a spacecraft, a self-propelled missile, a vehicle or an object thrown up by a vehicle with the property or with the building or structure containing the property. This cause of loss includes loss or damage by objects falling from aircraft.

We will not pay for loss or damage caused by or resulting from vehicles you own or operate.
- (7) Riot or Civil Commotion, including:
 - (a) Acts of striking employees while occupying the premises; and
 - (b) Looting occurring at the time and place of a riot or civil commotion.

- (8) Sinkhole Collapse, meaning 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:

- (a) The cost of filling sinkholes; or
- (b) Sinking or collapse of land into man-made underground cavities.

- (9) Volcanic Action, meaning direct loss or damage resulting from the eruption of a volcano when the loss or damage is caused by:

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

All volcanic eruptions that occur within any 168-hour period will constitute a single occurrence.

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

3. Coverage C - Mortgageholder's Liability

We will pay those sums that you become legally obligated to pay as damages due to error or accidental omission in the operation of your customary procedure in processing and maintaining "valid insurance" against the Covered Causes of Loss for the benefit of the mortgagor in amounts, and under conditions, customarily accepted by the mortgagor. We will have the right and duty to defend any "suit" seeking those damages. However, we have no duty to defend you against a "suit" seeking damages to which this insurance does not apply. We may investigate and settle any claim or "suit" at our discretion. But:

- (1) The amount we will pay for damages is limited as described in Section C, Limits of Insurance; and
- (2) Our right and duty to defend end when we have used up the Limit of Insurance in the payment of judgments or settlements.

The damages payable under this Coverage Form must arise out of your capacity as a mortgageholder, mortgage fiduciary or mortgage servicing agency.

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a. Covered Causes of Loss

The Covered Causes of Loss are those risks and causes of loss against which the mortgagor customarily obtains insurance policies.

They do not include:

- (1) Causes of loss excluded under Section B., Exclusions; or
- (2) Losses insured under mortgage guarantee insurance policies or programs, or title, life, health or accident insurance policies.

b. Additional Coverage - Supplementary Payments.

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

- (1) All expenses we incur.
- (2) The cost of bonds to release attachments, but only for bond amounts within our Limit of Insurance. We do not have to furnish these bonds.
- (3) All reasonable expenses incurred by you at our request, including actual loss of earnings up to \$100 a day because of time off from work.
- (4) All costs taxed against you in the "suit".
- (5) Prejudgment interest awarded against you on that part of the judgment we pay. If we make an offer to pay the Limit of Insurance, we will not pay any prejudgment interest based on that period of time after the offer.
- (6) All interest on the full amount of any judgment that accrues after entry of the judgment and before we have paid, offered to pay, or deposited in court the part of the judgment that is within our Limit of Insurance.

c. Coverage Extensions

- (1) Additional Insureds. Under Coverage C - Mortgageholder's Liability, the words "you" and "your" are extended to include your partners, executive officers, trustees, directors and stockholders, but only with respect to their duties as such.

The existence of one or more Additional Insureds does not increase the Limit of Insurance.

- (2) Newly Acquired Organizations. Under Coverage C - Mortgageholder's Liability, the words "you" and "your" also include any organization (other than a partnership or joint venture) that you acquire or form and over which you maintain ownership or majority interest if there is no other similar insurance available to that organization.

This Coverage Extension ends:

- (a) 90 days after you acquire or form the organization; or
- (b) At the end of the policy period shown in the Declarations; whichever is earlier.

This Extension does not apply to errors or accidental omissions that occurred before you acquired or formed the organization.

4. Coverage D - Real Estate Tax Liability

We will pay for damages for which you are legally liable due to error or accidental omission in paying real estate taxes, as agreed, on behalf of the mortgagor.

B. EXCLUSIONS

The following exclusions apply to Coverages A, B, C and D.

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 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:

- (1) An ordinance or law that is enforced even if the property has not been damaged; or
- (2) 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.

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b. Earth Movement

- (1) Any earth movement (other than sinkhole collapse), such as an earthquake, landslide, mine subsidence or earth sinking, rising or shifting. But if earth movement results in fire or explosion, we will pay for the loss or damage caused by that fire or explosion.
- (2) Volcanic eruption, explosion or effusion. But if volcanic eruption, explosion or effusion results in fire or Volcanic Action, we will pay for the loss or damage caused by that fire or Volcanic Action.

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 by 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 or other utility service supplied to the described premises, however caused, if the failure occurs away from the covered premises.

But if the failure of power 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.

f. War and Military Action

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

g. Water

- (1) Flood, surface water, waves, tides, tidal waves, overflow of any body of water, or their spray, all whether driven by wind or not;
- (2) Mudslide or mudflow;
- (3) Water that backs up or overflows from a sewer, drain or sump; or
- (4) Water under the ground surface pressing on, or flowing or seeping through:
 - (a) Foundations, walls, floors or paved surfaces;
 - (b) Basements, whether paved or not; or
 - (c) Doors, windows or other openings.

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

2. We will not pay for loss or damage caused by or resulting from:

- a. Discharge, dispersal, seepage, migration, release or escape of "pollutants". If you customarily require mortgagors to provide insurance against causes of loss on a special form basis (covering any cause of loss not excluded or limited in the policy), this exclusion does not apply if the discharge, dispersal, seepage, migration, release or escape is itself caused by any of the "specified causes of loss".

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".

- b. Artificially generated electrical current, including electrical arcing, that disturbs electrical devices, appliances or wires.

But if artificially generated electrical current results in fire, we will pay for the loss or damage caused by that fire.

- c. Any event that occurs more than 30 days after you know that an error or accidental omission may have occurred.

- d. Your failure to obtain, maintain or properly handle the following types of insurance policies or programs:

- (1) Title;
- (2) Mortgage guarantee;
- (3) Life; or
- (4) Health or accident.

3. We will not pay for loss or damage caused by or resulting from any of the following, 3.a. through 3.d. But if an excluded cause of loss that is listed in 3.a. through 3.d. results in a Covered Cause of Loss, we will pay for the loss or damage caused by that Covered Cause of Loss.

- a. Collapse, except as provided below in the Additional Coverage for Collapse.
- b. Weather conditions, if weather conditions contribute in any way with a cause or event excluded in paragraph 1. above to produce the loss or damage.
- c. Acts or decisions, including the failure to act or decide, of any person, group, organization or governmental body.
- d. Faulty, inadequate or defective:
 - (1) Planning, zoning, development, surveying, siting;
 - (2) Design, specifications, workmanship, repair, construction, renovation, remodeling, grading, compaction;
 - (3) Materials used in repair, construction, renovation or remodeling; or
 - (4) Maintenance;of part or all of any property on or off the described premises.

C. LIMITS OF INSURANCE

The most we will pay under this Coverage Form for all loss arising from one error or accidental omission is the applicable Limit of Insurance shown in the Declarations, subject to the following additional limitations:

1. Under Coverage A - Mortgageholder's Interest, or Coverage B - Property Owned or Held in Trust, we will not pay more than the least of:
 - a. The amount of direct physical loss or damage determined in accordance with the insurance policies that would have covered the loss or damage if no error or accidental omission occurred, less the amount of any other insurance recovery payable to you on the Covered Property;
 - b. The amount that would have been paid to you under insurance policies you would customarily have procured and maintained if the error or accidental omission had not occurred; or
 - c. The amount of your "mortgageholder's interest" under Coverage A.

2. Under Coverage D - Real Estate Tax Liability, we will not pay more than 15% of the Limit of Insurance shown in the Declarations as applicable to this Coverage Form, for damages due to error or accidental omission in paying real estate taxes in connection with any single mortgage.

D. ADDITIONAL COVERAGE - COLLAPSE

1. If collapse is a coverage for which you customarily require mortgageors to provide insurance, we will pay for direct physical loss or damage to Covered Property, caused by collapse of a building or any part of a building insured under this Coverage Form, if the collapse is caused by one or more of the following:

- a. The "specified causes of loss" or breakage of building glass;
- b. Hidden decay;
- c. Hidden insect or vermin damage;
- d. Weight of people or personal property;
- e. Weight of rain that collects on a roof;
- f. Use of defective material or methods in construction, remodeling, or renovation if the collapse occurs during the course of the construction, remodeling, or renovation. However, if the collapse occurs after construction, remodeling, or renovation is complete and is caused in part by a cause of loss listed in D.1.a. through D.1.e., we will pay for the loss or damage even if use of defective material or methods, in construction, remodeling, or renovation, contributes to the collapse.

2. If the direct physical loss or damage does not involve collapse of a building or any part of a building, we will pay for loss or damage to Covered Property caused by the collapse of personal property only if:

- a. The personal property which collapses is inside a building insured under this Coverage Form; and
- b. The collapse was caused by a cause of loss listed in D.1.a. through D.1.f. above.

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

4. This Additional Coverage, Collapse, will not increase the Limits of Insurance provided in this Coverage Part.

ADDITIONAL CONDITIONS

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

E. CONDITION APPLICABLE TO COVERAGE A - MORTGAGEHOLDER'S INTEREST

Transfer of Mortgage - Coverage A

We and all other insurance companies covering a loss, if in agreement, may pay you an amount equal to the outstanding balance on the mortgage, even if that amount is greater than the amount of loss. If so, we and the other insurance companies may demand and receive a full assignment of the mortgage, including all securities held as collateral for the debt, as interests may appear.

F. CONDITIONS APPLICABLE TO COVERAGE B - PROPERTY OWNED OR HELD IN TRUST

1. Our Options - Coverage B

In the event of loss or damage covered under Coverage B, at our option, we will either:

- Pay the value of lost or damaged property;
- Pay the cost of repairing or replacing the lost or damaged property;
- Take all or any part of the property at an agreed or appraised value; or
- Repair, rebuild or replace the property with other property of like kind and quality.

We will give notice of our intentions within 30 days after we receive the sworn statement of loss.

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

2. Recovered Property - Coverage B

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.

3. Time Period - Coverage B

Coverage on each item of Covered Property applies only during the period of time that:

- Begins on the day you acquire the property or your fiduciary interest in it begins; and
- Ends on the earlier of:
 - 90 days after the date in paragraph a. above; or

- The day other insurance on the property is obtained.

4. Valuation - Coverage B

We will determine the value of Covered Property in the event of loss or damage at actual cash value as of the time of loss or damage.

G. CONDITIONS APPLICABLE TO COVERAGE C - MORTGAGEHOLDER'S LIABILITY AND COVERAGE D - REAL ESTATE TAX LIABILITY

1. Bankruptcy - Coverages C and D

Bankruptcy or insolvency of you or your estate will not relieve us of our obligations under Coverages C and D.

2. Separation of Insureds - Coverages C and D

The insurance under Coverages C and D applies separately to you and each additional insured, except with respect to the Limits of Insurance.

H. CONDITIONS APPLICABLE TO ALL COVERAGES

1. Abandonment

There can be no abandonment of any property to us.

2. Appraisal - Coverages A and B Only

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

- Pay its chosen appraiser; and
- 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

a. Under Coverages A and B:

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

- Notify the police if a law may have been broken.

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- (b) Give us prompt notice of the loss or damage once you are aware of it. Include a description of the property involved.
 - (c) 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.
 - (d) At our request, give us complete inventories of the damaged and undamaged property. Include quantities, costs, values and amount of loss claimed.
 - (e) 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.
 - (f) 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.
 - (g) Cooperate with us in the investigation or settlement of the claim.
- (2) 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.

b. Under Coverages C and D:

- (1) If a claim is made or "suit" is brought against you, you must see to it that we receive prompt written notice of the claim or "suit".
- (2) You must:
 - (a) Immediately send us copies of any demands, notices, summonses or legal papers received in connection with the claim or "suit";
 - (b) Authorize us to obtain records and other information;
 - (c) Cooperate with us in the investigation, settlement or defense of the claim or "suit";
 - (d) Assist us, upon our request, in the enforcement of any right against any person or organization that may be liable to you because of damage to which this insurance may also apply; and
 - (e) If requested, give us a signed statement of facts containing the information we request to determine our rights and duties under this insurance.
- (3) You will not, except at your own cost, voluntarily make a payment, assume any obligation, or incur any expense without our consent.

4. 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.

5. Legal Action Against Us

- a. No one may bring a legal action against us under Coverages A and B unless:
 - (1) There has been full compliance with all of the terms of Coverages A and B; and
 - (2) The action is brought within 2 years after you discover the error or accidental omission.
- b. No person or organization has a right under Coverages C and D:
 - (1) To join us as a party or otherwise bring us into a "suit" asking for damages from you; or

BZH104703

- (2) To sue us on this Coverage Form unless all of its terms have been fully complied with.

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

6. 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.

7. Loss Payment

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:

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

8. Other Insurance

- a. 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 Limits of Insurance of all insurance covering on the same basis.
- b. If there is other insurance covering the same loss or damage, other than that described in a. above, we will pay only for the amount of covered loss or damage in excess of the amount due from that other insurance, whether you can collect on it or not. But we will not pay more than the applicable Limit of Insurance.

9. Policy Period, Coverage Territory

Under this Coverage Form:

- a. These coverages only apply to:

- (1) Loss or damage, or
- (2) Claims or "suits" arising from an event, that occurs during the policy period shown in the Declarations. The date of error or accidental omission does not have to be within the policy period.

- b. We will pay for loss arising from errors or accidental omissions in connection with insurance policies or real estate tax payments on property located in:

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

10. Transfer of Rights of Recovery Against Others to Us

- a. Under Coverages A and B, if any person or organization to or for whom we make payment under this Coverage Form 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;
- (2) After a loss to your Covered Property only if, at time of loss, that party is one of the following:
 - (a) Someone insured by this insurance;
 - (b) A business firm:
 - (i) Owned or controlled by you; or
 - (ii) That owns or controls you; or
 - (c) Your tenant.

This will not restrict your insurance.

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- b. Under Coverages C and D, if you have rights to recover all or part of any payment we have made under this Coverage Form, those rights are transferred to us. You must do nothing after loss to impair them. At our request, you will bring "suit" or transfer those rights to us and help us enforce them.

11. Vacancy

We will not pay for any loss or damage if the building where loss or damage occurs, or out of which a claim or "suit" arises, has been vacant for more than 60 days before that loss or damage, or the event that gives rise to the claim or "suit".

A building is vacant when 70% or more of its square footage:

- a. Is not rented; or
- b. Is not used to conduct customary operations.

12. Your Duties

You must make every reasonable effort, with respect to:

- a. Coverage A - Mortgageholder's Interest, to require, procure and maintain "valid insurance", payable to you as mortgageholder, against the Covered Causes of Loss.
- b. Coverage B - Property Owned or Held in Trust, to procure and maintain "valid insurance" against the Covered Causes of Loss in amounts, and under conditions, you customarily require to protect your interest as owner, fiduciary or trustee of the Covered Property.
- c. Coverage C - Mortgageholder's Liability, to maintain "valid insurance" against the Covered Causes of Loss in amounts, and under conditions, customarily accepted by the mortgagor, as agreed.
- d. Coverage D - Real Estate Tax Liability, to promptly pay real estate taxes, if agreed to, on behalf of the mortgagor.

I. DEFINITIONS

- 1. "Mortgageholder's Interest" means your interest, as mortgageholder, in real or personal property, including your interest in any legal fiduciary capacity.
- 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.
- 3. "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. Water damage means accidental discharge or leakage of water or steam as the direct result of the breaking apart or cracking of any part of a system or appliance (other than a sump system including its related equipment and parts) containing water or steam.
- 4. "Suit" includes an arbitration proceeding to which you must submit or submit with our consent.
- 5. "Valid Insurance" means a valid policy, or other evidence, of insurance.

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COMMERCIAL PROPERTY CONDITIONS

This Coverage Part is subject to the following conditions, the Common Policy Conditions and applicable Loss Conditions and Additional Conditions in Commercial Property Coverage Forms.

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 Limits of Insurance of all insurance covering on the same basis.
2. If there is other insurance covering the same loss or damage, other than that described in 1. above, we will pay only for the amount of covered loss or damage in excess of the amount due from that other insurance, whether you can collect on it or not. But we will not pay more than the applicable Limit of Insurance.

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

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TRANSFER OF RIGHTS OF RECOVERY AGAINST OTHERS TO US

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
by writing:

1. Prior to a loss to your Covered Property or
Covered Income.
2. After a loss to your Covered Property or Cov-
ered 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.

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POLICY NUMBER:

COMMERCIAL PROPERTY
CP 01 05 12 94

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

EXTERIOR PAINT AND WATERPROOFING EXCLUSION (GEORGIA AND SOUTH CAROLINA)

This endorsement modifies insurance provided under the following:

COMMERCIAL PROPERTY COVERAGE PART

SCHEDULE*

Prem.
No.

Bldg.
No.

With respect to the location(s) indicated in the Schedule, the following additional exclusion applies to Covered Property if loss or damage is caused by or results from Windstorm:

WINDSTORM EXTERIOR PAINT AND WATERPROOFING EXCLUSION

We will not pay for loss or damage to:

1. Paint; or
2. Waterproofing material;

applied to the exterior of Buildings.

We will not include the value of the paint or waterproofing material to determine:

1. The amount of the Deductible; or
2. The value of Covered Property when applying the Coinsurance Condition.

Information required to complete this Schedule, if not shown on this endorsement, will be shown in the Declarations.

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THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

NORTH CAROLINA CHANGES

This endorsement modifies insurance provided under the following:

COMMERCIAL PROPERTY COVERAGE PART STANDARD PROPERTY POLICY

- A. When this endorsement is attached to the STANDARD PROPERTY POLICY CP 00 99 the term Coverage Part in this endorsement is replaced by the term Policy.
- B. The LEGAL ACTION AGAINST US Condition is replaced by the following:
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 3 years after the date on which the direct physical loss or damage occurred.
- C. If loss or damage to Covered Property in the Beach Territory is caused by or results from Windstorm or Hail, the following additional exclusion applies:
Windstorm or Hail Exterior Paint and Waterproofing Exclusion
We will not pay for loss or damage to:
1. Paint; or
 2. Waterproofing material;
- applied to the exterior of Buildings.
We will not include the value of paint or waterproofing material to determine the value of Covered Property when applying the Coinsurance Condition.
The Beach Territory consists of localities south and east of the inland Waterway:
1. From the South Carolina line to Fort Macon (Beaufort Inlet),
 2. From there south and east of Core, Pamlico, Roanoke and Currituck Sounds to the Virginia line, generally known as the Outer Banks.
- D. Paragraph d. of the REPLACEMENT COST Optional Coverage is replaced by the following:
- 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:
 - (a) On the described premises; or
 - (b) At some other location in the State of North Carolina; and
 - (2) Unless the repairs or replacement are made as soon as reasonably possible after the loss or damage.
- The above provision, d., does not apply to the Standard Property Policy CP 00 99.
- E. The APPRAISAL Loss Condition is replaced by the following:
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. You and we must notify the other of the appraiser selected within 20 days of the written demand for appraisal. The two appraisers will select an umpire. If the appraisers do not agree on the selection of an umpire within 15 days, they must request selection of an umpire 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 the appraised value of the property or amount of loss. If you make a written demand for an appraisal of the loss, each party will:
- a. Pay its chosen appraiser; and
 - b. Bear the other expenses of the appraisal and umpire equally.

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THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

INDIANA CHANGES - RIGHTS OF RECOVERY

This endorsement modifies insurance provided under the following:

COMMERCIAL PROPERTY COVERAGE PART STANDARD PROPERTY POLICY

A. When this endorsement is attached to the Standard Property Policy CP 00 99 the term Coverage Part in this endorsement is replaced by the term Policy.

B. Unless SECTION C or SECTION D of this endorsement applies, the Transfer Of Rights Of Recovery Against Others To Us Condition is replaced by the following:

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. Our right to recover damages from another may be enforced even if the person or organization to or for whom we make payment has not been fully compensated for damages.

The person or organization to or for whom we make payment 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.

C. The Transfer Of Rights Of Recovery Against Others To Us Condition in the Legal Liability Coverage Form is replaced by the following:

TRANSFER OF RIGHTS OF RECOVERY AGAINST OTHERS TO US

If you have rights to recover all or part of any payment we have made under this Coverage Form, those rights are transferred to us. Our right to recover damages may be enforced even if you have not been fully compensated for damages.

You must do nothing after loss to impair our rights to recover all or part of any payment we have made under this Coverage Form. At our request, you will bring "suit" or transfer those rights to us and help us enforce them.

D. The Transfer Of Rights Of Recovery Against Others To Us Condition in the Mortgageholders Errors And Omissions Coverage Form is replaced by the following:

TRANSFER OF RIGHTS OF RECOVERY AGAINST OTHERS TO US

1. Under COVERAGES A and B, if any person or organization to or for whom we make payment under this Coverage Form has rights to recover damages from another, those rights are transferred to us to the extent of our payment. Our right to recover damages from another may be enforced even if the person or organization to or for whom we make payment has not been fully compensated for damages.

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The person or organization to or for whom we make payment must do everything necessary to secure our rights and must do nothing after loss to impair them. But you may waive your rights against another party in writing:

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

This will not restrict your Insurance.

2. Under COVERAGES C and D, if you have rights to recover all or part of any payment we have made under this Coverage Form, those rights are transferred to us. Our right to recover damages may be enforced even if you have not been fully compensated for damages.

You must do nothing after loss to impair our rights to recover all or part of any payment we have made under this Coverage Form. At our request, you will bring "suit" or transfer those rights to us and help us enforce them.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

COLLAPSE CHANGES

This endorsement modifies insurance provided under the following:

BUILDERS RISK COVERAGE FORM

MORTGAGEHOLDERS ERRORS AND OMISSIONS COVERAGE FORM

A. For insurance provided under the Builders Risk Coverage Form, Condition 3. under Section F. Additional Conditions, is replaced by the following:

3. Restriction Of Additional Coverage - Collapse

If the Causes Of Loss - Broad Form is applicable to this coverage form, Paragraph C.1.a.(6) of the Additional Coverage - Collapse does not apply to this coverage form unless the coverage stated in Paragraph C.1.a.(6) is added by the Builders Risk - Collapse During Construction Endorsement.

If the Causes Of Loss - Special Form is applicable to this coverage form, Paragraph D.1.f. of the Additional Coverage - Collapse does not apply to this coverage form unless the coverage stated in Paragraph D.1.f. is added by the Builders Risk - Collapse During Construction Endorsement.

B. For insurance provided under the Mortgageholders Errors And Omissions Coverage Form, SECTION D. is replaced by the following:

D. Additional Coverage - Collapse

The term Covered Cause Of Loss includes the Collapse Additional Coverage as described and limited in 1. through 4. below.

1. If collapse is a coverage for which you customarily require mortgagors to provide insurance, we will pay for direct physical loss or damage to covered property, caused by collapse of a building or any part of a building insured under this Coverage Form, if the collapse is caused by one or more of the following:

a. The "specified causes of loss" or breakage of building glass;

b. Hidden decay;

c. Hidden insect or vermin damage;

d. Weight of people or personal property;

e. Weight of rain that collects on a roof;

f. Use of defective material or methods in construction, remodeling, or renovation if the collapse occurs during the course of the construction, remodeling, or renovation. However, if the collapse occurs after construction, remodeling, or renovation is complete and is caused in part by a cause of loss listed in D.1.a. through D.1.e., we will pay for the loss or damage even if use of defective material or methods, in construction, remodeling, or renovation, contributes to the collapse.

2. If the direct physical loss or damage does not involve collapse of a building or any part of a building, we will pay for loss or damage to Covered Property caused by the collapse of personal property only if:

a. The personal property which collapses is inside a building; and

b. The collapse was caused by a cause of loss listed in D.1.a. through D.1.f. above.

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

4. This Additional Coverage, Collapse, will not increase the Limits of Insurance provided in this Coverage Part.

BZH104712

POLICY NUMBER:

COMMERCIAL PROPERTY
CP 04 05 06 95

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

ORDINANCE OR LAW COVERAGE

This endorsement modifies insurance provided under the following:

BUILDING AND PERSONAL PROPERTY COVERAGE FORM
CONDOMINIUM ASSOCIATION COVERAGE FORM
STANDARD PROPERTY POLICY

SCHEDULE*

Bldg. No./ Prem. No.	Cov. A	Cov. B Limit of Insur.	Cov. C Limit of Insur.	Cov. B and C Blanket Limit of Insur.
/	☐	\$	\$	\$ --
/	☐	\$	\$	\$ --
/	☐	\$	\$	\$ --

* Information required to complete the Schedule, if not shown on this endorsement, will be shown in the Declarations.

** Do not enter a Blanket Limit of Insurance if individual Limits of Insurance are selected for Coverages B and C, or if one of these Coverages is not applicable.

A. Each Coverage - Coverage A, Coverage B and Coverage C - applies only if that Coverage(s) is chosen by entry in the above Schedule and then only with respect to the Building property identified for that Coverage(s) in the Schedule.

B. We will not pay under this endorsement for 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".

C. Coverage

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

If a Covered Cause of Loss occurs to covered Building property, we will pay under Coverage A for the loss in value of the undamaged portion of the building as a consequence of enforcement of any ordinance or law that:

- Requires the demolition of parts of the same property not damaged by a Covered Cause of Loss;

b. Regulates the construction or repair of buildings, or establishes zoning or land use requirements at the described premises; and

c. Is in force at the time of loss.

Coverage A is included within the Limit of Insurance shown in the Declarations as applicable to the covered Building property. Coverage A does not increase the Limit of Insurance.

2. Coverage B - Demolition Cost Coverage

If a Covered Cause of Loss occurs to covered Building property, we will pay the cost to demolish and clear the site of undamaged parts of the property caused by enforcement of building, zoning or land use ordinance or law.

The COINSURANCE Additional Condition does not apply to Demolition Cost Coverage.

BZH104713

3. Coverage C - Increased Cost of Construction Coverage

a. If a Covered Cause of Loss occurs to the covered Building property, we will pay for the increased cost to:

- (1) Repair or reconstruct damaged portions of that Building property; and/or
- (2) Reconstruct or remodel undamaged portions of that Building property, whether or not demolition is required;

when the increased cost is a consequence of enforcement of building, zoning or land use ordinance or law.

However:

- (1) 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.
- (2) We will not pay for the increased cost of construction if the building is not repaired, reconstructed or remodeled.

The COINSURANCE Additional Condition does not apply to Increased Cost of Construction Coverage.

b. When covered Building property is damaged or destroyed by a Covered Cause of Loss and Coverage C applies to that property in accordance with 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 3.a.:

- (1) The cost of excavations, grading, backfilling and filling;
- (2) Foundation of the building;
- (3) Pilings; and
- (4) Underground pipes, flues and drains.

The items listed in b.(1) through b.(4) above are deleted from Property Not Covered, but only with respect to the coverage described in this provision, 3.b.

D. Loss Payment

1. When Coverage A applies, loss to the building, including loss in value of the undamaged portion of the building due to enforcement of an ordinance or law, will be determined as follows:

a. If the Replacement Cost Coverage Option applies and the property is repaired or replaced, on the same or another premises, we will not pay more than the lesser of:

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

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:

- (1) The actual cash value of the building at the time of loss; or
- (2) The Limit of Insurance shown in the Declarations as applicable to the covered Building property.

2. Unless paragraph D.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 Limit of Insurance shown for Coverage B in the Schedule above.

BZH104714

3. Unless paragraph D.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:

(1) Until the property is actually repaired or replaced, at the same or another premises; and

(2) Unless the repairs or replacement are made as soon as reasonably possible after the loss or damage, not to exceed two years. We may extend this period in writing during the two years.

b. If the building is repaired or replaced at the same premises, or if you elect to rebuild at another premises, the most we will pay under Coverage C is the lesser of:

(1) The increased cost of construction at the same premises; or

(2) The applicable Limit of Insurance shown for Coverage C in the Schedule above.

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

(1) The increased cost of construction at the new premises; or

(2) The applicable Limit of Insurance shown for Coverage C in the Schedule above.

4. If a Blanket Limit of Insurance is shown for Coverages B and C in the Schedule above, paragraphs D.2. and D.3. of this endorsement do not apply with respect to the Building property that is subject to the Blanket 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 Blanket Limit of Insurance shown for Coverages B and C in the Schedule above. Subject to this Blanket Limit of Insurance, 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 the Increased Cost of Construction:

(1) We will not pay for the increased cost of construction:

(a) Until the property is actually repaired or replaced, at the same or another premises; and

(b) 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.

(2) 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.

(3) 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.

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

F. Under this endorsement we will not pay for loss due to any ordinance or law that:

1. You were required to comply with before the loss, even if the building was undamaged; and

2. You failed to comply with.

BZH104715

CAUSES OF LOSS - SPECIAL FORM

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

A. COVERED CAUSES OF LOSS

When Special is shown in the Declarations, Covered Causes of Loss means RISKS OF DIRECT PHYSICAL LOSS unless the loss is:

1. Excluded in Section B., Exclusions; or
2. Limited in Section C., Limitations; that follow.

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 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:

- (1) An ordinance or law that is enforced even if the property has not been damaged; or
- (2) 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.

bb. Earth Movement

- (1) Any earth movement (other than sinkhole collapse), such as an earthquake, landslide, mine subsidence or earth sinking, rising or shifting. But if earth movement results in fire or explosion, we will pay for the loss or damage caused by that fire or explosion.

- (2) Volcanic eruption, explosion or effusion. But if volcanic eruption, explosion or effusion results in 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

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.

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.

BZH104716

e. Utility Services

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

But if the failure of power 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.

This exclusion does not apply to the Business Income coverage or to Extra Expense coverage. Instead, the Special Exclusion in paragraph B.4.a.(1) applies to these coverages.

f. War And Military Action

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

g. Water

- (1) Flood, surface water, waves, tides, tidal waves, overflow of any body of water, or their spray, all whether driven by wind or not;
- (2) Mudslide or mudflow;
- (3) Water that backs up or overflows from a sewer, drain or sump; or
- (4) Water under the ground surface pressing on, or flowing or seeping through:
 - (a) Foundations, walls, floors or paved surfaces;
 - (b) Basements, whether paved or not; or
 - (c) Doors, windows or other openings.

But if Water, as described in g.(1) through g.(4) above, results in fire, explosion or sprinkler leakage, we will pay for the loss or damage caused by that fire, explosion or sprinkler leakage.

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

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

But if artificially generated electrical current results in fire, 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, corrosion, fungus, decay, deterioration, hidden or latent defect or any quality in property that causes it to damage or destroy itself;
- (3) Smog;
- (4) Settling, cracking, shrinking or expansion;
- (5) 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.

BZH104717

f. Continuous or repeated seepage or leakage of water 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 by you, any of your partners, employees (including leased employees), directors, trustees, authorized representatives or anyone to whom you entrust the property for any purpose:

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

This exclusion does not apply to acts of destruction by your employees (including leased employees); but theft by employees (including leased employees) 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, except as provided below in the Additional Coverage for Collapse. 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.

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".

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 directly or indirectly by the failure of power or other utility service supplied to the described premises, however caused; if the failure occurs outside of a covered building.

But if the failure of power or other utility service results in a Covered Cause of Loss, we will pay for the loss resulting from that Covered Cause of Loss.

- (2) 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.

(3) 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.

(4) 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".

(5) Any Extra Expense caused by or resulting from suspension, lapse or cancellation of any license, lease or contract beyond the "period of restoration".

(6) 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.

C. LIMITATIONS

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

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.

BZH104719

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. Gutters and downspouts caused by or resulting from weight of snow, ice or sleet.

g. Property that has been transferred to a person or to a place outside the described premises on the basis of unauthorized instructions.

2. We will not pay more than \$500 in any one occurrence for loss of or damage to glass that is part of a building or structure, regardless of the number of panes, plates or similar units of glass. Subject to this \$500 aggregate, we will not pay more than \$100 for any one pane, plate, multiple plate insulating unit, radiant or solar heating panel, jalousie, louver or shutter.

However, this limitation does not apply to:

a. Loss or damage by the "specified causes of loss", except vandalism; or

b. Business Income coverage or Extra Expense coverage.

3. 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. Valuable papers and records, such as books of account, manuscripts, abstracts, drawings, card index systems, film, tape, disc, drum, cell or other data processing, recording or storage media, and other records.

b. Animals, and then only if they are killed or their destruction is made necessary.

c. Fragile articles such as glassware, statuary, marbles, chinaware and porcelains, if broken. This restriction does not apply to:

(1) Glass that is part of a building or structure;

(2) Containers of property held for sale; or

(3) Photographic or scientific instrument lenses.

d. 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.

4. 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:

a. \$2,500 for furs, fur garments and garments trimmed with fur.

b. \$2,500 for jewelry, watches, watch movements, jewels, pearls, precious and semi-precious stones, bullion, gold, silver, platinum and other precious alloys or metals. This limit does not apply to jewelry and watches worth \$100 or less per item.

c. \$2,500 for patterns, dies, molds and forms.

BZH104720

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.4., does not apply to Business Income coverage or to Extra Expense coverage.

5. 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 term Covered Cause of Loss includes the Additional Coverage - Collapse as described and limited in D.1. through D.5. below:

1. We will pay for direct physical loss or damage to Covered Property, caused by collapse of a building or any part of a building insured under this Coverage Form, if the collapse is caused by one or more of the following:

a. The "specified causes of loss" or breakage of building glass, all only as insured against in this Coverage Part;

b. Hidden decay;

c. Hidden insect or vermin damage;

d. Weight of people or personal property;

e. Weight of rain that collects on a roof;

f. Use of defective material or methods in construction, remodeling or renovation if the collapse occurs during the course of the construction, remodeling or renovation. However, if the collapse occurs after construction, remodeling or renovation is complete and is caused in part by a cause of loss listed in D.1.a. through D.1.e., we will pay for the loss or damage even if use of defective material or methods, in construction, remodeling or renovation, contributes to the collapse.

2. If the direct physical loss or damage does not involve collapse of a building or any part of a building, we will pay for loss or damage to Covered Property caused by the collapse of personal property only if:

a. The personal property which collapses is located inside a building; and

b. The collapse was caused by a cause of loss listed in D.1.a. through D.1.f. above.

3. 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 apparatuses;

h. Retaining walls; and

i. Walks, roadways and other paved surfaces;

If the collapse is caused by a cause of loss listed in D.1.b. through D.1.f., we will pay for loss or damage to that property only if:

a. Such loss or damage is a direct result of the collapse of a building insured under this Coverage Form; and

b. The property is Covered Property under this Coverage Form.

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

5. This Additional Coverage - Collapse, will not increase the Limits of Insurance provided in this Coverage Part.

E. 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.

BZH104721

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 road bed.

(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 \$1000.

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.

F. DEFINITIONS

"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.

1. Sinkhole collapse means the sudden sinking or collapse of land into underground empty spaces created by the action of water on limestone or dolomite. This cause of loss does not include:

a. The cost of filling sinkholes; or

b. Sinking or collapse of land into man-made underground cavities.

2. Falling objects does not include loss or damage to:

a. Personal property in the open; or

b. 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.

3. Water damage means accidental discharge or leakage of water or steam as the direct result of the breaking apart or cracking of any part of a system or appliance (other than a sump system including its related equipment and parts) containing water or steam.

BZH104722

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

COMPREHENSIVE INSURANCE POLICY PROPERTY COVERAGE EXTENSION ENDORSEMENT

This following modifies insurance provided under:

BUILDING AND PERSONAL PROPERTY COVERAGE FORM
CAUSES OF LOSS — BROAD FORM
CAUSES OF LOSS — SPECIAL FORM

1. COVERAGE EXTENSIONS

A. BUSINESS PERSONAL PROPERTY OFF PREMISES

The Coverage Extension — Property Off-Premises (Paragraph A. 5. d.) is deleted and replaced with the following:

1. We will pay up to \$10,000 for loss or damage to Your Business Personal Property at any location not specifically described in the Declarations.
2. This Extension does not apply to Covered Property:
 - (a) In transit;
 - (b) In the care, custody or control of your salespersons; or
 - (c) At any fair or exhibition.

B. FAIRS OR EXHIBITIONS

We will pay up to \$10,000 for loss or damage to Your Business Personal Property while temporarily on display to the public at fairs or exhibitions on premises not owned, operated or leased by the Named Insured. This extension does not apply to your salespersons samples or Fine Arts.

C. SALESPERSONS SAMPLES

We will pay up to \$10,000 for loss or damage to:

1. Samples of your stock in trade; and
2. Similar property of others;

while such property is in the care, custody, or control of your salespersons, sales agents, or yourself while acting as a salesperson and not on premises you own, lease or operate.

Coverage does not apply to property on display at any fair or exhibition or to Fine Arts.

D. NEWLY ACQUIRED OR CONSTRUCTED PROPERTY

The Coverage Extension — Newly Acquired or Constructed Property (Paragraph A. 5. a.) is deleted and replaced with the following:

1. 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:
 - (1) Similar use as the building described in the Declarations; or
 - (2) Use as a warehouse.

The most we will pay for loss or damage under this Extension is \$500,000 at each building.

2. You may extend the insurance that applies to Your Business Personal Property to apply to your property at any location you acquire other than fairs or exhibitions.

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

3. Insurance under this Extension for each newly acquired property will end when any of the following first occurs:

- a. This policy expires;
- b. 90 days expire after you acquire or begin to construct the property; or
- c. You report the values to us.

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

BZH104723

E. PERSONAL EFFECTS AND PROPERTY OF OTHERS

The coverage limit provided by the Personal Effects and Property of Others Coverage Extension (Paragraph A. 5. b.) is increased to \$10,000.

F. VALUABLE PAPERS AND RECORDS — COST OF RESEARCH

The coverage limit provided by the Valuable Papers and Records — Cost of Research Coverage Extension (Paragraph A. 5. c.) is increased to \$10,000.

G. OUTDOOR PROPERTY

The Coverage Extension — Outdoor Property (Paragraph A. 5. e.) is deleted and replaced by the following:

Coverage is provided for radio and television antennas (including satellite dishes), lawns, trees, plants, and shrubs (other than "stock" of trees, shrubs, or plants) while located outside of buildings for the following causes of loss:

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

The most we will pay for loss or damage under this extension is \$10,000, but not more than \$500 for any one tree, plant, or shrub. These limits apply to any one occurrence, regardless of the types or number of items lost or damaged in that occurrence.

H. DETACHED OUTDOOR SIGNS

We will pay up to \$5,000 for loss or damage to any detached outdoor sign permanently fixed in place as a result of a Covered Cause of loss.

I. MONEY AND SECURITIES

1. We will pay up to \$2,000 for loss of money and securities by the actual destruction, disappearance or wrongful abstraction from:
 - a. Any location described in the Declarations;
 - b. Any banking premises;
 - c. Outside your premises while being conveyed by a "messenger"; or
 - d. Within the living quarters of any "messenger".
2. "Messenger" means you, any of your partners or any employee while having care and custody of the money and securities outside the described premises.

3. In addition to the exclusions and limitations applicable to commercial property coverage, we will not pay for loss:

- a. Resulting from accounting or arithmetical errors or omissions;
- b. Resulting from the giving or surrendering of property in any exchange or purchase;
- c. Of property contained in any money operated device unless the amount of money deposited in it is recorded by a continuous recording instrument in the device.

4. You must keep records of all money and securities so we can verify the amount of any loss.

J. ACCOUNTS RECEIVABLE

1. We will pay up to \$10,000 to apply to:

- a. All amounts due from your customers that you are unable to collect;
- b. Interest charges on any loan required to offset amounts you are unable to collect;
- 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 result from Covered Causes of Loss to your records of accounts receivable.

2. In addition to the exclusions and limitations applicable to commercial property coverage, we will not pay for loss:

- a. Caused by or resulting from electrical or magnetic injury, disturbance or erasure of electronic recordings.

But we will pay for direct loss caused by lightning.

- b. Caused by or resulting from alteration, falsification, concealment or destruction of records of accounts receivable done to conceal wrongful giving, taking or withholding of money, securities or other property.

This exclusion applies only to the extent of the wrongful giving, taking or withholding.

- c. Bookkeeping, accounting or billing errors or omissions.

3. Determination of Receivables

- a. If you cannot accurately establish the amount of accounts receivable outstanding as of the time of loss, the following method will be used:

BZH104724

- (1) Determine the total average monthly amounts of accounts receivable for the 12 months immediately preceding the month in which the loss occurs; and
 - (2) Adjust that total for any normal fluctuations in the amounts of accounts receivable for the month in which the loss occurred or for any demonstrated variance from the average for that month.
- b. The following will be deducted from the total amount of accounts receivable, however that amount is established:
- (1) The amount of the accounts for which there is no loss;
 - (2) The amount of the accounts that you are able to re-establish or collect;
 - (3) An amount to allow for probable bad debts that you are normally unable to collect; and
 - (4) All unearned interest and service charges.

K. FINE ARTS

We will pay up to \$5,000 for loss or damage to paintings, etchings, pictures, tapestries, art glass windows and other bona fide works of art of rarity, historical value, or artistic merit caused by or resulting from a covered cause of loss.

Each of these extensions is additional insurance. The Additional Condition, Coinsurance, does not apply to these extensions.

II. ADDITIONAL COVERAGES

A. FIRE DEPARTMENT SERVICE CHARGE

The coverage limit provided by the Fire Department Service Charge Additional Coverage (Paragraph A. 4. c.) is increased to \$10,000.

B. TRANSIT

If the Causes of Loss — Special Form is applicable to this policy, the Additional Coverage Extension — Property in Transit is deleted.

2. We will pay up to \$10,000 for loss or damage to covered property while in transit. The loss or damage must be a result of:

- a. A Covered Cause of Loss;
- b. 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 road bed.

c. Flood

- d. Earthquake.
3. Coverage is provided while the property is in the custody of:
 - a. Any railroad, public trucker, private trucker or land transportation company;
 - b. You or anyone else while the Covered Property is in or on vehicles you own, lease or hire;
 - c. Any air transportation carrier;
 - d. Any water transportation carrier;
 - e. Any messenger in charge or control of the Covered Property.
 4. Coverage does not apply to:
 - a. Property in the care, custody or control of your salespersons or you while acting as a salesperson;
 - b. Shipments by mail;
 - c. Property covered under Import or Export Ocean Cargo Policies;
 - d. Intercoastal water shipments via the Panama Canal; or
 - e. Coastwise water shipments to Alaska.

The Additional Condition, Coinsurance, does not apply to this extension.

C. EXTRA EXPENSE

We will pay up to \$10,000 for the actual and necessary Extra Expense you sustain due to direct physical loss of or damage to property at a premises described in the Declarations, including personal property in the open (or in a vehicle) within 1,000 feet, caused by or resulting from any Covered Cause of Loss.

If you are a tenant, your premises is the portion of the building which you rent, lease or occupy, including:

1. All routes within the building to gain access to the described premises; and
2. Your personal property in the open (or in a vehicle) within 1,000 feet.

Extra Expense means necessary expenses you incur during the period of restoration that you would not have incurred if there had been no direct physical loss or damage to property;

1. To avoid or minimize the suspension of business and to continue operations:

- a. At the described premises; or
- b. At replacement premises or at temporary locations, including:

- (1) Relocation Expenses; and
- (2) Costs to equip and operate the re-

BZH104725

2. To minimize the suspension of business if you cannot continue operations; or
3. a. To repair or replace any property; or
b. To research, replace, or restore the lost information on damaged valuable papers and records;

to the extent it reduces the amount of loss that otherwise would have been payable under this Coverage Form.

4. Period of Restoration means the period of time that:
 - a. Begins with the date of direct physical loss or damage caused by or resulting from any Covered Cause of Loss at the described premises; and

- b. Ends on the earlier of:

- (1) The date the property at the described premises should be repaired, rebuilt or replaced with reasonable speed and similar quality; or

- (2) The date when business is resumed at a new permanent location.

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

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

D. UTILITY SERVICES COVERAGE

We will pay up to \$10,000 for loss or damage to Covered Property at any described premises resulting from the interruption of service to that premises. The interruption must result from direct physical loss or damage by a Covered Cause of Loss to the following property not on the described premises:

1. Water Supply Services, meaning pumping stations and water mains supplying water to the described premises.
2. Communication Supply Services, meaning property supplying communication services, including telephone, radio, microwave or television services to the described premises, such as:
 - a. Communication transmission lines, including optic fiber transmission lines;
 - b. Coaxial cables;

- c. Microwave radio relays except satellites.

3. Power Supply Services, meaning utility generating plants, switching stations, substations, transformers and transmission lines supplying electricity, steam or gas to the described premises.

E. RECHARGING

We will pay up to \$2,000 for expenses you incur for the recharging of fire extinguishers or fire extinguishing systems when used to fight fire on your premises or adjacent premises.

F. ARSON REWARD

We will pay up to \$5,000 for information which leads to an arson conviction in connection with a fire loss covered under this policy. Regardless of the number of persons involved in providing information our liability under this Additional Coverage shall not be increased.

G. COSTS TO PREPARE INVENTORY

- a. We will pay up to \$2,500 for expenses you incur in compiling inventories at our request to assist us in determining the amount of a loss covered by this policy.
- b. We will not pay for:
 - (1) Expenses to prove that loss or damage is covered; and
 - (2) Expenses incurred under the Appraisal Loss Condition

III. OTHER POLICY CHANGES

A. BUILDING DEFINITION

1. The following items are added as Covered Property — Buildings
 - a. Attached signs;
 - b. Outdoor fences;
 - c. Lightpoles;
2. The second paragraph of Paragraph C. LIMITS OF INSURANCE is deleted.

B. GLASS

1. If the Causes of Loss — Broad Form is attached to this policy, Paragraph C.2.c. of the Additional Coverage — Breakage of Glass is deleted and replaced with the following:

We will not pay more than \$1,000 for any one occurrence, regardless of the number of:

- (1) Panes, plates, or similar units of glass; and
- (2) Items of other property damaged due to breakage of glass.

BZH104726

Subject to this \$1,000 aggregate, we will not pay more than \$250 for any one pane, plate, multiple plate insulating unit, radiant or solar heating panel, jalousie, louver or shutter.

2. If the Causes of Loss — Special Form is attached to this policy, Paragraph C.2. of the Limitations is deleted and replaced with the following:

We will not pay more than \$1,000 in any one occurrence for loss or damage to glass that is part of a building or structure, regardless of the number of panes, plates, or similar units of glass. Subject to this \$1,000 aggregate, we will not pay more than \$250 for any one pane, plate, multiple plate insulating unit, radiant or solar heating panel, jalousie, louver or shutter.

However, this limitation does not apply to:

- a. Loss or damage by the "specified causes of loss", except vandalism; or
- b. Business Income coverage or Extra Expense coverage.

C. PREMISES BOUNDARY

Paragraphs A.1.a., Building, A.1.b., Your Business Personal Property, and A.1.c., Personal Property of Others, are amended to increase the distance limitation from within 100 feet of the described premises to within 1,000 feet of the described premises.

BZH104727

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

TENTATIVE RATE

The rates used in the development of the premium for the Commercial Property Coverage Part are tentative. We will adjust the premium effective from the inception date of this Coverage Part once we develop the actual rates. If this is a renewal of a policy previously issued by us, we will adjust the premium effective from the renewal date of this Coverage Part once we develop the actual rates.

BZH104728

COMMERCIAL INLAND MARINE CONDITIONS

The following conditions apply in addition to the Common Policy Conditions and applicable Additional Conditions in Commercial Inland Marine Coverage Forms:

LOSS CONDITIONS

A. ABANDONMENT

There can be no abandonment of any property to us.

B. 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:

1. Pay its chosen appraiser; and
2. 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.

C. DUTIES IN THE EVENT OF LOSS

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

1. Notify the police if a law may have been broken.
2. Give us prompt notice of the "loss". Include a description of the property involved.
3. As soon as possible, give us a description of how, when and where the "loss" 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" 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. Make no statement that will assume any obligation or admit any liability, for any "loss" for which we may be liable, without our consent.

6. Permit us to inspect the property and records proving "loss".

7. If requested, permit us to question you under oath, at such times as may be reasonably required, about any matter relating to this insurance or your claim, including your books and records. In such event, your answers must be signed.

8. Send us a signed, sworn statement of "loss" containing the information we request to settle the claim. You must do this within 60 days after our request. We will supply you with the necessary forms.

9. Promptly send us any legal papers or notices received concerning the "loss".

10. Cooperate with us in the investigation or settlement of the claim.

D. INSURANCE UNDER TWO OR MORE COVERAGES

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

E. LOSS PAYMENT

We will pay or make good any "loss" covered under this Coverage Part within 30 days after:

1. We reach agreement with you;
2. The entry of final judgment; or
3. The filing of an appraisal award.

We will not be liable for any part of a "loss" that has been paid or made good by others.

F. OTHER INSURANCE

If you have other insurance covering the same "loss" as the insurance under this Coverage Part, we will pay only the excess over what you should have received from the other insurance. We will pay the excess whether you can collect on the other insurance or not.

BZH104729

G. PAIR, SETS OR PARTS

1. Pair or Set. In case of "loss" to any part of a pair or set we may:
 - a. Repair or replace any part to restore the pair or set to its value before the "loss"; or
 - b. Pay the difference between the value of the pair or set before and after the "loss".
2. Parts. In case of "loss" to any part of Covered Property consisting of several parts when complete, we will only pay for the value of the lost or damaged part.

H. PRIVILEGE TO ADJUST WITH OWNER

In the event of "loss" involving property of others in your care, custody or control, we have the right to:

1. Settle the "loss" with the owners of the property. A receipt for payment from the owners of that property will satisfy any claim of yours.
2. Provide a defense for legal proceedings brought against you. If provided, the expense of this defense will be at our cost and will not reduce the applicable Limit of Insurance under this insurance.

I. RECOVERIES

Any recovery or salvage on a "loss" will accrue entirely to our benefit until the sum paid by us has been made up.

J. REINSTATEMENT OF LIMIT AFTER LOSS

The Limit of Insurance will not be reduced by the payment of any claim, except for total "loss" of a scheduled item, in which event we will refund the unearned premium on that item.

K. TRANSFER OF RIGHTS OF RECOVERY AGAINST OTHERS TO US

If any person or organization to or for whom we make payment under this insurance 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.

GENERAL CONDITIONS

A. CONCEALMENT, MISREPRESENTATION OR FRAUD

This Coverage Part is void in any case of fraud, intentional concealment or misrepresentation of a material fact, by you or any other insured, at any time, 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. 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 the terms of this Coverage Part; and
2. The action is brought within 2 years after you first have knowledge of the "loss".

C. NO BENEFIT TO BAILEE

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

D. POLICY PERIOD

We cover "loss" commencing during the policy period shown in the Declarations.

E. VALUATION

The value of property will be the least of the following amounts:

1. The actual cash value of that property;
2. The cost of reasonably restoring that property to its condition immediately before "loss"; or
3. The cost of replacing that property with substantially identical property.

In the event of "loss", the value of property will be determined as of the time of "loss".

BLANKET CONTRACTORS EQUIPMENT COVERAGE

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.

Words and phrases that appear in quotation marks have special meaning. Refer to section G — DEFINITIONS.

A. COVERAGE

We will pay for direct physical loss of or damage to Covered Property caused by or resulting from any of the Covered Causes of Loss.

1. Covered Property

Covered Property, as used in this Coverage, means:

- a. Your contractors equipment;
- b. Your tools, accessories and spare parts used in conjunction with A.1.a. above; or
- c. Property of others in your care, custody, or control.

2. Property Not Covered

Covered property does not include:

- a. Aircraft or watercraft;
- b. Automobiles, motor trucks, trailers, and similar conveyances designed for highway use and used for over the road transportation of people or cargo. However this does not include:
 - (1) Self-propelled vehicles designed and used primarily to carry mounted equipment; or
 - (2) Vehicles designed for highway use that are unlicensed and not operated on public roads;
- c. Contraband, or property in the course of illegal transportation or trade;
- d. Plans, blueprints, mechanical drawings, designs or specifications;
- e. Property you have leased or rented to others;
- f. Property you have loaned to others;

g. Property while in caissons or underwater, or while being used in underground mining, tunneling or similar operations, unless specifically described as being used for these operations;

h. Property that is or will become a permanent part of any building or structure;

i. Property while stored or operated underground in connection with any mining operation;

j. Property while airborne or waterborne or being loaded or unloaded from a watercraft. However, we will cover property while being transported on any regular ferry incidental to other modes of transportation;

k. Your employee's tools except as provided for in the Employees Tools Additional Coverage; or

l. Furniture, fixtures and office supplies, except as covered by the Office Trailers And Contents Additional Coverage.

3. Covered Causes of Loss

Covered Causes of Loss means Risks of Direct Physical Loss to Covered Property, unless the loss is excluded in section B., EXCLUSIONS.

4. Additional Coverages

a. Employees Tools

We will pay for loss or damage to tools owned by your employees. Coverage applies only when the tools are located on the jobsite or in transit to and from the jobsite in your vehicles.

The most we will pay for loss or damage is \$5,000 for any one occurrence. Subject to:

(1) A \$1,000 limit for any one employee; and

(2) A \$250 limit per item.

If an increased limit of insurance is purchased, the above \$5,000 Limit of Insurance is replaced by the Employees Tools Limit of Insurance shown in the Blanket Contractors Equipment Declarations.

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

BZH104731

b. Office Trailers and Contents

We will pay for loss or damage resulting from a covered cause of loss to office trailers and their contents owned by you. This Additional Coverage applies to office trailers and their contents only when located at a jobsite or while in transit.

The most we will pay for loss or damage in any one occurrence is \$10,000.

If an increased limit of insurance is purchased, the above \$10,000 Limit of Insurance is replaced by the Office Trailers and Contents Limit of Insurance shown in the Blanket Contractors Equipment Declarations.

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

c. Debris Removal

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

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

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

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

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

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

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

- (4) If:

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

we will pay up to an additional \$10,000 for each location in any one occurrence under the Debris Removal Additional Coverage.

If an increased limit of insurance is purchased, the above \$10,000 Limit of Insurance is replaced by the Debris Removal Limit of Insurance shown in Blanket Contractors Equipment Declarations.

d. Reward Expense

- (1) We will pay for reward expenses you have incurred leading to the successful return of undamaged stolen Covered Property to a law enforcement agency. Reward payments must be documented before they are reimbursed. Regardless of the number of persons receiving a reward, our liability under this Additional Coverage shall not be increased.

- (2) The most we will pay is the lesser of:

- (a) \$5,000; or
- (b) 25% of the covered loss.

No Deductible applies to this Additional Coverage.

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

e. Collapse

- (1) We will pay for direct physical loss or damage to Covered Property, caused by collapse of a building or any part of a building, if the collapse is caused by one or more of the following:

- (a) The "specified cause of loss", all only as insured against in this coverage form;
- (b) Hidden decay;
- (c) Hidden insect or vermin damage;
- (d) Weight of people or personal property;
- (e) Weight of rain that collects on a roof;
- (f) Use of defective material or methods in construction, remodeling or renovation if the collapse occurs during the course of the construction, remodeling or renovation. However, if the collapse occurs after construction, remodeling or renovation is complete and is caused in part by a cause of loss listed in e.(1)(a) through e.(1)(e).

BZH104732

we will pay for the loss or damage even if use of defective material or methods in construction, remodeling or renovation, contributes to the collapse.

(2) If the direct physical loss or damage does not involve collapse of a building or any part of a building, we will pay for loss or damage to Covered Property caused by the collapse of personal property only if the collapse was caused by a cause of loss listed in e.(1)(a) through e.(1)(f) above.

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

f. Fire Department Service Charge

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

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

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

5. Coverage Extensions

a. Recharging of Fire Extinguishing Equipment

You may extend the insurance provided by this policy to apply to expenses you incur for the recharging of fire extinguishers or fire extinguishing systems. This Coverage Extension applies to recharging expenses:

- (1) For extinguishing equipment that is mounted or installed on Covered Property; and
- (2) When the extinguishing equipment is discharged to fight a fire involving Covered Property.

The most we will pay under this Coverage Extension is \$1,000.

This Coverage Extension is not subject to the Limits of Insurance.

b. Waiver of Depreciation (Partial Losses)

We will not deduct for depreciation on the adjustment of any partial loss that does not exceed 10% of the Actual Cash Value of the item at the time of loss.

B. EXCLUSIONS

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. 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 policy.

b. 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.

c. 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.

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

a. Consequential Losses

Delay, loss of use or loss of market.

b. Dishonesty

Dishonest or criminal acts by you, anyone else with an interest in the property, or any of your or their partners, employees, directors, trustees, authorized representatives or anyone to whom you entrust the property for any purpose:

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

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

This exclusion does not apply to covered property in the custody of a carrier for hire.

c. False Pretense

Voluntary parting with any property by you or anyone else with an interest in the property if induced to do so by any fraudulent scheme, trick, device or false pretense.

BZH104733

d. Pollution

We will not pay for loss or damage caused by or resulting from the 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".

e. Other Types of Loss

- (1) Wear and tear;
- (2) Rust, corrosion, fungus, decay, deterioration, hidden or latent defect or any quality in property that causes it to damage or destroy itself;
- (3) Weight of a load, when it exceeds the designed capacity of any Covered Property to lift, move or support the load from any position;
- (4) Your neglect to use all reasonable means to save and preserve Covered Property from impending loss or damage during and after the occurrence of loss;
- (5) Loss of or damage to tires and tubes in or on a unit from:
 - (a) Theft, unless the entire unit is stolen; or
 - (b) Damage due and confined to blow-out, bruises, cuts or other causes inherent in the use of the unit. However, if the loss is a result of another Covered Cause of Loss, we will pay for the damage;
- (6) Unexplained disappearance;
- (7) Shortage found upon taking inventory;
- (8) Mechanical or electrical breakdown or failure. But we will pay for direct loss caused by resulting fire or explosion;
- (9) Repairing, adjusting, servicing or maintenance operations. But we will pay for direct loss caused by resulting fire or explosion; or
- (10) The following causes of loss to covered property:

- (a) Dampness or dryness of atmosphere;
- (b) Changes in or extremes of temperature;
- (c) Freezing; or
- (d) Marring or scratching;

(11) Collapse, except as provided in the Additional Coverage for Collapse.

But if an excluded cause of loss that is listed in B.2.e.(1), B.2.e.(2), B.2.e.(8), B.2.e.(9), B.2.e.(10) or B.2.e.(11) results in a Covered Cause of loss, we will pay for the loss or damage caused by that Covered Cause of loss.

C. LIMITS OF INSURANCE

The most we will pay for loss in any one occurrence is the Catastrophic Limit of Insurance, but no more than the Per Item Limit of Insurance for any one item, shown in the Blanket Contractors Equipment Declarations.

D. DEDUCTIBLE

1. We will not pay for loss or damage in any one occurrence until the amount of loss or damage exceeds the Equipment Deductible shown in the Blanket Contractors Equipment Declarations. We will then pay the amount of loss or damage in excess of the Equipment Deductible up to the applicable Limit of Insurance.
2. Regardless of the amount of the Equipment Deductible shown in the Blanket Contractors Equipment Declarations, the most we will deduct from any loss or damage, under the:
 - a. Employees Tools Additional Coverage is \$100 per employee claim; and
 - b. Office Trailers and Contents Additional Coverage is \$250.But these Additional Coverage Deductibles will not increase the Equipment Deductible shown in the Blanket Contractors Equipment Declarations. These Deductibles will be used to satisfy the requirements of the Equipment Deductible shown in the Blanket Contractors Equipment Declarations.
3. No Deductible applies to the following:
 - a. Additional Coverages:
 - (1) Reward Expense Coverage;
 - (2) Fire Department Service Charge; and

BZH104734

- b. The Recharging of Fire Extinguishing Equipment Coverage Extension.

E. ADDITIONAL CONDITIONS

The following additional conditions apply.

1. COINSURANCE

All Covered Property must be insured for at least 80% of the total values at the time of the loss or you will incur a penalty.

The penalty is that we will pay only the proportion of any loss that the Catastrophic Limit of Insurance shown in the Blanket Contractors Equipment Declarations for Covered Property bears to 80% of the total values of all Covered Property as of the time of the loss.

2. COVERAGE TERRITORY

We cover property wherever located within:

- a. The United States of America;
- b. Puerto Rico; and
- c. Canada.

3. IMPAIRMENT OF RECOVERY

We will not pay for loss or damage if you have made any agreement or make any agreement that relieves another person or organization from any liability which law or custom may impose upon them.

F. OPTIONAL COVERAGES

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

1. Rental Reimbursement

- a. We will reimburse you for rental expenses you incur when it is necessary to rent equipment to replace Covered Property which has been damaged by a covered Cause of Loss. We will reimburse you only when the Covered Property has been damaged to the extent that it must be withdrawn from normal use.
- b. We will not reimburse you:
 - (1) When other equipment owned or controlled by you can be used to continue operations.
 - (2) When the rented equipment is not similar and used for the same purpose as the replaced equipment.
 - (3) For the rental expense of any equipment unless, in the event of a covered loss, the inoperable equipment after the loss occurs.

- c. This Rental Reimbursement optional coverage:

- (1) Begins 48 hours after the loss. Sundays and legal holidays are not to be included in this 48 hour period; and
- (2) Ends when the insured property is repaired, replaced or restored to service regardless of the expiration date of the policy.

- d. The most we will reimburse you is the applicable Limits of Insurance for Rental Reimbursement shown in the Blanket Contractors Equipment Declarations.

This Optional Coverage applies to owned equipment only.

No deductible applies to this Optional Coverage.

2. Replacement Cost Coverage

Paragraph F. VALUATION of the General Conditions in the COMMERCIAL INLAND MARINE CONDITIONS form is deleted and replaced by:

The value of property will be determined as follows:

- a. Owned Covered Property will be valued at replacement cost without deduction for depreciation.

Replacement cost is limited to the cost of repair or replacement with similar equipment and used for the same purpose. Payment shall not exceed the amount you spend to repair or replace the damage or destroy property.

Paragraph G. Pairs, Sets Or Parts of the LOSS CONDITIONS in the COMMERCIAL INLAND MARINE CONDITIONS does not apply to items valued at replacement cost.

Paragraph A.5.b. Waiver of Depreciation (Partial Losses) does not apply to items valued at replacement cost.

- b. Covered Property of others will be valued at the least of the following:

- (a) The actual cash value of that property at the time of loss or damage;
- (b) The cost of reasonably restoring that property to its condition immediately before loss or damage; or
- (c) The cost of replacing that property with substantially identical property.

The value of the property will be determined as of the time of the loss or damage.

BZH104735

3. Percentage Deductible

Section D. DEDUCTIBLE is deleted and replaced by the following:

DEDUCTIBLE

- a. We will not pay for loss or damage in any one occurrence until the amount of loss or damage exceeds the Percentage Deductible shown in the Blanket Contractors Equipment Declarations. We will then pay the amount of loss or damage in excess of the Percentage Deductible up to the applicable Limit of Insurance.

The Percentage Deductible amount is determined by applying the percentage indicated in the Blanket Contractors Equipment Declarations to the value of the covered property that is involved in the loss. If a loss involves two or more items, the percentage indicated in the Blanket Contractors Equipment Declarations will apply only to the covered property with the highest value.

The Percentage Deductible will not exceed the Maximum Deductible amount and will not be less than the Minimum Deductible amount indicated in the Blanket Contractors Equipment Declarations.

- b. Regardless of the amount of Percentage Deductible shown in the Blanket Contractors Equipment Declarations, the most we will deduct from any loss or damage, under the:

- (1) Employees Tools Additional Coverage is \$100 per employee claim; and
- (2) Office Trailers and Contents Additional Coverage is \$250

But these Additional Coverage Deductibles will not increase the Percentage Deductible shown in the Blanket Contractors Equipment Declarations. These Deductibles will be used to satisfy the requirements of the Percentage Deductible shown in the Blanket Contractors Equipment Declarations.

- c. No deductible applies to the following:

(1) Additional Coverages:

- (a) Reward Expense Coverage;
- (b) Fire Department Service Charge; and

(2) The Recharging of Fire Extinguishing Equipment Coverage Extension.

G. DEFINITIONS

1. "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.

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 of or damage to:

- (1) Personal property in the open; or
- (2) The interior of a building or structure, or property inside a building or structure, unless the roof or an outside wall of the building or structure is first damaged by a falling object.

- c. Water damage means accidental discharge or leakage of water or steam as the direct result of the breaking apart or cracking of any part of a system or appliance (other than a sump system including its related equipment and parts) containing water or steam.

BZH104736

N. NICOMPUTER FORM

COMMERCIAL INLAND MARINE

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 F — DEFINITIONS.

A. COVERAGE

We will pay for "loss" to Covered Property from any of the Covered Causes of Loss

1. COVERED PROPERTY

Covered Property, as used in this Coverage Form, means electronic "data" processing equipment and its component parts as scheduled in the Declarations which is:

- a. Owned by you; or
- b. Leased, rented or under your control and for which you are legally liable.

2. PROPERTY NOT COVERED

Covered Property does not include:

- a. Accounts, bills, evidences of debt, valuable papers, records, abstracts, deeds, manuscripts or other similar documents. However, we will pay for "loss" to these items when in "data" form. This coverage is subject to paragraph 2.c. below.
- b. Property rented or leased to others while away from your premises;
- c. Any "data" or "media" which cannot be replaced with other of like kind and quality;
- d. Contraband, or property in the course of illegal transportation or trade.

3. COVERED CAUSES OF LOSS

Covered Causes of Loss means RISKS OF DIRECT PHYSICAL "LOSS" to Covered Property except those causes of "loss" Listed in the Exclusions.

4. ADDITIONAL COVERAGE - COLLAPSE

We will pay for direct "loss" caused by or resulting from risks of direct physical "loss" involving collapse of all or part of a

building or structure caused by one or more of the following:

- a. Fire; lightning; windstorm; hail; explosion; smoke; aircraft; vehicles; riot; civil commotion; vandalism; breakage of glass; falling objects; weight of snow ice or sleet; water damage; all only as covered in this Coverage Form,
- b. Hidden decay;
- c. Hidden insect or vermin damage;
- d. Weight of people or personal property.
- e. Weight of rain that collects on a roof;
- f. Use of defective materials or methods in construction, remodeling or renovation if the collapse occurs during the course of the construction, remodeling or renovation.

This Additional Coverage does not increase the Limits of Insurance provided in this Coverage Form.

5. COVERAGE EXTENSIONS

This Coverage Form is extended to cover

- a. Your "Data" and "Media", or "Data" and "Media" for which you are liable.

The most we will pay for "loss" under this Extension is 25% of the total Limit of Insurance on equipment at each location, but not more than \$10,000.

- b. The actual and necessary Extra Expense you sustain due to direct physical "loss" to Covered Property covered by this Coverage Form. Extra Expense means necessary expenses you incur during the "period of restoration" that you would not have incurred if there had been no direct physical "loss" to Covered Property.

The most we will pay for "loss" under this Extension is 25% of the total Limit of Insurance shown on the Declarations for equipment at each location, but not more than \$10,000.

- c. Newly acquired equipment. Coverage is extended to newly acquired property similar to already Covered Property as

The most we will pay for "loss" under this Extension is 25% of the total Limit of Insurance on equipment at the location, but not more than \$50,000.

Insurance under this Extension will end when any of the following first occurs:

- (1) This policy expires;
- (2) 30 days expire after you acquire the property; or
- (3) You report values to us.

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

- d. Newly acquired locations Coverage is extended to equipment already covered by this Coverage Form if it is moved to a new location occupied by you. The most we will pay for "loss" under this Extension is \$50,000.

Insurance under this Extension will end when any of the following first occurs:

- (1) This policy expires.
- (2) 30 days expire after you acquire the location, or
- (3) You report values to us.

We will charge you additional premium if due for values reported from the date you acquire the property

- e. Debris Removal. We will pay your expenses to remove debris of Covered Property caused by or resulting from a Covered Cause of Loss. The most we will pay under this Extension is 10% of the Limit of Insurance for the damaged property, but not more than \$10,000
- f. Preservation of Property. If it is necessary to move Covered Property from the premises to preserve it from "loss" or damage by a Covered Cause of Loss, we will pay for any direct physical "loss" to that property:
 - (1) While it is being moved or while temporarily stored at another location;
 - (2) If the "loss" occurs within 10 days after the property is first moved
- g. Transit. We will pay for "loss" to Covered Property resulting from a Covered Cause of Loss while the property is in transit or at a temporary location. The most we will pay under this Extension is \$10,000.

B. EXCLUSIONS

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

a. GOVERNMENTAL ACTION

Seizure or destruction of property by order of governmental authority.

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

b. NUCLEAR HAZARD

- (1) Any weapon employing atomic fission or fusion; or
- (2) Nuclear reaction or radiation or radioactive contamination from any other cause. But we will pay for direct "loss" caused by resulting fire if the fire would be covered under this Coverage Form.

c. 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.

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

- a. Mechanical failure, faulty workmanship or material, or error or omission in design of the Covered Property But if "loss" by fire or explosion results, we will pay for that resulting "loss"
- b. Any quality in the property that causes it to damage or destroy itself, wear and tear, insects, gradual deterioration or
- c. Dishonest or criminal acts by you, any of your partners, employees, directors, trustees, authorized representatives or

anyone to whom you trust the property for any purpose:

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

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

- d. Dryness or dampness of atmosphere extremes of temperature, corrosion, or rust unless directly resulting from "loss" to the "data processing system's air conditioning facilities caused by a Cause of Loss not excluded in this Coverage Form:

- e. Short circuit, blow out, or other electrical disturbance, other than lightning, within the Covered Property

However, if "loss" by fire or explosion results, we will pay for that resulting damage.

- f. Actual work upon the Covered Property. However, if "loss" by fire or explosion results, we will pay for that resulting damage.

- g. Error in machine programming or instructions to machine;

- h. The enforcement of any state or municipal law or ordinance unless such liability is specifically assumed elsewhere in this Coverage Form;

- i. Delay, loss of profit, loss of use or loss of market;

- j. Interferences at premises by strikers or other persons with repairing or replacing the property damaged or destroyed or with the resumption or continuation of your operation;

- k. Voluntary parting with any property by you or anyone entrusted with the property if induced to do so by any fraudulent scheme, trick, device or false pretense;

- l. Unauthorized instructions to transfer property to any person or to any place.

3. We will not pay for a "loss" caused by or resulting from any of the following. But if "loss" by a Covered Cause of Loss results we will pay for that resulting "loss".

- a. Weather conditions. But this exclusion only applies if weather conditions con-

tribute in any way with a cause or event excluded in paragraph 1 above to produce "loss"

- 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 wherever located.

- d. Collapse except as provided in the Additional Coverage Collapse section of this Coverage Form.

C. LIMITS OF INSURANCE

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

D. DEDUCTIBLE

We will not pay for "loss" in any one occurrence until the amount of the adjusted "loss" before applying the applicable Limits of Insurance exceeds the Deductible shown in the Declarations. We will then pay the amount of the adjusted "loss" in excess of the Deductible, up to the applicable Limit of Insurance.

E. ADDITIONAL CONDITIONS

The following conditions apply in addition to the Commercial Inland Marine Conditions and the Common Policy Conditions:

1. COVERAGE TERRITORY

We cover property wherever located within:

- a. The United States of America;
- b. Puerto Rico; and
- c. Canada.

2. VALUATION

- a. Equipment

As shown in the Declarations as Actual Cash Value, General Condition E. Valuation in the Commercial Inland Marine Conditions applies.

BZH104739

- (2) If coverage is shown on the Declarations as Replacement Cost, General Condition E. Valuation in the Commercial Inland Marine Conditions is replaced by the following:

We will not pay more for "loss" on a replacement cost basis than the actual retail replacement cost of property similar in kind to the Covered Property at the time of the "loss".

However, we will not pay more than the Limit of Insurance shown in the Declarations.

b. "Data" and "Media"

(1) "Data". The actual cost of reproducing the "data". If "data" is not replaced or reproduced, then the cost of blank "media".

(2) "Media". The actual cost to repair or replace the property with material of like kind and quality.

3. COINSURANCE

This clause applies to equipment and its component parts:

All Covered Property must be insured for its total value. If all Covered Property is not insured for its total value as of the time of "loss" you will incur a penalty.

The penalty is that we will pay only the proportion of any "loss" that the Limit of Insurance shown in the Declarations for all Covered Property at all locations bears to the total value of all property at all locations as of the time of "loss".

F. DEFINITIONS

1. "Loss" means accidental loss or damage.
2. "Media" means the materials on which "data" is stored.
3. "Data" means the information stored on the "media", including computer programs.
4. "Period of Restoration" means the period of time that:
 - a. Begins with the date of direct physical "loss" caused by or resulting from any Covered Cause of Loss; and
 - b. Ends on the date when the property at the described premises should be repaired, rebuilt or replaced with reasonable speed and similar quality.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

LOSS PAYABLE CLAUSE

This endorsement modifies insurance provided under the following:

COMMERCIAL INLAND MARINE COVERAGE FORMS

SCHEDULE

Description of Covered Property

Loss Payee
Name and Address

The following is added to Loss Conditions E. Loss Payment.

A. LOSS PAYABLE

For Covered Property in which both you and a Loss Payee shown in the Schedule or in the Declarations have an insurable interest, we will:

1. Adjust losses with you; and
2. Pay any claim for "loss" jointly to you and the loss payee, as interests may appear.

COMMERCIAL GENERAL LIABILITY COVERAGE FORM

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

Throughout this policy the words "you" and "your" refer to the Named Insured shown in the Declarations, and any other person or organization qualifying as a Named Insured under this policy. The words "we", "us" and "our" refer to the company providing this insurance.

The word "insured" means any person or organization qualifying as such under Section II - Who Is An Insured.

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

SECTION I - COVERAGES

COVERAGE A BODILY INJURY AND PROPERTY DAMAGE LIABILITY

1. Insuring Agreement

- a. We will pay those sums that the insured becomes legally obligated to pay as damages because of "bodily injury" or "property damage" to which this insurance applies. We will have the right and duty to defend the insured against any "suit" seeking those damages. However, we will have no duty to defend the insured against any "suit" seeking damages for "bodily injury" or "property damage" to which this insurance does not apply. We may, at our discretion, investigate any "occurrence" and settle any claim or "suit" that may result. But:

- (1) The amount we will pay for damages is limited as described in Section III - Limits Of Insurance; and
- (2) Our right and duty to defend end when we have used up the applicable limit of insurance in the payment of judgments or settlements under Coverages A or B or medical expenses under Coverage C.

No other obligation or liability to pay sums or perform acts or services is covered unless explicitly provided for under Supplementary Payments - Coverages A and B.

- b. This insurance applies to "bodily injury" and "property damage" only if:

- (1) The "bodily injury" or "property damage" is caused by an "occurrence" that takes place in the "coverage territory"; and
- (2) The "bodily injury" or "property damage" occurs during the policy period.

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

2. Exclusions

This insurance does not apply to:

a. Expected Or Intended Injury

"Bodily injury" or "property damage" expected or intended from the standpoint of the insured. This exclusion does not apply to "bodily injury" resulting from the use of reasonable force to protect persons or property.

b. Contractual Liability

"Bodily injury" or "property damage" for which the insured is obligated to pay damages by reason of the assumption of liability in a contract or agreement. This exclusion does not apply to liability for damages:

- (1) That the insured would have in the absence of the contract or agreement; or
- (2) Assumed in a contract or agreement that is an "insured contract", provided the "bodily injury" or "property damage" occurs subsequent to the execution of the contract or agreement. Solely for the purposes of liability assumed in an "insured contract", reasonable attorney fees and necessary litigation expenses incurred by or for a party other than an insured are deemed to be damages because of "bodily injury" or "property damage", provided:
 - (a) Liability to such party for, or for the cost of, that party's defense has also been assumed in the same "insured contract"; and

BZH104742

- (b) Such attorney fees and litigation expenses are for defense of that party against a civil or alternative dispute resolution proceeding in which damages to which this insurance applies are alleged.

c. Liquor Liability

"Bodily injury" or "property damage" for which any insured may be held liable by reason of:

- (1) Causing or contributing to the intoxication of any person;
- (2) The furnishing of alcoholic beverages to a person under the legal drinking age or under the influence of alcohol; or
- (3) Any statute, ordinance or regulation relating to the sale, gift, distribution or use of alcoholic beverages.

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

d. Workers' Compensation And Similar Laws

Any obligation of the insured under a workers' compensation, disability benefits or unemployment compensation law or any similar law.

e. Employer's Liability

"Bodily injury" to:

- (1) An "employee" of the insured arising out of and in the course of:
 - (a) Employment by the insured; or
 - (b) Performing duties related to the conduct of the insured's business; or
- (2) The spouse, child, parent, brother or sister of that "employee" as a consequence of Paragraph (1) above.

This exclusion applies:

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

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

f. Pollution

- (1) "Bodily injury" or "property damage" arising out of the actual, alleged or threatened discharge, dispersal, seepage, migration, release or escape of "pollutants";

- (a) At or from any premises, site or location which is or was at any time owned or occupied by, or rented or loaned to, any insured. However, this subparagraph does not apply to:

- (i) "Bodily injury" if sustained within a building and caused by smoke, fumes, vapor or soot from equipment used to heat that building;

- (ii) "Bodily injury" or "property damage" for which you may be held liable, if you are a contractor and the owner or lessee of such premises, site or location has been added to your policy as an additional insured with respect to your ongoing operations performed for that additional insured at that premises, site or location and such premises, site or location is not and never was owned or occupied by, or rented or loaned to, any insured, other than that additional insured; or

- (iii) "Bodily injury" or "property damage" arising out of heat, smoke or fumes from a "hostile fire";

- (b) At or from any premises, site or location which is or was at any time used by or for any insured or others for the handling, storage, disposal, processing or treatment of waste;

- (c) Which are or were at any time transported, handled, stored, treated, disposed of, or processed as waste by or for any insured or any person or organization for whom you may be legally responsible; or

BZH104743

- (d) At or from any premises, site or location on which any insured or any contractors or subcontractors working directly or indirectly on any insured's behalf are performing operations if the "pollutants" are brought on or to the premises, site or location in connection with such operations by such insured, contractor or subcontractor. However, this subparagraph does not apply to:
- (I) "Bodily injury" or "property damage" arising out of the escape of fuels, lubricants or other operating fluids which are needed to perform the normal electrical, hydraulic or mechanical functions necessary for the operation of "mobile equipment" or its parts, if such fuels, lubricants or other operating fluids escape from a vehicle part designed to hold, store or receive them. This exception does not apply if the "bodily injury" or "property damage" arises out of the intentional discharge, dispersal or release of the fuels, lubricants or other operating fluids, or if such fuels, lubricants or other operating fluids are brought on or to the premises, site or location with the intent that they be discharged, dispersed or released as part of the operations being performed by such insured, contractor or subcontractor;
 - (II) "Bodily injury" or "property damage" sustained within a building and caused by the release of gases, fumes or vapors from materials brought into that building in connection with operations being performed by you or on your behalf by a contractor or subcontractor; or
 - (III) "Bodily injury" or "property damage" arising out of heat, smoke or fumes from a "hostile fire".
- (e) At or from any premises, site or location on which any insured or any contractors or subcontractors working directly or indirectly on any insured's behalf are performing operations if the operations are to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of, "pollutants".

(2) Any loss, cost or expense arising out of any:

- (a) Request, demand, order or statutory or regulatory requirement that any insured or others test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of, "pollutants"; or
- (b) Claim or suit by or on behalf of a governmental authority for damages because of testing for, monitoring, cleaning up, removing, containing, treating, detoxifying or neutralizing, or in any way responding to, or assessing the effects of, "pollutants".

However, this paragraph does not apply to liability for damages because of "property damage" that the insured would have in the absence of such request, demand, order or statutory or regulatory requirement, or such claim or "suit" by or on behalf of a governmental authority.

g. Aircraft, Auto Or Watercraft

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

This exclusion does not apply to:

- (1) A watercraft while ashore on premises you own or rent;
- (2) A watercraft you do not own that is:
 - (a) Less than 26 feet long; and
 - (b) Not being used to carry persons or property for a charge;
- (3) Parking an "auto" on, or on the ways next to, premises you own or rent, provided the "auto" is not owned by or rented or loaned to you or the insured;
- (4) Liability assumed under any "insured contract" for the ownership, maintenance or use of aircraft or watercraft; or
- (5) "Bodily injury" or "property damage" arising out of the operation of any of the equipment listed in Paragraph 1.(2) or 1.(3) of the definition of "mobile equipment".

BZH104744

h. Mobile Equipment

"Bodily injury" or "property damage" arising out of:

- (1) The transportation of "mobile equipment" by an "auto" owned or operated by or rented or loaned to any insured; or
- (2) The use of "mobile equipment" in, or while in practice for, or while being prepared for, any prearranged racing, speed, demolition, or stunting activity.

i. War

"Bodily injury" or "property damage" due to war, whether or not declared, or any act or condition incident to war. War includes civil war, insurrection, rebellion or revolution. This exclusion applies only to liability assumed under a contract or agreement.

j. Damage To Property

"Property damage" to:

- (1) Property you own, rent, or occupy;
- (2) Premises you sell, give away or abandon, if the "property damage" arises out of any part of those premises;
- (3) Property loaned to you;
- (4) Personal property in the care, custody or control of the insured;
- (5) That particular part of real property on which you or any contractors or subcontractors working directly or indirectly on your behalf are performing operations, if the "property damage" arises out of those operations; or
- (6) That particular part of any property that must be restored, repaired or replaced because "your work" was incorrectly performed on it.

Paragraphs (1), (3) and (4) of this exclusion do not apply to "property damage" (other than damage by fire) to premises, including the contents of such premises, rented to you for a period of 7 or fewer consecutive days. A separate limit of insurance applies to Damage To Premises Rented To You as described in Section III - Limits Of Insurance.

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

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

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

k. Damage To Your Product

"Property damage" to "your product" arising out of it or any part of it.

l. Damage To Your Work

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

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

m. Damage To Impaired Property Or Property Not Physically Injured

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

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

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

n. Recall Of Products, Work Or Impaired Property

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

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

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

o. Personal And Advertising Injury

"Bodily injury" arising out of "personal and advertising injury".

Exclusions c. through n. do not apply to damage by fire to premises while rented to you or temporarily occupied by you with permission of the owner. A separate limit of insurance applies to this coverage as described in Section III - Limits Of Insurance.

BZH104745

COVERAGE B PERSONAL AND ADVERTISING INJURY LIABILITY

1. Insuring Agreement

a. We will pay those sums that the insured becomes legally obligated to pay as damages because of "personal and advertising injury" to which this insurance applies. We will have the right and duty to defend the insured against any "suit" seeking those damages. However, we will have no duty to defend the insured against any "suit" seeking damages for "personal and advertising injury" to which this insurance does not apply. We may, at our discretion, investigate any offense and settle any claim or "suit" that may result. But:

- (1) The amount we will pay for damages is limited as described in Section III - Limits Of Insurance; and
- (2) Our right and duty to defend end when we have used up the applicable limit of insurance in the payment of judgments or settlements under Coverages A or B or medical expenses under Coverage C.

No other obligation or liability to pay sums or perform acts or services is covered unless explicitly provided for under Supplementary Payments - Coverages A and B.

b. This insurance applies to "personal and advertising injury" caused by an offense arising out of your business but only if the offense was committed in the "coverage territory" during the policy period.

2. Exclusions

This insurance does not apply to:

a. "Personal and advertising injury":

- (1) Caused by or at the direction of the insured with the knowledge that the act would violate the rights of another and would inflict "personal and advertising injury";
- (2) Arising out of oral or written publication of material, if done by or at the direction of the insured with knowledge of its falsity;
- (3) Arising out of oral or written publication of material whose first publication took place before the beginning of the policy period;
- (4) Arising out of a criminal act committed by or at the direction of any insured;
- (5) For which the insured has assumed liability in a contract or agreement. This exclusion does not apply to liability for damages that the insured would have in the absence of the contract or agreement;

(6) Arising out of a breach of contract, except an implied contract to use another's advertising idea in your "advertisement";

(7) Arising out of the failure of goods, products or services to conform with any statement of quality or performance made in your "advertisement";

(8) Arising out of the wrong description of the price of goods, products or services stated in your "advertisement";

(9) Committed by an insured whose business is advertising, broadcasting, publishing or telecasting. However, this exclusion does not apply to Paragraphs 14.a., b. and c. of "personal and advertising injury" under the Definitions Section; or

(10) Arising out of the actual, alleged or threatened discharge, dispersal, seepage, migration, release or escape of "pollutants" at any time.

b. Any loss, cost or expense arising out of any:

- (1) Request, demand or order that any insured or others test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of, "pollutants"; or
- (2) Claim or suit by or on behalf of a governmental authority for damages because of testing for, monitoring, cleaning up, removing, containing, treating, detoxifying or neutralizing, or in any way responding to, or assessing the effects of, "pollutants".

COVERAGE C MEDICAL PAYMENTS

1. Insuring Agreement

a. We will pay medical expenses as described below for "bodily injury" caused by an accident:

- (1) On premises you own or rent;
- (2) On ways next to premises you own or rent; or
- (3) Because of your operations; provided that:
 - (1) The accident takes place in the "coverage territory" and during the policy period;
 - (2) The expenses are incurred and reported to us within one year of the date of the accident; and
 - (3) The injured person submits to examination, at our expense, by physicians of our choice as often as we reasonably require.

BZH104746

b. We will make these payments regardless of fault. These payments will not exceed the applicable limit of insurance. We will pay reasonable expenses for:

- (1) First aid administered at the time of an accident;
- (2) Necessary medical, surgical, x-ray and dental services, including prosthetic devices; and
- (3) Necessary ambulance, hospital, professional nursing and funeral services.

2. Exclusions

We will not pay expenses for "bodily injury":

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

SUPPLEMENTARY PAYMENTS - COVERAGES A AND B

1. We will pay, with respect to any claim we investigate or settle, or any "suit" against an insured we defend:

- a. All expenses we incur.
- b. Up to \$250 for cost of bail bonds required because of accidents or traffic law violations arising out of the use of any vehicle to which the Bodily Injury Liability Coverage applies. We do not have to furnish these bonds.
- c. The cost of bonds to release attachments, but only for bond amounts within the applicable limit of insurance. We do not have to furnish these bonds.
- d. All reasonable expenses incurred by the insured at our request to assist us in the investigation or defense of the claim or "suit", including actual loss of earnings up to \$250 a day because of time off from work.

e. All costs taxed against the insured in the "suit".

f. Prejudgment interest awarded against the insured on that part of the judgment we pay. If we make an offer to pay the applicable limit of insurance, we will not pay any prejudgment interest based on that period of time after the offer.

g. All interest on the full amount of any judgment that accrues after entry of the judgment and before we have paid, offered to pay, or deposited in court the part of the judgment that is within the applicable limit of insurance.

These payments will not reduce the limits of insurance.

2. If we defend an insured against a "suit" and an indemnitee of the insured is also named as a party to the "suit", we will defend that indemnitee if all of the following conditions are met:

- a. The "suit" against the indemnitee seeks damages for which the insured has assumed the liability of the indemnitee in a contract or agreement that is an "insured contract";
- b. This insurance applies to such liability assumed by the insured;
- c. The obligation to defend, or the cost of the defense of, that indemnitee, has also been assumed by the insured in the same "insured contract";
- d. The allegations in the "suit" and the information we know about the "occurrence" are such that no conflict appears to exist between the interests of the insured and the interests of the indemnitee;
- e. The indemnitee and the insured ask us to conduct and control the defense of that indemnitee against such "suit" and agree that we can assign the same counsel to defend the insured and the indemnitee; and
- f. The indemnitee:

(1) Agrees in writing to:

- (a) Cooperate with us in the investigation, settlement or defense of the "suit";
- (b) Immediately send us copies of any demands, notices, summonses or legal papers received in connection with the "suit";
- (c) Notify any other insurer whose coverage is available to the indemnitee; and
- (d) Cooperate with us with respect to coordinating other applicable insurance available to the indemnitee; and

BZH104747

- (2) Provides us with written authorization to:
 - (a) Obtain records and other information related to the "suit"; and
 - (b) Conduct and control the defense of the indemnitee in such "suit".

So long as the above conditions are met, attorneys' fees incurred by us in the defense of that indemnitee, necessary litigation expenses incurred by us and necessary litigation expenses incurred by the indemnitee at our request will be paid as Supplementary Payments. Notwithstanding the provisions of Paragraph 2.b.(2) of Section I - Coverage A - Bodily Injury And Property Damage Liability, such payments will not be deemed to be damages for "bodily injury" and "property damage" and will not reduce the limits of insurance.

Our obligation to defend an insured's indemnitee and to pay for attorneys' fees and necessary litigation expenses as Supplementary Payments ends when:

- a. We have used up the applicable limit of insurance in the payment of judgments or settlements; or
- b. The conditions set forth above, or the terms of the agreement described in Paragraph f. above, are no longer met.

SECTION II - WHO IS AN INSURED

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

2. Each of the following is also an insured:

- a. Your "employees", other than either your "executive officers" (if you are an organization other than a partnership, joint venture or limited liability company) or your managers (if you are a limited liability company), but only for acts within the scope of their employment by you or while performing duties related to the conduct of your business. However, none of these "employees" is an insured for:

- (1) "Bodily injury" or "personal and advertising injury":

- (a) To you, to your partners or members (if you are a partnership or joint venture), to your members (if you are a limited liability company), or to a co-"employee" while that co-"employee" is either in the course of his or her employment or performing duties related to the conduct of your business;

- (b) To the spouse, child, parent, brother or sister of that co-"employee" as a consequence of Paragraph (1)(a) above;

- (c) For which there is any obligation to share damages with or repay someone else who must pay damages because of the injury described in Paragraphs (1)(a) or (b) above; or

- (d) Arising out of his or her providing or failing to provide professional health care services.

- (2) "Property damage" to property:

- (a) Owned, occupied or used by,

- (b) Rented to, in the care, custody or control of, or over which physical control is being exercised for any purpose by

you, any of your "employees", any partner or member (if you are a partnership or joint venture), or any member (if you are a limited liability company).

- b. Any person (other than your "employee", or any organization while acting as your real estate manager.

- c. Any person or organization having proper temporary custody of your property if you die, but only:

- (1) With respect to liability arising out of the maintenance or use of that property; and

- (2) Until your legal representative has been appointed.

BZH104748

- d. Your legal representative if you die, but only with respect to duties as such. That representative will have all your rights and duties under this Coverage Part.
3. With respect to "mobile equipment" registered in your name under any motor vehicle registration law, any person is an insured while driving such equipment along a public highway with your permission. Any other person or organization responsible for the conduct of such person is also an insured, but only with respect to liability arising out of the operation of the equipment, and only if no other insurance of any kind is available to that person or organization for this liability. However, no person or organization is an insured with respect to:
 - a. "Bodily injury" to a co-"employee" of the person driving the equipment; or
 - b. "Property damage" to property owned by, rented to, in the charge of or occupied by you or the employer of any person who is an insured under this provision.
4. Any organization you newly acquire or form, other than a partnership, joint venture or limited liability company, and over which you maintain ownership or majority interest, will qualify as a Named Insured if there is no other similar insurance available to that organization. However:
 - a. Coverage under this provision is afforded only until the 90th day after you acquire or form the organization or the end of the policy period, whichever is earlier;
 - b. Coverage A does not apply to "bodily injury" or "property damage" that occurred before you acquired or formed the organization; and
 - c. Coverage B does not apply to "personal and advertising injury" arising out of an offense committed before you acquired or formed the organization.

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

SECTION III - LIMITS OF INSURANCE

1. The Limits of Insurance shown in the Declarations and the rules below fix the most we will pay regardless of the number of:
 - a. Insureds;
 - b. Claims made or "suits" brought; or
 - c. Persons or organizations making claims or bringing "suits".

2. The General Aggregate Limit is the most we will pay for the sum of:
 - a. Medical expenses under Coverage C;
 - b. Damages under Coverage A, except damages because of "bodily injury" or "property damage" included in the "products-completed operations hazard"; and
 - c. Damages under Coverage B.
3. The Products-Completed Operations Aggregate Limit is the most we will pay under Coverage A for damages because of "bodily injury" and "property damage" included in the "products-completed operations hazard".
4. Subject to 2. above, the Personal and Advertising Injury Limit is the most we will pay under Coverage B for the sum of all damages because of all "personal and advertising injury" sustained by any one person or organization.
5. Subject to 2. or 3. above, whichever applies, the Each Occurrence Limit is the most we will pay for the sum of:
 - a. Damages under Coverage A; and
 - b. Medical expenses under Coverage C because of all "bodily injury" and "property damage" arising out of any one "occurrence".
6. Subject to 5. above, the Damage To Premises Rented To You Limit is the most we will pay under Coverage A for damages because of "property damage" to any one premises, while rented to you, or in the case of damage by fire, while rented to you or temporarily occupied by you with permission of the owner.
7. Subject to 5. above, the Medical Expense Limit is the most we will pay under Coverage C for all medical expenses because of "bodily injury" sustained by any one person.

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

BZH104749

SECTION IV - COMMERCIAL GENERAL LIABILITY CONDITIONS

1. Bankruptcy

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

2. Duties In The Event Of Occurrence, Offense, Claim Or Suit

a. You must see to it that we are notified as soon as practicable of an "occurrence" or an offense which may result in a claim. To the extent possible, notice should include:

- (1) How, when and where the "occurrence" or offense took place;
- (2) The names and addresses of any injured persons and witnesses; and
- (3) The nature and location of any injury or damage arising out of the "occurrence" or offense.

b. If a claim is made or "suit" is brought against any insured, you must:

- (1) Immediately record the specifics of the claim or "suit" and the date received; and
- (2) Notify us as soon as practicable.

You must see to it that we receive written notice of the claim or "suit" as soon as practicable.

c. You and any other involved insured must:

- (1) Immediately send us copies of any demands, notices, summonses or legal papers received in connection with the claim or "suit";
- (2) Authorize us to obtain records and other information;
- (3) Cooperate with us in the investigation or settlement of the claim or defense against the "suit"; and
- (4) Assist us, upon our request, in the enforcement of any right against any person or organization which may be liable to the insured because of injury or damage to which this insurance may also apply.

d. No insured will, except at that insured's own cost, voluntarily make a payment, assume any obligation, or incur any expense, other than for first aid, without our consent.

3. Legal Action Against Us

No person or organization has a right under this Coverage Part:

a. To join us as a party or otherwise bring us into a "suit" asking for damages from an insured, or

b. To sue us on this Coverage Part unless all of its terms have been fully complied with.

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

4. Other Insurance

If other valid and collectible insurance is available to the insured for a loss we cover under Coverages A or B of this Coverage Part, our obligations are limited as follows:

a. Primary Insurance

This insurance is primary except when b. below applies. If this insurance is primary, our obligations are not affected unless any of the other insurance is also primary. Then, we will share with all that other insurance by the method described in c. below.

b. Excess Insurance

This insurance is excess over:

- (1) Any of the other insurance, whether primary, excess, contingent or on any other basis:
 - (a) That is Fire, Extended Coverage, Builder's Risk, Installation Risk or similar coverage for "your work";
 - (b) That is Fire Insurance for premises rented to you or temporarily occupied by you with permission of the owner;
 - (c) That is Insurance purchased by you to cover your liability as a tenant for "property damage" to premises rented to you or temporarily occupied by you with permission of the owner; or
 - (d) If the loss arises out of the maintenance or use of aircraft, "autos" or watercraft to the extent not subject to Exclusion g. of Section I - Coverage A - Bodily Injury And Property Damage Liability.
- (2) Any other primary insurance available to you covering liability for damages arising out of the premises or operations for which you have been added as an additional insured by attachment of an endorsement.

BZH104750

When this Insurance is excess, we will have no duty under Coverages A or B to defend the insured against any "suit" if any other insurer has a duty to defend the insured against that "suit". If no other insurer defends, we will undertake to do so, but we will be entitled to the insured's rights against all those other insurers.

When this Insurance is excess over other insurance, we will pay only our share of the amount of the loss, if any, that exceeds the sum of:

- (1) The total amount that all such other insurance would pay for the loss in the absence of this insurance; and
- (2) The total of all deductible and self-insured amounts under all that other insurance.

We will share the remaining loss, if any, with any other insurance that is not described in this Excess Insurance provision and was not bought specifically to apply in excess of the Limits of Insurance shown in the Declarations of this Coverage Part.

c. Method Of Sharing

If all of the other insurance permits contribution by equal shares, we will follow this method also. Under this approach each insurer contributes equal amounts until it has paid its applicable limit of insurance or none of the loss remains, whichever comes first.

If any of the other insurance does not permit contribution by equal shares, we will contribute by limits. Under this method, each insurer's share is based on the ratio of its applicable limit of insurance to the total applicable limits of insurance of all insurers.

5. Premium Audit

- a. We will compute all premiums for this Coverage Part in accordance with our rules and rates.
- b. Premium shown in this Coverage Part as advance premium is a deposit premium only. At the close of each audit period we will compute the earned premium for that period. Audit premiums are due and payable on notice to the first Named Insured. If the sum of the advance and audit premiums paid for the policy period is greater than the earned premium, we will return the excess to the first Named Insured.
- c. The first Named Insured must keep records of the information we need for premium computation, and send us copies at such times as we may request.

6. Representations

By accepting this policy, you agree:

- a. The statements in the Declarations are accurate and complete;
- b. Those statements are based upon representations you made to us; and
- c. We have issued this policy in reliance upon your representations.

7. Separation Of Insureds

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

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

8. Transfer Of Rights Of Recovery Against Others To Us

If the insured has rights to recover all or part of any payment we have made under this Coverage Part, those rights are transferred to us. The insured must do nothing after loss to impair them. At our request, the insured will bring "suit" or transfer those rights to us and help us enforce them.

9. When We Do Not Renew

If we decide not to renew this Coverage Part, we will mail or deliver to the first Named Insured shown in the Declarations written notice of the nonrenewal not less than 30 days before the expiration date.

If notice is mailed, proof of mailing will be sufficient proof of notice.

SECTION V - DEFINITIONS

1. "Advertisement" means a notice that is broadcast or published to the general public or specific market segments about your goods, products or services for the purpose of attracting customers or supporters.
2. "Auto" means a land motor vehicle, trailer or semi-trailer designed for travel on public roads, including any attached machinery or equipment. But "auto" does not include "mobile equipment".
3. "Bodily injury" means bodily injury, sickness or disease sustained by a person, including death resulting from any of these at any time.
4. "Coverage territory" means:
 - a. The United States of America (including its territories and possessions), Puerto Rico and Canada;

BZH104751

- b. International waters or airspace, provided the injury or damage does not occur in the course of travel or transportation to or from any place not included in a. above; or
 - c. All parts of the world if:
 - (1) The injury or damage arises out of:
 - (a) Goods or products made or sold by you in the territory described in a. above; or
 - (b) The activities of a person whose home is in the territory described in a. above, but is away for a short time on your business; and
 - (2) The insured's responsibility to pay damages is determined in a "suit" on the merits, in the territory described in a. above or in a settlement we agree to.
5. "Employee" includes a "leased worker". "Employee" does not include a "temporary worker".
6. "Executive officer" means a person holding any of the officer positions created by your charter, constitution, by-laws or any other similar governing document.
7. "Hostile fire" means one which becomes uncontrollable or breaks out from where it was intended to be.
8. "Impaired property" means tangible property, other than "your product" or "your work", that cannot be used or is less useful because:
- a. It incorporates "your product" or "your work" that is known or thought to be defective, deficient, inadequate or dangerous; or
 - b. You have failed to fulfill the terms of a contract or agreement;
- if such property can be restored to use by:
- a. The repair, replacement, adjustment or removal of "your product" or "your work"; or
 - b. Your fulfilling the terms of the contract or agreement.
9. "Insured contract" means:
- a. A contract for a lease of premises. However, that portion of the contract for a lease of premises that indemnifies any person or organization for damage by fire to premises while rented to you or temporarily occupied by you with permission of the owner is not an "insured contract";
 - b. A sidetrack agreement;
 - c. Any easement or license agreement, except in connection with construction or demolition operations on or within 50 feet of a railroad;
 - d. An obligation, as required by ordinance, to indemnify a municipality, except in connection with work for a municipality;
 - e. An elevator maintenance agreement;
 - f. That part of any other contract or agreement pertaining to your business (including an indemnification of a municipality in connection with work performed for a municipality) under which you assume the tort liability of another party to pay for "bodily injury" or "property damage" to a third person or organization. Tort liability means a liability that would be imposed by law in the absence of any contract or agreement.
- Paragraph f. does not include that part of any contract or agreement:
- (1) That indemnifies a railroad for "bodily injury" or "property damage" arising out of construction or demolition operations, within 50 feet of any railroad property and affecting any railroad bridge or trestle, tracks, roadbeds, tunnel, underpass or crossing;
 - (2) That indemnifies an architect, engineer or surveyor for injury or damage arising out of:
 - (a) Preparing, approving, or failing to prepare or approve, maps, shop drawings, opinions, reports, surveys, field orders, change orders or drawings and specifications; or
 - (b) Giving directions or instructions, or failing to give them, if that is the primary cause of the injury or damage; or
 - (3) Under which the insured, if an architect, engineer or surveyor, assumes liability for an injury or damage arising out of the insured's rendering or failure to render professional services, including those listed in (2) above and supervisory, inspection, architectural or engineering activities.
10. "Leased worker" means a person leased to you by a labor leasing firm under an agreement between you and the labor leasing firm, to perform duties related to the conduct of your business. "Leased worker" does not include a "temporary worker".
11. "Loading or unloading" means the handling of property:
- a. After it is moved from the place where it is accepted for movement into or onto an aircraft, watercraft or "auto";
 - b. While it is in or on an aircraft, watercraft or "auto"; or

BZH104752

c. While it is being moved from an aircraft, watercraft or "auto" to the place where it is finally delivered;

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

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

a. Bulldozers, farm machinery, forklifts and other vehicles designed for use principally off public roads;

b. Vehicles maintained for use solely on or next to premises you own or rent;

c. Vehicles that travel on crawler treads;

d. Vehicles, whether self-propelled or not, maintained primarily to provide mobility to permanently mounted:

(1) Power cranes, shovels, loaders, diggers or drills; or

(2) Road construction or resurfacing equipment such as graders, scrapers or rollers;

e. Vehicles not described in a., b., c. or d. above that are not self-propelled and are maintained primarily to provide mobility to permanently attached equipment of the following types:

(1) Air compressors, pumps and generators, including spraying, welding, building cleaning, geophysical exploration, lighting and well servicing equipment; or

(2) Cherry pickers and similar devices used to raise or lower workers;

f. Vehicles not described in a., b., c. or d. above maintained primarily for purposes other than the transportation of persons or cargo.

However, self-propelled vehicles with the following types of permanently attached equipment are not "mobile equipment" but will be considered "autos":

(1) Equipment designed primarily for:

(a) Snow removal;

(b) Road maintenance, but not construction or resurfacing; or

(c) Street cleaning;

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

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

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

14. "Personal and advertising injury" means injury, including consequential "bodily injury", arising out of one or more of the following offenses:

a. False arrest, detention or imprisonment;

b. Malicious prosecution;

c. The wrongful eviction from, wrongful entry into, or invasion of the right of private occupancy of a room, dwelling or premises that a person occupies, committed by or on behalf of its owner, landlord or lessor;

d. Oral or written publication of material that slanders or libels a person or organization or disparages a person's or organization's goods, products or services;

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

f. The use of another's advertising idea in your "advertisement"; or

g. Infringing upon another's copyright, trade dress or slogan in your "advertisement".

15. "Pollutants" mean 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.

16. "Products-completed operations hazard":

a. Includes all "bodily injury" and "property damage" occurring away from premises you own or rent and arising out of "your product" or "your work" except:

(1) Products that are still in your physical possession; or

(2) Work that has not yet been completed or abandoned. However, "your work" will be deemed completed at the earliest of the following times:

(a) When all of the work called for in your contract has been completed.

(b) When all of the work to be done at the job site has been completed if your contract calls for work at more than one job site.

(c) When that part of the work done at a job site has been put to its intended use by any person or organization other than another contractor or subcontractor working on the same project.

Work that may need service, maintenance, correction, repair or replacement, but which is otherwise complete will be treated as completed

BZH104753

b. Does not include "bodily injury" or "property damage" arising out of:

- (1) The transportation of property, unless the injury or damage arises out of a condition in or on a vehicle not owned or operated by you, and that condition was created by the "loading or unloading" of that vehicle by any insured;
- (2) The existence of tools, uninstalled equipment or abandoned or unused materials; or
- (3) Products or operations for which the classification, listed in the Declarations or in a policy schedule, states that products-completed operations are subject to the General Aggregate Limit.

17. "Property damage" means:

- a. Physical injury to tangible property, including all resulting loss of use of that property. All such loss of use shall be deemed to occur at the time of the physical injury that caused it; or
- b. Loss of use of tangible property that is not physically injured. All such loss of use shall be deemed to occur at the time of the "occurrence" that caused it.

18. "Suit" means a civil proceeding in which damages because of "bodily injury", "property damage" or "personal and advertising injury" to which this insurance applies are alleged. "Suit" includes:

- a. An arbitration proceeding in which such damages are claimed and to which the insured must submit or does submit with our consent; or
- b. Any other alternative dispute resolution proceeding in which such damages are claimed and to which the insured submits with our consent.

19. "Temporary worker" means a person who is furnished to you to substitute for a permanent "employee" on leave or to meet seasonal or short-term workload conditions.

20. "Your product" means:

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

"Your product" includes:

- a. Warranties or representations made at any time with respect to the fitness, quality, durability, performance or use of "your product"; and
- b. The providing of or failure to provide warnings or instructions.

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

21. "Your work" means:

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

"Your work" includes:

- a. Warranties or representations made at any time with respect to the fitness, quality, durability, performance or use of "your work"; and
- b. The providing of or failure to provide warnings or instructions.

BZH104754

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

INDIANA CHANGES – POLLUTION EXCLUSION

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

The following is added to Subparagraph f., Pollution of Paragraph 2., Exclusions of Bodily Injury And Property Damage Liability Coverage (Section 1 – Coverages) and to Paragraph 2., Exclusions of Personal And Advertising Injury Liability Coverage (Section 1 – Coverages) or to any amendment to or replacement thereof:

This Pollution Exclusion applies whether or not such irritant or contaminant has any function in your business, operations, premises, site or location.

BZH104755

POLICY NUMBER:

COMMERCIAL GENERAL LIABILITY

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

ADDITIONAL INSURED—LESSOR OF LEASED EQUIPMENT

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART.

SCHEDULE

Name of Person or Organization:

(If no entry appears above, information required to complete this endorsement will be shown in the Declarations as applicable to this endorsement.)

WHO IS AN INSURED (Section II) is amended to include as an insured the person(s) or organization(s) shown in the Schedule, but only with respect to their liability arising out of the maintenance, operation or use by you of equipment leased to you by such person(s) or organization(s), subject to the following additional exclusions:

This insurance does not apply:

1. To any "occurrence" which takes place after the equipment lease expires;
2. To "bodily injury" or "property damage" arising out of the sole negligence of the person or organization shown in the Schedule.

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THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

EMPLOYMENT-RELATED PRACTICES EXCLUSION

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

- A. The following exclusion is added to Paragraph 2., Exclusions of Section I – Coverage A – Bodily Injury And Property Damage Liability:

This insurance does not apply to:

"Bodily injury" to:

- (1) A person arising out of any:
 - (a) Refusal to employ that person;
 - (b) Termination of that person's employment; or
 - (c) Employment-related practices, policies, acts or omissions, such as coercion, demotion, evaluation, reassignment, discipline, defamation, harassment, humiliation or discrimination directed at that person; or
- (2) The spouse, child, parent, brother or sister of that person as a consequence of "bodily injury" to that person at whom any of the employment-related practices described in Paragraphs (a), (b), or (c) above is directed.

This exclusion applies:

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

- B. The following exclusion is added to Paragraph 2., Exclusions of Section I – Coverage B – Personal And Advertising Injury Liability:

This insurance does not apply to:

"Personal and advertising injury" to:

- (1) A person arising out of any:
 - (a) Refusal to employ that person;
 - (b) Termination of that person's employment; or
 - (c) Employment-related practices, policies, acts or omissions, such as coercion, demotion, evaluation, reassignment, discipline, defamation, harassment, humiliation or discrimination directed at that person; or
- (2) The spouse, child, parent, brother or sister of that person as a consequence of "personal and advertising injury" to that person at whom any of the employment-related practices described in Paragraphs (a), (b), or (c) above is directed.

This exclusion applies:

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

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THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

**EXCLUSION – YEAR 2000 COMPUTER-RELATED AND
OTHER ELECTRONIC PROBLEMS – WITH EXCEPTION
FOR BODILY INJURY ON YOUR PREMISES**

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

The following exclusion is added to Paragraph 2., Exclusions of Section I – Coverage A – Bodily Injury And Property Damage Liability and Paragraph 2., Exclusions of Section I – Coverage B – Personal And Advertising Injury Liability:

2. Exclusions

This insurance does not apply to "bodily injury", "property damage", "personal injury" or "advertising injury" (or "personal and advertising injury" if defined as such in your policy) arising directly or indirectly out of:

a. Any actual or alleged failure, malfunction or inadequacy of:

(1) Any of the following, whether belonging to any insured or to others:

- (a) Computer hardware, including microprocessors;
- (b) Computer application software;
- (c) Computer operating systems and related software;
- (d) Computer networks;
- (e) Microprocessors (computer chips) not part of any computer system; or
- (f) Any other computerized or electronic equipment or components; or

(2) Any other products, and any services, data or functions that directly or indirectly use or rely upon, in any manner, any of the items listed in Paragraph 2.a.(1) of this endorsement

due to the inability to correctly recognize, process, distinguish, interpret or accept the year 2000 and beyond

b. Any advice, consultation, design, evaluation, inspection, installation, maintenance, repair, replacement or supervision provided or done by you or for you to determine, rectify or test for, any potential or actual problems described in Paragraph 2.a. of this endorsement.

This exclusion does not apply to "bodily injury" occurring on any premises owned by or rented to you.

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THIS ENDORSEMENT CHANGES THE POLICY. PLEASE RE-READ IT CAREFULLY.

POLICY CHANGES – CONTRACTUAL LIABILITY EXCLUSION AND SUPPLEMENTARY PAYMENTS

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE FORM

A. Paragraph 2.b. of Exclusions of Bodily Injury And Property Damage Liability (Section I – Coverages) is replaced by the following:

2. Exclusions

This insurance does not apply to:

b. Contractual Liability

"Bodily injury" or "property damage" for which the insured is obligated to pay damages by reason of the assumption of liability in a contract or agreement. This exclusion does not apply to liability for damages:

- (1) That the insured would have had in the absence of the contract or agreement; or
- (2) Assumed in a contract or agreement that is an "insured contract", provided the "bodily injury" or "property damage" occurs subsequent to the execution of the contract or agreement.

B. The SUPPLEMENTARY PAYMENTS provision is deleted and replaced by the following:

We will pay, with respect to any claim we investigate or settle, or any "suit" against an insured we defend:

1. All expenses we incur.
2. Up to \$500 for cost of bail bonds required because of accidents or traffic law violations arising out of the use of any vehicle to which the Bodily Injury Liability Coverage applies. We do not have to furnish these bonds.
3. The cost of bonds to release attachments, but only for bond amounts within the applicable limit of insurance. We do not have to furnish these bonds.
4. All reasonable expenses incurred by the insured at our request to assist us in the investigation or defense of the "claim" or "suit", including actual loss of earnings up to \$250 a day because of time off from work.
5. All costs taxed against the insured in any "suit".
6. Prejudgment interest awarded against the insured on that part of the judgment we pay. If we make an offer to pay the applicable limit of insurance, we will not pay any prejudgment interest based on that period of time after the offer.
7. All interest on the full amount of any judgment that accrues after entry of the judgment and before we have paid, offered to pay, or deposited in court the part of the judgment that is within the applicable limit of insurance.

These payments will not reduce the limits of insurance.

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THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

COMPREHENSIVE INSURANCE POLICY LIABILITY COVERAGE EXTENSION ENDORSEMENT

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE FORM

A. EXTENDED NON-OWNED WATERCRAFT

Under Coverage A, Exclusion 2. g. (2) (a) is deleted and replaced by the following:

(a) Less than 50 feet long; and

B. EXTENDED MEDICAL PAYMENTS

The Insuring Agreement of Coverage C. (MEDICAL PAYMENTS) is extended to apply to medical expenses incurred and reported to us within three years of the date of the accident.

C. DAMAGE BY FIRE, EXPLOSION, SMOKE OR LEAKAGE

1. Under Coverage A. (BODILY INJURY AND PROPERTY DAMAGE LIABILITY), the last paragraph of item 2. Exclusions is deleted and replaced by the following:

Exclusions c. through n. do not apply to damage by fire, explosion, smoke or leakage from fire protection systems to premises while rented to you or temporarily occupied by you with permission of the owner. A separate limit of insurance applies to this coverage as described in SECTION III - LIMITS OF INSURANCE.

2. SECTION III - LIMITS OF INSURANCE, item 6. is replaced by the following:

6. Subject to 5. above, the Fire Damage Limit is the most we will pay in any one event under Coverage A for damages because of "property damage" from fire, explosion, smoke or leakage from automatic fire protection systems, or any combination of these perils to premises while rented to you or temporarily occupied by you with the permission of the owner.

3. SECTION IV. (COMMERCIAL GENERAL LIABILITY CONDITIONS), Condition 4. (Other Insurance) item b. (2) is deleted and replaced by the following:

(2) That is Fire or Extended Coverage insurance for premises rented to you or temporarily occupied by you with permission of the owner; or

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D. AMENDMENT OF AGGREGATE LIMIT OF INSURANCE

The General Aggregate Limit of Insurance (SECTION III) applies separately to:

1. Each of your "locations" owned by or rented to you; and
2. Each of your projects away from premises owned by or rented to you.

"Location" means premises involving the same or connecting lots, or premises whose connection is interrupted only by a street, roadway, waterway or right-of-way of a railroad.

E. ADDITIONAL INSURED - LESSOR OF LEASED EQUIPMENT

1. WHO IS AN INSURED (SECTION III) includes as an insured any person or organization from whom you lease equipment when you and such person or organization have agreed in writing in a contract or agreement that such person or organization be added as an additional insured on your policy. Such person or organization is an insured only with respect to their liability arising out of the maintenance, operation or use by you of equipment leased to you by such person or organization. A person's or organization's status as an insured under this provision ends when their contract or agreement with you for such leased equipment ends.

2. With respect to the insurance afforded these additional insureds, the following additional exclusions apply:

This insurance does not apply:

- a. To any "occurrence" which takes place after the equipment lease expires;
- b. To "bodily injury" or "property damage" arising out of the sole negligence of such person or organization.

F. LIBERALIZATION

If we revise this endorsement to provide more coverage without additional premium charge, your policy will automatically provide the coverage as of the day the revision is effective in your state

POLICY NUMBER

COMMERCIAL GENERAL LIABILITY

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY

BLANKET ADDITIONAL INSURED ENDORSEMENT

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

The following is added to paragraph 2, SECTION II
- WHO IS AN INSURED:

- e. Any person or organization whom you are required to add as an additional insured on this policy under a written contract or agreement, or a contract where a certificate of insurance showing that person or organization as an additional insured has been issued.

The written contract or agreement must be in effect at the time this policy is issued or become effective during the term of this policy.

The written contract or agreement must have been executed prior to the "bodily injury", "property damage", "personal injury", or "advertising injury".

That person or organization is only an insured with respect to liability arising out of premises you own, rent, lease or occupy, or "your work" for that additional insured by or for you.

The insurance provided to that person or organization does not apply to "bodily injury", "property damage", "personal injury" or "advertising injury" arising out of an architect's, engineer's or surveyor's rendering or failing to render any professional services including:

1. The preparing, approving or failing to prepare or approve maps, drawings, opinions, reports, surveys, change orders, design or specifications; or
2. Supervisory, inspection or engineering services.

Any coverage provided hereunder shall be excess over any other valid and collectible insurance available to that person or organization whether primary, excess, contingent or on any other basis unless a contract specifically requires that this insurance be primary.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

MOTOR VEHICLE LAWS

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART.

The following are added to COMMERCIAL GENERAL LIABILITY CONDITIONS (Section IV):

1. When this Coverage Part is certified as proof of financial responsibility for the future under the provisions of any motor vehicle financial responsibility law, the insurance provided by the coverage part for Bodily Injury Liability or Property Damage Liability will comply with the provisions

of the law to the extent of the coverage and limits of insurance required by that law.

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

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EMPLOYEE DISHONESTY COVERAGE FORM (Coverage Form A—Blanket)

A. COVERAGE

We will pay for loss of, and loss from damage to, Covered Property resulting directly from the Covered Cause of Loss.

1. Covered Property: "Money", "securities", and "property other than money and securities".

2. Covered Cause of Loss: "Employee dishonesty".

3. Coverage Extension

Employees Temporarily Outside Coverage Territory:
We will pay for loss caused by any "employee" while temporarily outside the territory specified in the Territory General Condition for a period not more than 90 days.

B. LIMIT OF INSURANCE

The most we will pay for loss in any one "occurrence" is the applicable Limit of Insurance shown in the DECLARATIONS.

C. DEDUCTIBLE

1. We will not pay for loss in any one "occurrence" unless the amount of loss exceeds the Deductible Amount shown in the DECLARATIONS. We will then pay the amount of loss in excess of the Deductible Amount, up to the Limit of Insurance.

2. You must:

a. Give us notice as soon as possible of any loss of the type insured under this Coverage Form even though it falls entirely within the Deductible Amount.

b. Upon our request, give us a statement describing the loss.

D. ADDITIONAL EXCLUSIONS, CONDITION AND DEFINITIONS: In addition to the provisions in the Crime General Provisions, this Coverage Form is subject to the following:

1. Additional Exclusions: We will not pay for loss as specified below:

a. Employee Cancelled Under Prior Insurance: loss caused by any "employee" of yours, or predecessor in interest of yours, for whom similar prior insurance has been cancelled and not reinstated since the last such cancellation.

b. Inventory Shortages: loss, or that part of any loss, the proof of which as to its existence

or amount is dependent upon:

(1) An inventory computation; or

(2) A profit and loss computation.

2. Additional Condition

Cancellation As To Any Employee: This insurance is cancelled as to any "employee":

a. Immediately upon discovery by:

(1) You; or

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

of any dishonest act committed by that "employee" whether before or after becoming employed by you.

b. On the date specified in a notice mailed to you. That date will be at least 30 days after the date of mailing.

The mailing of notice to you at the last mailing address known to us will be sufficient proof of notice. Delivery of notice is the same as mailing.

3. Additional Definitions

a. "Employee Dishonesty" in paragraph A.2. means only dishonest acts committed by an "employee", whether identified or not, acting alone or in collusion with other persons, except you or a partner, with the manifest intent to:

(1) Cause you to sustain loss; and also

(2) Obtain financial benefit (other than employee benefits earned in the normal course of employment, including: salaries, commissions, fees, bonuses, promotions, awards, profit sharing or pensions) for:

(a) The "employee"; or

(b) Any person or organization intended by the "employee" to receive that benefit.

b. "Occurrence" means all loss caused by, or involving, one or more "employees", whether the result of a single act or series of acts.

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FORGERY OR ALTERATION COVERAGE FORM
(Coverage Form 8)

A. COVERAGE

We will pay for loss involving Covered Instruments resulting directly from the Covered Causes of Loss.

1. **Covered Instruments:** Checks, drafts, promissory notes, or similar written promises, orders or directions to pay a sum certain in "money" that are:

- a. Made or drawn by or drawn upon you;
- b. Made or drawn by one acting as your agent; or that are purported to have been so made or drawn.

2. **Covered Causes Of Loss:** Forgery or alteration of, on or in any Covered Instrument.

3. **Coverage Extension**

Legal Expenses: If you are sued for refusing to pay any Covered Instrument on the basis that it has been forged or altered, and you have our written consent to defend against the suit, we will pay for any reasonable legal expenses that you incur and pay in that defense. The amount we will pay under this extension is in addition to the Limit of Insurance applicable to this insurance.

B. LIMIT OF INSURANCE

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

C. DEDUCTIBLE

We will not pay for loss in any one "occurrence" unless the amount of loss exceeds the Deductible Amount shown in the Declarations. We will then pay the amount of loss in excess of the Deductible Amount, up to the Limit of Insurance. This provision does not apply to legal expenses paid under the Coverage Extension.

D. ADDITIONAL EXCLUSION, CONDITIONS AND DEFINITION
In addition to the provisions in the Crime General Provisions Form, this Coverage Form is also subject to the following:

1. **Additional Exclusion**

Acts of Employees, Directors, or Trustees: We will not pay for loss resulting from any dishonest or criminal act committed by any of your "employees", directors, or trustees:

- a. Whether acting alone or in collusion with other persons;
- or
- b. Whether while performing services for you or otherwise.

2. **Additional Conditions**

- a. **Facsimile Signatures:** We will treat mechanically reproduced facsimile signatures the same as handwritten signatures.
- b. **General Amendment:** As respects this Coverage Form, the words Covered Property in the Crime General Provisions Form mean Covered Instruments.
- c. **Proof of Loss:** You must include with your proof of loss any instrument involved in that loss; or, if that is not possible, an affidavit setting forth the amount and cause of loss.
- d. **Territory:** We will cover loss you sustain anywhere in the world.

The Territory General Condition does not apply to this Coverage Form.

3. **Additional Definition**

"Occurrence" means all loss caused by any person or in which that person is involved, whether the loss involves one or more instruments.



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THEFT, DISAPPEARANCE AND DESTRUCTION COVERAGE FORM

A. COVERAGE — We will pay for loss of Covered Property resulting directly from the Covered Causes of Loss.

1. Section 1. — Inside The Premises

a. Covered Property: "Money" and "securities" inside the "premises" or a "banking premises."

b. Covered Causes of Loss

- (1) "Theft"
- (2) Disappearance
- (3) Destruction

c. Coverage Extensions

(1) Containers of Covered Property: We will pay for loss of, and loss from damage to, a locked safe, vault, cash register, cash box or cash drawer located in the "premises" resulting directly from an actual or attempted:

- (a) "Theft" of; or
- (b) Unlawful entry into those containers.

(2) Premises Damage: We will pay for loss from damage to the "premises" or its exterior resulting directly from an actual or attempted "theft" of Covered Property if you are the owner of the "premises" or are liable for damage to it.

2. Section 2. — Outside the Premises

a. Covered Property: "Money" and "securities" outside the "premises" in the care and custody of a "messenger."

b. Covered Causes of Loss

- (1) "Theft"
- (2) Disappearance
- (3) Destruction

c. Coverage Extension

Conveyance of Property By Armored Motor Vehicle Company: We will pay for loss of Covered Property resulting directly from the Covered Causes of Loss while outside the "premises" in the care and custody of an armored motor vehicle company.

But, we will pay only for the amount of loss that you cannot recover:

- (1) Under your contract with the armored motor vehicle company; and
- (2) From any insurance or indemnity carried by, or for the benefit of customers of, the armored motor vehicle company.

B. LIMIT OF INSURANCE

The most we will pay for loss in any one "occurrence" is the applicable Limit of Insurance shown in the DECLARATIONS.

C. DEDUCTIBLE

We will not pay for loss in any one "occurrence" unless the amount of loss exceeds the Deductible Amount shown in the DECLARATIONS. We will then pay the amount of loss in excess of the Deductible Amount, up to the Limit of Insurance. In the event more than one Deductible Amount could apply to the loss, only the highest Deductible Amount may be applied.

D. ADDITIONAL EXCLUSIONS, CONDITION AND DEFINITIONS: In addition to the provisions in the Crime General Provisions, this Coverage Form is subject to the following:

1. Additional Exclusions: We will not pay for loss as specified below:

a. Accounting or Arithmetical Errors or Omissions: Loss resulting from accounting or arithmetical errors or omissions.

b. Acts of Employees, Directors, Trustees or Representatives: Loss resulting from any dishonest or criminal act committed by any of your "employees," directors, trustees or authorized representatives:

- (1) Acting alone or in collusion with other persons; or
- (2) While performing services for you or otherwise.

c. Exchanges or Purchases: Loss resulting from the giving or surrendering of property in any exchange or purchase.

d. Fire: Loss from damage to the "premises" resulting from fire, however caused.

BZH104765

e. **Money Operated Device** Loss of property contained in any money operated device unless the amount of "money" deposited in it is recorded by a continuous recording instrument in the device.

f. **Transfer or Surrender of Property**

(1) Loss of property after it has been transferred or surrendered to a person or place outside the "premises" or "banking premises:"

(a) On the basis of unauthorized instructions; or

(b) As a result of a threat to do:

i. Bodily harm to any person; or

ii. Damage to any property.

(2) But, this exclusion does not apply under **COVERAGE, Section 2.** to loss of Covered Property while outside the "premises" or "banking premises" in the care and custody of a "messenger" if you:

(a) Had no knowledge of any threat at the time the conveyance began; or

(b) Had knowledge of a threat at the time the conveyance began, but the loss was not related to the threat.

g. **Vandalism:** Loss from damage to the "premises" or its exterior or to containers of Covered Property by vandalism or malicious mischief.

h. **Voluntary Relinquishing of Title to or Possession of Property:** Loss resulting from your, or anyone acting on your express or implied authority, being induced by any dishonest act to voluntarily part with title to or possession of any property.

2. **Additional Condition**

Duties In the Event of Loss: If you have reason to believe that any loss of, or loss from damage to, Covered Property involves a violation of law, you must notify the police.

3. **Additional Definitions**

a. **"Banking Premises"** means the interior of that portion of any building occupied by a banking institution or similar safe depository.

b. **"Messenger"** means you, any of your partners or any "employee" while having care and custody of the property outside the "premises."

c. **"Occurrence"** means an:

(1) Act or series of related acts involving one or more persons; or

(2) Act or event, or a series of related acts or events not involving any person.

d. **"Premises"** means the interior of that portion of any building you occupy in conducting your business.

e. **"Theft"** means any act of stealing.

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CRIME GENERAL PROVISIONS LOSS SUSTAINED FORM

Various provisions in this policy restrict coverage. Read the entire policy carefully to determine rights, duties and what is or 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.

Words and phrases in quotation marks are defined in the policy.

Unless stated otherwise in any Crime Coverage Form, Declarations or endorsement, the following General Exclusions, General Conditions and General Definitions apply to all Crime Coverage Forms forming part of this policy.

A. General Exclusions

We will not pay for loss as specified below:

1. Acts Committed By You Or Your Partners

Loss resulting from any dishonest or criminal act committed by you or any of your partners whether acting alone or in collusion with other persons.

2. Governmental Action

Loss resulting from seizure or destruction of property by order of governmental authority.

3. Indirect Loss

Loss that is an indirect result of any act or "occurrence" covered by this insurance including, but not limited to, loss resulting from:

- Your inability to realize income that you would have realized had there been no loss of, or loss from damage to, Covered Property.
- Payment of damages of any type for which you are legally liable. But, we will pay compensatory damages arising directly from a loss covered under this insurance.
- Payment of costs, fees or other expenses you incur in establishing either the existence or the amount of loss under this insurance.

4. Legal Expenses

Expenses related to any legal action.

5. Nuclear

Loss resulting from nuclear reaction, nuclear radiation or radioactive contamination, or any related act or incident.

6. War And Similar Actions

Loss resulting from war, whether or not declared, warlike action, insurrection, rebellion or revolution, or any related act or incident.

B. General Conditions

1. Concealment, Misrepresentation Or Fraud

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

- This insurance
- The Covered Property;
- Your interest in the Covered Property; or
- A claim under this insurance.

2. Consolidation - Merger

If through consolidation or merger with, or purchase or acquisition of assets or liabilities of, some other entity:

- Any additional persons become "employees"; or
- You acquire the use and control of any additional "premises";

any insurance afforded for "employees" or "premises" also applies to those additional "employees" and "premises", for a period of 60 days after the effective date of such consolidation, merger, or purchase or acquisition of assets or liabilities.

You must give us written notice within this 60 day period and obtain our written consent to extend this insurance to such additional "employees" or "premises". Upon obtaining our written consent, you must pay us an additional premium.

If you fail to notify us in writing within this 60 day period, then this insurance shall automatically terminate as to such additional "employees" or "premises".

3. Coverage Extensions

Unless stated otherwise in the Coverage Form, our liability under any Coverage Extension is part of, not in addition to, the Limit Of Insurance applying to the Coverage or Coverage Section.

4. Duties In The Event Of Loss

After you discover a loss or a situation that may result in loss of, or loss from damage to, Covered Property you must:

- a. Notify us as soon as possible.
- b. Submit to examination under oath at our request and give us a signed statement of your answers.
- c. Give us a detailed, sworn proof of loss within 120 days.
- d. Cooperate with us in the investigation and settlement of any claim.

5. Extended Period To Discover Loss

We will pay only for covered loss discovered no later than one year from the end of the policy period.

6. Joint Insured

- a. If more than one Insured is named in the Declarations, the first named Insured will act for itself and for every other Insured for all purposes of this insurance. If the first named Insured ceases to be covered, then the next named Insured will become the first named Insured.
- b. If any Insured or partner or officer of that Insured has knowledge of any information relevant to this insurance, that knowledge is considered knowledge of every Insured.
- c. An "employee" of any Insured is considered to be an "employee" of every Insured.
- d. If this insurance or any of its coverages is cancelled or terminated as to any Insured, loss sustained by that Insured is covered only if discovered no later than one year from the date of that cancellation or termination.
- e. We will not pay more for loss sustained by more than one Insured than the amount we would pay if all the loss had been sustained by one Insured.

7. Legal Action Against Us

You may not bring any legal action against us involving loss:

- a. Unless you have complied with all the terms of this insurance; and

- b. Until 90 days after you have filed proof of loss with us; and

- c. Unless brought within 2 years from the date you discover the loss.

8. Liberalization

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

9. Loss Covered Under More Than One Coverage Of This Insurance

If two or more coverages of this insurance apply to the same loss, we will pay the lesser of:

- a. The actual amount of loss; or
- b. The sum of the limits of insurance applicable to those coverages.

10. Loss Sustained During Prior Insurance

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

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

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

- b. The insurance under this Condition is part of, not in addition to, the Limits Of Insurance applying to this insurance and is limited to the lesser of the amount recoverable under:

- (1) This insurance as of its effective date; or

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

11. Loss Covered Under This Insurance And Prior Insurance Issued By Us Or Any Affiliate

If any loss is covered:

- a. Partly by this insurance; and

- b. Partly by any prior cancelled or terminated insurance that we or any affiliate had issued to you or any predecessor in interest;

the most we will pay is the larger of the amount recoverable under this insurance or

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

12. Other Insurance

This Insurance does not apply to loss recoverable or recovered under other insurance or indemnity. However, if the limit of the other insurance or indemnity is insufficient to cover the entire amount of the loss, this insurance will apply to that part of the loss, other than that falling within any deductible amount, not recoverable or recovered under the other insurance or indemnity. However, this insurance will not apply to the amount of loss that is more than the applicable Limit Of Insurance shown in the Declarations.

13. Ownership Of Property; Interests Covered

The property covered under this insurance is limited to property:

- a. That you own or hold; or
- b. For which you are legally liable.

However, this insurance is for your benefit only. It provides no rights or benefits to any other person or organization.

14. Policy Period

- a. The Policy Period is shown in the Declarations.
- b. Subject to the Loss Sustained During Prior Insurance condition, we will pay only for loss that you sustain through acts committed or events occurring during the Policy Period.

15. Records

You must keep records of all Covered Property so we can verify the amount of any loss.

16. Recoveries

- a. Any recoveries, less the cost of obtaining them, made after settlement of loss covered by this insurance will be distributed as follows:
 - (1) To you, until you are reimbursed for any loss that you sustain that exceeds the Limit of Insurance and the Deductible Amount, if any;
 - (2) Then to us, until we are reimbursed for the settlement made;
 - (3) Then to you, until you are reimbursed for that part of the loss equal to the Deductible Amount, if any.

b. Recoveries do not include any recovery:

- (1) From insurance, suretyship, reinsurance, security or indemnity taken for our benefit; or
- (2) Of original "securities" after duplicates of them have been issued.

17. Territory

This insurance covers only acts committed or events occurring within the United States of America, U. S. Virgin Islands, Puerto Rico, Canal Zone, or Canada.

18. Transfer Of Your Rights Of Recovery Against Others To Us

You must transfer to us all your rights of recovery against any person or organization for any loss you sustained and for which we have paid or settled. You must also do everything necessary to secure those rights and do nothing after loss to impair them.

19. Valuation - Settlement

a. Subject to the applicable Limit Of Insurance provision we will pay for:

- (1) Loss of "money" but only up to and including its face value. We may, at our option, pay for loss of "money" issued by any country other than the United States of America:

- (a) At face value in the "money" issued by that country; or
- (b) In the United States of America dollar equivalent determined by the rate of exchange on the day the loss was discovered.

- (2) Loss of "securities" but only up to and including their value at the close of business on the day the loss was discovered. We may, at our option:

- (a) Pay the value of such "securities" or replace them in kind, in which event you must assign to us all your rights, title and interest in and to those "securities"; or
- (b) Pay the cost of any Lost Securities Bond required in connection with issuing duplicates of the "securities". However, we will be liable only for the payment of so much of the cost of the bond as would be charged for a bond having a penalty not exceeding the lesser of the:

- (i) Value of the "securities" at the close of business on the day the loss was discovered; or

(ii) Limit Of Insurance

- (3) Loss of, or loss from damage to, "property other than money and securities" or loss from damage to the "premises" for not more than the:

- (a) Actual cash value of the property on the day the loss was discovered;
- (b) Cost of repairing the property or "premises"; or
- (c) Cost of replacing the property with property of like kind and quality.

We may, at our option, pay the actual cash value of the property or repair or replace it.

If we cannot agree with you upon the actual cash value or the cost of repair or replacement, the value or cost will be determined by arbitration.

- b. We may, at our option, pay for loss of, or loss from damage to, property other than "money":

- (1) In the "money" of the country in which the loss occurred; or
- (2) In the United States of America dollar equivalent of the "money" of the country in which the loss occurred determined by the rate of exchange on the day the loss was discovered.

- c. Any property that we pay for or replace becomes our property.

C. General Definitions

1. "Employee" means:

- a. Any natural person:

- (1) While in your service (and for 30 days after termination of service); and
- (2) Whom you compensate directly by salary, wages or commissions; and
- (3) Whom you have the right to direct and control while performing services for you; or

- b. Any natural person who is furnished to you to:

- (1) Substitute for a permanent "employee" on leave; or

- (2) Meet seasonal or short-term work load conditions;

while that person is subject to your direction and control and performing services for you, excluding, however, any such person while having care and custody of property outside the "premises".

But "employee" does not mean any:

- (1) Agent, broker, person leased to you by a labor leasing firm, factor, commission merchant, consignee, independent contractor or representative of the same general character; or

- (2) Director or trustee except while performing acts coming within the scope of the usual duties of an employee.

2. "Money" means:

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

3. "Property Other Than Money And Securities" means any tangible property other than "money" and "securities" that has intrinsic value but does not include any property listed in any Crime Coverage Form as Property Not Covered.

4. "Securities" means negotiable and non-negotiable instruments or contracts representing either "money" or other property and includes:

- a. Tokens, tickets, revenue and other stamps (whether represented by actual stamps or unused value in a meter) in current use; and
- b. Evidences of debt issued in connection with credit or charge cards, which cards are not issued by you;

but does not include "money".

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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 at least:
 - a. 10 days before the effective date of cancellation if we cancel for nonpayment of premium, or
 - b. 30 days before the effective date of cancellation if we cancel for any other reason.
3. We will mail or deliver our notice to the first Named Insured's last mailing address known to us.
4. Notice of cancellation will state the effective date of cancellation. The policy period will end on that date.
5. If this policy is cancelled, we will send the first Named Insured any premium refund due. If we cancel, the refund will be pro rata. If the first Named Insured cancels, the refund may be less than pro rata. The cancellation will be effective even if we have not made or offered a refund.
6. If notice is mailed, proof of mailing will be sufficient proof of notice.

B. Changes

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

C. 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

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

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

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THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

NUCLEAR ENERGY LIABILITY EXCLUSION ENDORSEMENT

(Broad Form)

This endorsement modifies insurance provided under the following:

BUSINESSOWNERS POLICY
COMMERCIAL AUTO COVERAGE PART
COMMERCIAL GENERAL LIABILITY COVERAGE PART
EMPLOYMENT-RELATED PRACTICES LIABILITY COVERAGE PART
FARM COVERAGE PART
LIQUOR LIABILITY COVERAGE PART
OWNERS AND CONTRACTORS PROTECTIVE LIABILITY COVERAGE PART
POLLUTION LIABILITY COVERAGE PART
PRODUCTS/COMPLETED OPERATIONS LIABILITY COVERAGE PART
PROFESSIONAL LIABILITY COVERAGE PART
RAILROAD PROTECTIVE LIABILITY COVERAGE PART
SPECIAL PROTECTIVE AND HIGHWAY LIABILITY POLICY NEW YORK DEPARTMENT OF
TRANSPORTATION
UNDERGROUND STORAGE TANK POLICY

1. The insurance does not apply

A. Under any Liability Coverage, to "bodily injury" or "property damage":

- (1) With respect to which an "insured" under the policy is also an insured under a nuclear energy liability policy issued by Nuclear Energy Liability Insurance Association, Mutual Atomic Energy Liability Underwriters, Nuclear Insurance Association of Canada or any of their successors, or would be an insured under any such policy but for its termination upon exhaustion of its limit of liability; or
- (2) Resulting from the "hazardous properties" of "nuclear material" and with respect to which (a) any person or organization is required to maintain financial protection pursuant to the Atomic Energy Act of 1954, or any law amendatory thereof, or (b) the "insured" is, or had this policy not been issued would be, entitled to indemnity from the United States of America, or any agency thereof, under any agreement entered into by the United States of America, or any agency thereof, with any person or organization.

B. Under any Medical Payments coverage, to expenses incurred with respect to "bodily injury" resulting from the "hazardous properties" of "nuclear material" and arising out of the operation of a nuclear facility by any person or organization.

C. Under any Liability Coverage, to "bodily injury" or "property damage" resulting from "hazardous properties" of "nuclear material", if:

- (1) The "nuclear material" (a) is at any "nuclear facility" owned by, or operated by or on behalf of, an "insured" or (b) has been discharged or dispersed therefrom;
- (2) The "nuclear material" is contained in "spent fuel" or "waste" at any time possessed, handled, used, processed, stored, transported or disposed of, by or on behalf of an "insured"; or
- (3) The "bodily injury" or "property damage" arises out of the furnishing by an "insured" of services, materials, parts or equipment in connection with the planning, construction, maintenance, operation or use of any "nuclear facility", but if such facility is located within the United States of America, its territories or possessions or Canada, this exclusion (3) applies only to "property damage" to such "nuclear facility" and any property thereat.

2. As used in this endorsement:

"Hazardous properties" includes radioactive, toxic or explosive properties.

"Nuclear material" means "source material", "Special nuclear material" or "by-product material".

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"Source material", "special nuclear material", and "by-product material" have the meanings given them in the Atomic Energy Act of 1954 or in any law amendatory thereof.

"Spent fuel" means any fuel element or fuel component, solid or liquid, which has been used or exposed to radiation in a "nuclear reactor".

"Waste" means any waste material (a) containing "by-product material" other than the tailings or wastes produced by the extraction or concentration of uranium or thorium from any ore processed primarily for its "source material" content, and (b) resulting from the operation by any person or organization of any "nuclear facility" included under the first two paragraphs of the definition of "nuclear facility".

"Nuclear facility" means:

- (a) Any "nuclear reactor";
- (b) Any equipment or device designed or used for (1) separating the isotopes of uranium or plutonium, (2) processing or utilizing "spent fuel", or (3) handling, processing or packaging "waste";

(c) Any equipment or device used for the processing, fabricating or alloying of "special nuclear material" if at any time the total amount of such material in the custody of the "insured" at the premises where such equipment or device is located consists of or contains more than 25 grams of plutonium or uranium 233 or any combination thereof, or more than 250 grams of uranium 235;

(d) Any structure, basin, excavation, premises or place prepared or used for the storage or disposal of "waste";

and includes the site on which any of the foregoing is located, all operations conducted on such site and all premises used for such operations.

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

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

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

INDIANA CHANGES - CONCEALMENT, MISREPRESENTATION OR FRAUD

This endorsement modifies insurance provided under the following:

BOILER AND MACHINERY COVERAGE PART
BUSINESSOWNERS POLICY
COMMERCIAL AUTO COVERAGE PART
COMMERCIAL INLAND MARINE COVERAGE PART
COMMERCIAL PROPERTY COVERAGE PART
FARM COVERAGE PART

The CONCEALMENT, MISREPRESENTATION OR FRAUD Condition is replaced by the following:
CONCEALMENT, MISREPRESENTATION OR FRAUD

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

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

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

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THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

INDIANA CHANGES

This endorsement modifies insurance provided under the following:

COMMERCIAL AUTOMOBILE COVERAGE PART
COMMERCIAL CRIME - LIABILITY FOR GUESTS' PROPERTY SAFE DEPOSIT BOX
COVERAGE FORM K
COMMERCIAL CRIME - LIABILITY FOR GUESTS' PROPERTY PREMISES
COVERAGE FORM L
COMMERCIAL CRIME - SAFE DEPOSITORY LIABILITY COVERAGE FORM M
COMMERCIAL GENERAL LIABILITY COVERAGE PART
COMMERCIAL PROPERTY - LEGAL LIABILITY COVERAGE FORM
COMMERCIAL PROPERTY - MORTGAGE HOLDERS ERRORS AND OMISSIONS
COVERAGE FORM*
EMPLOYMENT-RELATED PRACTICES LIABILITY COVERAGE PART
FARM LIABILITY COVERAGE FORM
LIQUOR LIABILITY COVERAGE PART
OWNERS AND CONTRACTORS PROTECTIVE LIABILITY COVERAGE PART
POLLUTION LIABILITY COVERAGE PART
PRODUCTS/COMPLETED OPERATIONS LIABILITY COVERAGE PART
PROFESSIONAL LIABILITY COVERAGE PART
RAILROAD PROTECTIVE LIABILITY COVERAGE PART
UNDERGROUND STORAGE TANK POLICY

- * Under the MORTGAGE HOLDERS ERRORS AND OMISSIONS COVERAGE FORM, the following condition applies only to Coverage C and Coverage D.

The following condition is added:

Notice given by or on behalf of the insured to any of our authorized agents in Indiana, with particulars sufficient to identify the insured, shall be considered to be notice to us.

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THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

INDIANA CHANGES – RIGHTS OF RECOVERY

This endorsement modifies insurance provided under the following:

BOILER AND MACHINERY COVERAGE PART
COMMERCIAL CRIME COVERAGE PART
COMMERCIAL INLAND MARINE COVERAGE PART

The Transfer Of Rights Of Recovery Against Others To Us Condition is replaced by the following:

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. Our right to recover damages from another may be enforced even if the person or organization to or for whom we make payment has not been fully compensated for damages.

The person or organization to or for whom we make payment must do everything necessary to secure our rights and must do nothing after loss to impair them.

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THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

INDIANA CHANGES – POLLUTION

This endorsement modifies Insurance provided under the following:

COMMERCIAL PROPERTY COVERAGE PART
FARM COVERAGE PART

In this Coverage Part, any exclusion, limitation or other provision relating to pollutants ("pollutants"), or any amendment to or replacement of such exclusions, limitations or other provisions, applies whether or not the irritant or contaminant has any function in your business, operations, premises, site or location.

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THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

SOUTH CAROLINA CHANGES - LEGAL ACTION AGAINST US

This endorsement modifies insurance provided under the following:

COMMERCIAL PROPERTY COVERAGE PART
FARM COVERAGE PART - FARM LIVESTOCK COVERAGE FORM
FARM COVERAGE PART - FARM MOBILE AGRICULTURAL MACHINERY AND EQUIPMENT COVERAGE
FORM
FARM COVERAGE PART - FARM PROPERTY COVERAGE FORM
STANDARD PROPERTY POLICY

- A. The Legal Action Against Us Condition, in the Commercial Property Conditions, the Standard Property Policy, and in the Farm Coverage Forms listed above, is replaced by the following:

LEGAL ACTION AGAINST US

No one may bring a legal action against us under this Coverage Part, Coverage Form or Policy unless:

1. There has been full compliance with all of the terms of this Coverage Part, Coverage Form or Policy; and
2. The action is brought within 3 years after the date on which the direct physical loss ("loss") or damage occurred.

- B. Under the Commercial Property Coverage Part, Paragraph a. of the Legal Action Against Us Condition in the Mortgageholders Errors And Omissions Coverage Form is replaced by the following:

- a. No one may bring a legal action against us under Coverages A and B unless:

- (1) There has been full compliance with all of the terms of Coverages A and B; and
- (2) The action is brought within 3 years after you discover the error or accidental omission.

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THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

OHIO CHANGES - CANCELLATION AND NONRENEWAL

This endorsement modifies insurance provided under the following:

BOILER AND MACHINERY COVERAGE PART
BUSINESSOWNERS POLICY
COMMERCIAL AUTO COVERAGE PART
COMMERCIAL CRIME COVERAGE PART*
COMMERCIAL GENERAL LIABILITY COVERAGE PART
COMMERCIAL INLAND MARINE COVERAGE PART
COMMERCIAL PROPERTY COVERAGE PART
FARM COVERAGE PART
LIQUOR LIABILITY COVERAGE PART
POLLUTION LIABILITY COVERAGE PART
PRODUCTS/COMPLETED OPERATIONS LIABILITY COVERAGE PART

- * This endorsement does not apply to coverage provided for employee dishonesty (Coverage Form A) or public employee dishonesty (Coverage Forms O and P).
- A. With respect to a policy which has been in effect for more than 90 days, or is a renewal of a policy we issued, the CANCELLATION Common Policy Condition is replaced by the following:
 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 only for one or more of the following reasons, except as provided in paragraph 6, below.
 - a. Nonpayment of premium;
 - b. Discovery of fraud or material misrepresentation in the procurement of the insurance or with respect to any claims submitted thereunder;
 - c. Discovery of a moral hazard or willful or reckless acts or omissions on your part which increases any hazard insured against;
 - d. The occurrence of a change in the individual risk which substantially increases any hazard insured against after the insurance coverage has been issued or renewed except to the extent the insurer could reasonably have foreseen the change or contemplated the risk in writing the contract;
 - e. Loss of applicable reinsurance or a substantial decrease in applicable reinsurance, if the Superintendent has determined that reasonable efforts have been made to prevent the loss of, or substantial decrease in, the applicable reinsurance, or to obtain replacement coverage;
 - f. Failure of an insured to correct material violations of safety codes; or
 - g. A determination by the Superintendent of Insurance that the continuation of the policy would create a condition that would be hazardous to the policyholders or the public.
 3. We will mail written notice of cancellation to the first Named Insured, and agent if any, at the last mailing addresses known to us. Proof of mailing will be sufficient proof of notice.
 4. We will mail the notice of cancellation at least:
 - a. 10 days before the effective date of cancellation, if we cancel for nonpayment of premium; or
 - b. 30 days before the effective date of cancellation, if we cancel for a reason stated in 2.b. through 2.g. above.
 5. a. The notice of cancellation will state the effective date of cancellation. The policy period will end on that date.
b. The notice will also contain the date of the notice and the policy number, and will state the reason for cancellation.

6. Policies written for a term of more than one year or on a continuous basis may be cancelled by us for any reason at an anniversary date, upon 30 days' written notice of cancellation.

7. 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.

B. The following is added to the Common Policy Conditions and supersedes any provisions to the contrary:

NONRENEWAL

1. If we elect not to renew this policy, we will mail written notice of nonrenewal to the first Named Insured, and agent if any, at the last mailing addresses known to us. The notice will contain the date of the notice and the policy number, and will state the expiration date of the policy.

2. We will mail the notice of nonrenewal at least 30 days before the expiration date of the policy.

3. Proof of mailing will be sufficient proof of notice.

C. 1. Paragraph A.2.a. of the BUSINESSOWNERS Common Policy Conditions is deleted.

2. Paragraph E.2. of the Cancellation Common Policy Condition in the STANDARD PROPERTY POLICY is deleted. Paragraph E.2. is replaced by the following (unless item A. of this endorsement applies):

We may cancel this policy by mailing or delivering to the first Named Insured, written notice of cancellation at least:

a. 10 days before the effective date of cancellation, if we cancel for nonpayment of premium; or

b. 30 days before the effective date, if we cancel for any other reason.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

SOUTH CAROLINA CHANGES – CANCELLATION AND NONRENEWAL

This endorsement modifies insurance provided under the following:

BOILER AND MACHINERY COVERAGE PART
COMMERCIAL CRIME COVERAGE PART
COMMERCIAL GENERAL LIABILITY COVERAGE PART
COMMERCIAL INLAND MARINE COVERAGE PART
COMMERCIAL PROPERTY COVERAGE PART
FARM COVERAGE PART
LIQUOR LIABILITY COVERAGE PART
POLLUTION LIABILITY COVERAGE PART
PRODUCTS/COMPLETED OPERATIONS LIABILITY COVERAGE PART

A. Paragraphs 2. and 3. of CANCELLATION Common Policy Condition are replaced by the following:

2. We may cancel this policy by mailing or delivering to the first Named Insured and the agent, if any, written notice of cancellation at least:

a. 10 days before the effective date of cancellation if we cancel for nonpayment of premium; or

b. 30 days before the effective date of cancellation if we cancel for any other reason.

3. We will mail or deliver our notice to the first Named Insured's and agent's last known addresses.

B. The following is added to the CANCELLATION Common Policy Condition:

7. CANCELLATION OF POLICIES IN EFFECT FOR 90 DAYS OR MORE

If this policy has been in effect for 90 days or more, or is a renewal or continuation of a policy we issued, we may cancel this policy only for one or more of the following reasons:

a. Nonpayment of premium;

b. Material misrepresentation of fact which, if known to us, would have caused us not to issue the policy;

c. Substantial change in the risk assumed, except to the extent that we should reasonably have foreseen the change or contemplated the risk in writing the policy;

d. Substantial breaches of contractual duties, conditions or warranties; or

e. Loss of our reinsurance covering all or a significant portion of the particular policy insured, or where continuation of the policy would imperil our solvency or place us in violation of the insurance laws of South Carolina.

Prior to cancellation for reasons permitted in this item e., we will notify the Commissioner, in writing, at least sixty days prior to such cancellation and the Commissioner will, within thirty days of such notification, approve or disapprove such action.

Any notice of cancellation will state the precise reason for cancellation.

C. The following is added and supersedes any provisions to the contrary:

NONRENEWAL

1. If we decide not to renew this policy, we will mail or deliver written notice of nonrenewal to the first Named Insured and agent, if any, at least 30 days before:

a. The expiration date of this policy, if the policy is written for a term of one year or less; or

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- b. An anniversary date of this policy, if the policy is written for a term of more than one year or for an indefinite term.

However, we will not refuse to renew a policy issued for a term of more than one year, until expiration of its full term, if anniversary renewal has been guaranteed by additional premium consideration.

2. Any notice of nonrenewal will be mailed or delivered to the first Named Insured's and agent's last known addresses. If notice is mailed, proof of mailing will be sufficient proof of notice.
3. Any notice of nonrenewal will state the precise reason for nonrenewal.

BZH104782

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

TENNESSEE CHANGES – CANCELLATION AND NONRENEWAL

This endorsement modifies insurance provided under the following:

BOILER AND MACHINERY COVERAGE PART
COMMERCIAL AUTOMOBILE COVERAGE PART
COMMERCIAL CRIME COVERAGE PART*
COMMERCIAL GENERAL LIABILITY COVERAGE PART
COMMERCIAL PROPERTY COVERAGE PART
COMMERCIAL INLAND MARINE COVERAGE PART
LIQUOR LIABILITY COVERAGE PART
POLLUTION LIABILITY COVERAGE PART
PRODUCTS/COMPLETED OPERATIONS LIABILITY COVERAGE PART

* This endorsement does not apply to coverage provided for employee dishonesty (Coverage Form A) or public employee dishonesty (Coverage Forms C and E).

A. Paragraph 5. of the CANCELLATION Common Policy Condition is replaced by the following:

5. If this policy is cancelled, we will send the first Named Insured any premium refund due.

The refund will be pro rata if:

- a. We cancel; or
- b. The policy is cancelled at the request of a premium finance company that has financed this policy under a premium finance agreement.

The refund may be less than pro rata if the first Named Insured cancels the policy.

The cancellation will be effective even if we have not made or offered a refund.

B. The following is added to the CANCELLATION Common Policy Condition:

CANCELLATION OF POLICIES IN EFFECT FOR 60 DAYS OR MORE.

If this policy has been in effect for 60 days or more, or if this policy is a renewal of a policy we issued, we may cancel this policy only for one or more of the following reasons:

1. Nonpayment of premium, including any additional premium, calculated in accordance with our current rating manual, justified by a physical change in the insured property or a change in its occupancy or use;

hazard insured against.

3. Discovery of fraud or material misrepresentation on the part of either of the following:

- a. You or your representative in obtaining this insurance; or
- b. You in pursuing a claim under this policy;

4. Failure to comply with written loss control recommendations;

5. Material change in the risk which increases the risk of loss after we issued or renewed insurance coverage;

6. Determination by the insurance commissioner that the continuation of the policy would jeopardize our solvency or would place us in violation of the insurance laws of Tennessee or any other state;

7. Your violation or breach of any policy terms or conditions; or

8. Other reasons that are approved by the insurance commissioner.

Notice of cancellation will state the reason for cancellation.

C. The following is added and supersedes any provisions to the contrary:

NONRENEWAL

1. If we decide not to renew this policy, we will mail or deliver written notice of nonrenewal to the first Named Insured and agent, at least 60

- a. We have offered to issue a renewal policy; or

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- b. You have obtained replacement coverage or have agreed in writing to obtain replacement coverage.
2. Any notice of nonrenewal will be mailed or delivered to the first Named Insured's and agent's addresses shown in the policy. If notice is mailed, proof of mailing will be sufficient proof of notice.

D. The following is added to the PREMIUMS Common Policy Condition:

Whenever an insurance policy which is financed with a premium finance company is cancelled, the insurer shall return, within 30 days after the effective date of the cancellation, whatever gross unearned premiums are due under the insurance policy directly to the premium finance company for the account of the first Named Insured.

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THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

KENTUCKY CHANGES – CANCELLATION AND NONRENEWAL

This endorsement modifies insurance provided under the following:

BOILER AND MACHINERY COVERAGE PART
BUSINESSOWNERS POLICY
COMMERCIAL AUTOMOBILE COVERAGE PART
COMMERCIAL CRIME COVERAGE PART
COMMERCIAL GENERAL LIABILITY COVERAGE PART
COMMERCIAL INLAND MARINE COVERAGE PART
COMMERCIAL PROPERTY COVERAGE PART
EMPLOYMENT-RELATED PRACTICES LIABILITY COVERAGE PART
FARM COVERAGE PART
LIQUOR LIABILITY COVERAGE PART
POLLUTION LIABILITY COVERAGE PART
PRODUCTS/COMPLETED OPERATIONS LIABILITY COVERAGE PART
PROFESSIONAL LIABILITY COVERAGE PART

- This endorsement does not apply to coverage provided for employee dishonesty (Coverage Form A) or to public employee dishonesty (Coverage Forms O and P).
- A. Paragraph 2. of the CANCELLATION Common Policy Condition is replaced by the following:
 - 2. Cancellation of Policies In Effect For 60 Days Or Less
If this policy has been in effect for 60 days or less, we may cancel this policy for any reason by mailing or delivering to the first Named Insured written notice of cancellation, stating the reason for cancellation, at least 14 days before the effective date of cancellation.
- B. The following is added to the CANCELLATION Common Policy Condition:
 - 7. Cancellation of Policies In Effect For More Than 60 Days
 - a. If this policy has been in effect for more than 60 days or is a renewal of a policy we issued, we may cancel this policy only for one or more of the following reasons:
 - (1) Nonpayment of premium;
 - (2) Discovery of fraud or material misrepresentation made by you or with your knowledge in obtaining the policy, continuing the policy, or in presenting a claim under the policy;
 - (3) Discovery of willful or reckless acts or omissions of you or persons whose interests are related insured against.
 - b. If we cancel this policy based on paragraph 7.a. above, we will mail or deliver a written notice of cancellation to the first Named Insured, stating the reason for cancellation, at least:
 - (1) 14 days before the effective date of the cancellation, if cancellation is for non-payment of premium; or
 - (2) 75 days before the effective date of the cancellation, if cancellation is for any other reason stated in 7.a.(2) through 7.a.(7) above.
- (4) The occurrence of a change in the risk which substantially increases any hazard insured against after insurance coverage has been issued or renewed;
- (5) A violation of any local fire, health, safety, building, or construction regulation or ordinance with respect to any insured property or the occupancy thereof which substantially increases any hazard insured against;
- (6) We are unable to reinsure the risk covered by the policy; or
- (7) A determination by the commissioner that the continuation of the policy would place us in violation of the Kentucky insurance code or regulations of the commissioner.

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- C. The following is added and supersedes any provision to the contrary:

NONRENEWAL

1. For the purpose of this Condition:
 - a. Any policy period or term of less than 6 months shall be considered to be a policy period or term of six months; and
 - b. Any policy period or term of more than 1 year or any policy with no fixed expiration date shall be considered a policy period or term of 1 year.
2. If we elect not to renew this policy, we will mail or deliver written notice of nonrenewal, stating the reason for nonrenewal, to the first Named Insured shown in the Declarations, at the last mailing address known to us, at least 75 days before the expiration date of the policy period.
3. If notice of nonrenewal is not provided pursuant to this Condition, coverage under the same terms and conditions shall be deemed to be renewed for the ensuing policy period upon payment of the appropriate premium until you have accepted replacement coverage with another insurer, or until you have agreed to the nonrenewal.
4. If we mail or deliver a renewal notice to the first Named Insured at least 30 days before the end of the policy period, stating the renewal premium and its due date, the policy will terminate without further notice unless the renewal premium is received by us or our authorized agent by the due date.
5. If this policy terminates because the renewal premium has not been received by the due date, we will, within 15 days, mail or deliver to the first Named Insured at his last known address a notice that the policy was not renewed and the date it was terminated.
6. If notice is mailed, proof of mailing is sufficient proof of notice.

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THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

NORTH CAROLINA CHANGES - CANCELLATION AND NONRENEWAL

This endorsement modifies insurance provided under the following:

BOILER AND MACHINERY COVERAGE PART
BUSINESSOWNERS POLICY
COMMERCIAL CRIME COVERAGE PART
COMMERCIAL GENERAL LIABILITY COVERAGE PART
COMMERCIAL INLAND MARINE COVERAGE PART
COMMERCIAL PROPERTY COVERAGE PART
FARM COVERAGE PART
LIQUOR LIABILITY COVERAGE PART
POLLUTION LIABILITY COVERAGE PART
PRODUCTS/COMPLETED OPERATIONS LIABILITY COVERAGE PART

- This endorsement does not apply to coverage provided for employee dishonesty (Coverage Form A), forgery or alteration (Coverage Form B), or public employee dishonesty (Coverage Forms O and P).

A. Paragraph 2. of the CANCELLATION Common Policy Condition is replaced by the following

2.a. CANCELLATION OF POLICIES IN EFFECT
LESS THAN 60 DAYS

If this policy has been in effect for less than 60 days, we may cancel this policy by mailing or delivering to the first Named Insured written notice of cancellation at least:

- (1) 15 days before the effective date of cancellation if we cancel for nonpayment of premium; or
- (2) 30 days before the effective date of cancellation if we cancel for any other reason.

b. CANCELLATION OF POLICIES IN EFFECT
FOR 60 DAYS OR MORE

If this policy has been in effect for 60 days or more, or is a renewal of a policy we issued, we may cancel this policy prior to the:

- (1) Expiration of the policy term; or
 - (2) Anniversary date,
- stated in the policy only for one or more of the following reasons:
- (a) Nonpayment of premium;
 - (b) An act or omission by the insured or his or her representative that constitutes material misrepresentation or nondisclosure of a material fact in obtaining this policy, continuing this policy or presenting a claim under this policy;

(c) Increased hazard or material change in the risk assumed that could not have been reasonably contemplated by the parties at the time of assumption of the risk;

(d) Substantial breach of contractual duties, conditions or warranties that materially affects the insurability of the risk;

(e) A fraudulent act against us by the insured or his or her representative that materially affects the insurability of the risk;

(f) Willful failure by the insured or his or her representative to institute reasonable loss control measures that materially affect the insurability of the risk after written notice by us;

(g) Loss of facultative reinsurance, or loss of or substantial changes in applicable reinsurance as provided in G.S. 58-41-30;

(h) Conviction of the insured of a crime arising out of acts that materially affect the insurability of the risk;

(i) A determination by the Commissioner of Insurance that the continuation of the policy would place us in violation of the laws of North Carolina; or

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- (j) You fail to meet the requirements contained in our corporate charter, articles of incorporation or by-laws when we are a company organized for the sole purpose of providing members of an organization with insurance coverage in North Carolina.

We will mail or deliver written notice of cancellation to the first Named Insured at least:

- (i) 15 days before the effective date of cancellation if we cancel for nonpayment of premium; or
 - (ii) 30 days before the effective date of cancellation if we cancel for any other reason.
 - c. Cancellation for nonpayment of premium will not become effective if you pay the premium amount due before the effective date of cancellation.
 - d. We may also cancel this policy for any reason not stated above provided we obtain your prior written consent.
8. The following provisions are added and supersede any other provisions to the contrary:
- 1. NONRENEWAL
 - a. If we elect not to renew this policy, we will mail or deliver to the first Named Insured shown in the Declarations written notice of nonrenewal at least 45 days prior to the:

- (1) Expiration of the policy if this policy has been written for one year or less; or
 - (2) Anniversary date of the policy if this policy has been written for more than one year or for an indefinite term.
 - b. We need not mail or deliver the notice of nonrenewal if you have:
 - (1) Insured property covered under this policy, under any other insurance policy;
 - (2) Accepted replacement coverage; or
 - (3) Requested or agreed to nonrenewal of this policy.
 - c. If notice is mailed, proof of mailing will be sufficient proof of notice.
2. The written notice of cancellation or nonrenewal will:
- a. Be mailed or delivered to the first Named Insured and any designated mortgagee or loss payee at their addresses shown in the policy, or if not indicated in the policy at their last known addresses; and
 - b. State the reason or reasons for cancellation or nonrenewal.

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THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

INDIANA CHANGES – CANCELLATION AND NONRENEWAL

This endorsement modifies insurance provided under the following:

BOILER AND MACHINERY COVERAGE PART
BUSINESSOWNERS POLICY
COMMERCIAL AUTO COVERAGE PART
COMMERCIAL CRIME COVERAGE PART*
COMMERCIAL GENERAL LIABILITY COVERAGE PART
COMMERCIAL INLAND MARINE COVERAGE PART
COMMERCIAL PROPERTY COVERAGE PART
FARM COVERAGE PART
EMPLOYMENT-RELATED PRACTICES LIABILITY COVERAGE PART
LIQUOR LIABILITY COVERAGE PART
POLLUTION LIABILITY COVERAGE PART
PRODUCTS/COMPLETED OPERATIONS LIABILITY COVERAGE PART

*This endorsement does not apply to coverage provided for employee dishonesty (Coverage Form A), forgery or alteration (Coverage Form B), or public employee dishonesty (Coverage Forms O and P)

A. Paragraph 2. of the CANCELLATION Common Policy Condition is replaced by the following:

2.a. Cancellation of Policies in Effect for 90 Days or Less

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

- (1) 10 days before the effective date of cancellation if we cancel for nonpayment of premium;
- (2) 20 days before the effective date of cancellation if you have perpetrated a fraud or material misrepresentation on us; or
- (3) 30 days before the effective date of cancellation if we cancel for any other reason.

b. Cancellation of Policies in Effect for More Than 90 Days

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

- (1) 10 days before the effective date of cancellation if we cancel for

- (2) 20 days before the effective date of cancellation if you have perpetrated a fraud or material misrepresentation on us; or

- (3) 45 days before the effective date of cancellation if:

(a) There has been a substantial change in the scale of risk covered by this policy; or

(b) Reinsurance of the risk associated with this policy has been cancelled.

B. The following is added to the Common Policy Conditions and supersedes any provision to the contrary.

NONRENEWAL

1. If we elect not to renew this policy, we will mail or deliver to the first Named Insured written notice of nonrenewal at least 45 days before:

a. The expiration date of this policy, if the policy is written for a term of one year or less; or

b. The anniversary date of this policy, if the policy is written for a term of more than one year.

2. We will mail or deliver our notice to the first Named Insured's last mailing address known to us. If notice is mailed, proof of mailing will be sufficient proof of notice.

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POLICY NUMBER:

INTERLINE
IL 04 15 04 98

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

PROTECTIVE SAFEGUARDS

This endorsement modifies insurance provided under the following:

COMMERCIAL PROPERTY COVERAGE PART
FARM COVERAGE PART

SCHEDULE*

Prem. No.	Bldg. No.	Protective Safeguards Symbols Applicable
Describe any "P-9":		
* Information required to complete this Schedule, if not shown on this endorsement, will be shown in the Declarations.		

A. The following is added to the:

Commercial Property Conditions
General Conditions in the
Farm Property - Other Farm
Provisions Form - Additional Coverages,
Conditions, Definitions
General Conditions in the Mobile Agricultural
Machinery and Equipment Coverage Form
General Conditions in the Livestock Coverage
Form

PROTECTIVE SAFEGUARDS

1. As a condition of this insurance, you are required to maintain the protective devices or services listed in the Schedule above.

2. The protective safeguards to which this endorsement applies are identified by the following symbols:

"P-1" Automatic Sprinkler System, including related supervisory services.

Automatic Sprinkler System means:

a. Any automatic fire protective or extinguishing system, including connected:

- (1) Sprinklers and discharge nozzles;
- (2) Ducts, pipes, valves and fittings;

(3) Tanks, their component parts and supports; and

(4) Pumps and private fire protection mains.

b. When supplied from an automatic fire protective system:

(1) Non-automatic fire protective systems; and

(2) Hydrants, standpipes and outlets.

"P-2" Automatic Fire Alarm, protecting the entire building, that is:

a. Connected to a central station; or

b. Reporting to a public or private fire alarm station.

"P-3" Security Service, with a recording system or watch clock, making hourly rounds covering the entire building, when the premises are not in actual operation.

"P-4" Service Contract with a privately owned fire department providing fire protection service to the described premises.

"P-9" The protective system described in the Schedule.

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THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

EXCLUSION OF CERTAIN COMPUTER-RELATED LOSSES

This endorsement modifies insurance provided under the following:

BOILER AND MACHINERY COVERAGE PART
COMMERCIAL CRIME COVERAGE PART
COMMERCIAL INLAND MARINE COVERAGE PART
COMMERCIAL PROPERTY COVERAGE PART
STANDARD PROPERTY POLICY

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

1. The failure, malfunction or inadequacy of:

a. Any of the following, whether belonging to any insured or to others:

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

b. Any other products, and any services, data or functions that directly or indirectly use or rely upon, in any manner, any of the items listed in Paragraph A.1.a. of this endorsement;

due to the inability to correctly recognize, process, distinguish, interpret or accept one or more dates or times. An example is the inability of computer software to recognize the year 2000.

2. Any advice, consultation, design, evaluation, inspection, installation, maintenance, repair, replacement or supervision provided or done by you or for you to determine, rectify or test for, any potential or actual problems described in Paragraph A.1. of this endorsement.

B. If an excluded Cause of Loss as described in Paragraph A. of this endorsement results:

1. In a Covered Cause of Loss under the Boiler And Machinery Coverage Part, the Commercial Crime Coverage Part, the Commercial Inland Marine Coverage Part or the Standard Property Policy; or

2. Under the Commercial Property Coverage Part:

a. In a "Specified Cause of Loss", or in elevator collision resulting from mechanical breakdown, under the Causes of Loss - Special Form; or

b. In a Covered Cause of Loss under the Causes Of Loss - Basic Form or the Causes Of Loss - Broad Form;

we will pay only for the loss ("loss") or damage caused by such "Specified Cause of Loss", elevator collision, or Covered Cause of Loss.

C. We will not pay for repair, replacement or modification of any items in Paragraphs A.1.a. and A.1.b. of this endorsement to correct any deficiencies or change any features.

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CCI 032061500
PAGE 1 OF 4
AGENCY BILL

COMPANY COPY
*** POLICY CHANGES ***

general casualty

AMENDED DECLARATION
**EFFECTIVE 10/01/2000

POLICY NUMBER	POLICY PERIOD	COVERAGE PROVIDED IN THE	AGENCY
CCI 0320615	08/29/2000 08/29/2001	REGENT INSURANCE COMPANY	0133009 01
NAMED INSURED AND ADDRESS	AGENT		
CROSSMANN COMMUNITIES INC AS PER G40 9210 N MERIDIAN ST INDIANAPOLIS IN 46260	MBAH INSURANCE 2663 DUNCAN ROAD PO BOX 5608 LAFAYETTE IN 157 47903		

COVERAGE PARTS AFFECTED:
COMMERCIAL PROPERTY
COMMERCIAL INLAND MARINE
COMMERCIAL LIABILITY

END. NUMBER: 001

CHANGES

LOCATION 023 - 865 W CARMEL DR., CARMEL, IN IS ADDED AS PER THE ATTACHED.

BLANKET BUILDING AND PERSONAL PROPERTY COVERAGE LIMIT OF INSURANCE HAS BEEN INCREASED AS PER THE ATTACHED.

BLANKET CONTRACTORS EQUIPMENT COVERAGE HAS BEEN INCREASED AS PER THE ATTACHED.

WAIVER OF TRANSFER OF RIGHTS OF RECOVERY AGAINST OTHERS TO US, CG 2404 1093 IS ADDED AS PER THE ATTACHED.

01/17/2001

UND 462 (03-87)

AUTHORIZED SIGNATURE DATE

BZH104793

ROA 1528

CCI 032061500
PAGE 2 OF 4
AGENCY BILL

COMPANY COPY
*** POLICY CHANGES ***

general casualty

AMENDED DECLARATION
**EFFECTIVE 10/01/2000

POLICY NUMBER	POLICY PERIOD	COVERAGE IS PROVIDED IN THE	AGENCY
CCI 0320615	08/29/2000 08/29/2001	REGENT INSURANCE COMPANY	0133009 01
NAMED INSURED AND ADDRESS	AGENT		
CROSSMANN COMMUNITIES INC AS PER G40 9210 N MERIDIAN ST INDIANAPOLIS IN 46260	MBAH INSURANCE 2663 OUNCAN ROAD PO BOX 5608 LAFAYETTE IN 157 47903		

COMMERCIAL PROPERTY COVERAGE PART DECLARATIONS
DESCRIPTION OF PREMISES

PREM. BLDG. LOCATION, CONSTRUCTION AND OCCUPANCY
BLK BLK BLANKET BUILDING AND PERSONAL PROPERTY OF THE INSURED AS PER
STATEMENT OF VALUES ON FILE WITH COMPANY

COVERAGES PROVIDED: COV. APPLIES ONLY WHERE A LIMIT OF INS. IS SHOWN BELOW.

PREM.	BLDG.	COV. (+)	LIMIT OF INS.	COVERED CAUSES OF LOSS	COINS.
BLK	BLK	A	\$ 4,183,500	SPECIAL	90 %
		B	\$ INCLUDED	SPECIAL	90 %
		C	\$		%

DEDUCTIBLE: \$ 1,000 THE DEDUCTIBLE APPLIES ON A PER OCCURRENCE BASIS.

OPTIONAL COVERAGES: APPLICABLE ONLY BY AN ENTRY IN THE SCHEDULE BELOW.

PREM.	BLDG.	COV. (+)	EXPIRATION DATE	AGREED VALUE	AMOUNT	REPLACEMENT COST (X)	INFLATION GUARD %
BLK	BLK	A	08/29/2001	\$ 4,183,500	(X)	%	%
		B	08/29/2001	\$ INCLUDED	(X)	%	%
		C		\$	N/A	%	%

VALUABLE PAPERS AND RECORDS - COST OF RESEARCH INCREASED LIMIT \$

IF INDICATED BY AN (X) REPLACEMENT COST APPLIES TO "STOCK": ()

(+) A- BUILDING B- BUSINESS PERSONAL PROPERTY C- PERSONAL PROPERTY OF OTHERS

===== COVERAGE APPLIES ONLY WHEN A LIMIT OF INSURANCE IS SHOWN BELOW.

BUSINESS INCOME: COV. CAUSES MAXIMUM PERIOD MONTHLY LIMIT EXT. PERIOD
COV. (+) OF LOSS OF INDEMNITY OF INDEMNITY OF INDEMNITY

LIMIT OF INS. COINS. AGREED VALUE - AMOUNT EXPIRATION DATE

\$ % \$
EXTRA EXPENSE: LIMIT OF INS. COV. CAUSES OF LOSS LIMITS ON LOSS PAYMENTS

(*) BUSINESS INCOME: I - INCLUDING RENTAL VALUE II - OTHER THAN RENTAL VALUE
III - RENTAL VALUE

TOTAL PROPERTY PREMIUM: \$ INCLUDED

CCI 03206150D
PAGE 3 OF 4
AGENCY BILL

COMPANY COPY
*** POLICY CHANGES ***

general casualty

AMENDED DECLARATION
**EFFECTIVE 10/01/2000

POLICY NUMBER	POLICY PERIOD	COVERAGE IS PROVIDED IN THE	AGENCY
CCI 0320615	08/29/2000 08/29/2001	REGENT INSURANCE COMPANY	0133009 01
NAMED INSURED AND ADDRESS		AGENT	
CROSSMANN COMMUNITIES INC AS PER G40 9210 N MERIDIAN ST INDIANAPOLIS IN 46260		MBAH INSURANCE 2663 DUNCAN ROAD PO BOX 5609 LAFAYETTE IN 157 47903	

BLANKET CONTRACTORS EQUIPMENT DECLARATIONS

CATASTROPHIC LIMIT OF INSURANCE \$ 588,035
PER ITEM LIMIT OF INSURANCE \$ 100,000

THE FOLLOWING DEDUCTIBLES APPLY ONLY WHEN INDICATED BY AN (X)
DEDUCTIBLES:

(X) EQUIPMENT DEDUCTIBLE \$ 500
() PERCENTAGE DEDUCTIBLE:
MINIMUM DEDUCTIBLE \$
MAXIMUM DEDUCTIBLE \$
PERCENTAGE DEDUCTIBLE %

THE FOLLOWING INCREASED LIMITS APPLY ONLY WHEN INDICATED BY AN (X)
COVERAGES

() DEBRIS REMOVAL \$
() EMPLOYEES TOOLS \$
(X) OFFICE TRAILERS AND CONTENTS \$ 50,000

THE FOLLOWING OPTIONAL COVERAGES APPLY ONLY WHEN INDICATED BY AN (X)
() RENTAL REIMBURSEMENT LIMITS OF INSURANCE
PER DAY PER ITEM \$
AGGREGATE PER POLICY YEAR \$
(X) REPLACEMENT COST COVERAGE

TOTAL ANNUAL PREMIUM THIS POLICY \$ INCLUDED

CM 7155 (05-00)

BZH104795

ROA 1530

CCI 032061500
PAGE 4 OF 4
AGENCY BILL

COMPANY COPY
*** POLICY CHANGES ***

general casualty

AMENDED DECLARATION
**EFFECTIVE 10/01/2000

POLICY NUMBER	POLICY PERIOD	COVERAGE IS PROVIDED IN THE	AGENCY
CCI 0320615	08/28/2000 08/28/2001	REGENT INSURANCE COMPANY	0133009 01
NAME OF INSURED AND ADDRESS	AGENT		
CRDSSMANN COMMUNITIES INC AS PER G40 9210 N MERIDIAN ST INDIANAPOLIS IN 46260	MBAH INSURANCE 2663 DUNCAN ROAD PO BOX 5609 LAFAYETTE IN 157 47903		

ENDORSEMENT

014	3077 KETERING BLVD STE 114 MARIANE, OH	35,000
015	4913-4922-24 23RD ST INDIANAPDLIS, IN	50,000
016	SUITE 100, JACKSON SQUARE LAVERGNE, TN	40,000
017	615 DAVIS DR., STE 300 MORRISVILLE, NC	65,000
018	1411 S OCEAN BLVD, DUNESCAPE UNIT 204, N MYRTLE BEACH, SC	10,000
019	7640 WILDCAT RUN LANE INDIANAPOLIS, IN	105,000
020	SWIMMING POOL AT LOCATION 019 INCIANAPOLIS, IN	165,000
021	4339 STUART ANDREW BLVD STE 201, CHARLOTTE, NC	65,000
022	9245 N MERIDIAN ST., STE 207 INDIANAPOLIS, IN	15,000
023	865 W CARMEL DR CARMEL, IN	1,200,000

TOTALS \$930,000 \$3,253,500

G40 (5-85)

BZH104796

ROA 1531

1. POLICY NUMBER:

CG 24 04 10

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

WAIVER OF TRANSFER OF RIGHTS OF RECOVERY AGAINST OTHERS TO US

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

SCHEDULE

Name of Person or Organization:

(If no entry appears above, information required to complete this endorsement will be shown in the Declarations as applicable to this endorsement.)

The TRANSFER OF RIGHTS OF RECOVERY AGAINST OTHERS TO US Condition (Section IV - COMMERCIAL GENERAL LIABILITY CONDITIONS) is amended by the addition of the following:

We waive any right of recovery we may have against the person or organization shown in the Schedule above be-

cause of payments we make for injury or damage arising out of your ongoing operations or "your work" done under a contract with that person or organization and included in the "products-completed operations hazard." This waiver applies only to the person or organization shown in the Schedule above.

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ROA 1532

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ROA 1533

APPENDIX E

PAYMENTS

1.	0250010815	<u>Richard Hadley v. Crossmann Communities, Beazer Homes Investment Corp. and Mitchell Construction, Inc., Superior Court No. 1, Hendricks County, Indiana, Cause No. 332D01-0209-CT-291</u>	25,000.00
2.	0250011930	Claimants: Kellie Demorest and State Farm Date of Loss: 12/13/00	841.15
3.	0250101185	<u>John Tolliver, Shannon Tolliver, and State Farm v. Crossmann Communities, Superior Court No. 1, Hancock County, Indiana, Cause No. 30D01-0212-PL-726</u>	1,134.00
4.	0250200831	<u>Frank Yeadon and Jin Soon Yeadon v. Connie Ferguson, Danny's Pest Control, Inc., Cendant Mobility Corporation, and Pinehurst Builders, Inc., Court of Common Pleas, Georgetown County, South Carolina, Cause No. 2001-CP-22831</u>	5,250.00
5.	0250203673	Claimant: James Coward Date of Loss: 12/31/00	6,929.29
6.	0250300015	<u>William Dent III and State Farm Fire & Casualty v. Trinity Homes, Inc., Small Claims Court, Washington Township Division, Marion County, Indiana, Cause No. 49K07-2002-12-SC-07146</u>	3,000.00
7.	0250100041	Claimant: Emily Welch Date of Loss: 1/6/01	7,825.00
8.	0250101510	Claimant: Joan Armstrong Date of Loss: 1/9/01	774.06
9.	0250104515	Claimant: Richard Webster Date of Loss: 1/23/01	1,000.00
10.	0250109035	Claimant: Hazel Smith Date of Loss: 5/9/01	115.00
11.	0250111225	Claimant: Dennis Ikemire Date of Loss: 11/14/01	2,774.00

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|-----|------------|--|-----------|
| 12. | 0250111498 | <u>Daniel R. Christian and Lana S. Christian, Individually and on Behalf of Their Minor Son, Jonathan W. Christian vs. Trinity Homes, LLC</u> , Superior Court No. 2, Hamilton County, Indiana, Cause No. 29D02-0212-PL-978 | 34,991.00 |
| 13. | 0250202567 | <u>Robert & Patrice Bell and State Farm Fire & Casualty Co. v. Deluxe Homes of Lafayette</u> , Superior Court No. 1, Tippecanoe County, Indiana, Cause No. 79D01-0310-PL-00106 | 2,657.38 |
| 14. | 0250204297 | <u>Robert L. Campbell, Jr. and Kenya Campbell, vs. Crossmann Communities of NC, Inc., True Blue Golf & Racquet Resort Homeowners' Association, Inc., True Blue Development, LLC, and Bonny F. Burke</u> , Court of Common Pleas, Georgetown County, South Carolina, Case No. 2002-CP-22615 | 7,500.00 |
| 15. | 0250206858 | <u>Farm Bureau as Subrogee of Kimberly Harvey v. Crossmann Communities and Beazer Homes, Formerly Known as Crossmann Communities</u> , Superior Court No. 2, Boone County, Indiana, Cause No. 06D02-0209-SC-1232 | 1,500.00 |
| 16. | 0250208809 | Claimants: David Packard, Susan Packard and Alexander Packard
Date of Loss: 1/8/01 | 28,440.99 |
| 17. | 0250301476 | <u>Darrell Jeffrey vs. Crossmann Communities, Inc., Crossmann Communities Partnership, and Deluxe Homes, Inc.</u> , Superior Court No. 1, Allen County, Indiana, Cause No. 02D01-0209-PL-438 | 15,000.00 |
| 18. | 0250301627 | Claimant: Jimmy Alexander
Date of Loss: 9/29/01 | 4,500.00 |
| 19. | 0250304564 | <u>Tom Stillman vs. Trinity Homes, LLC</u> , Superior Court No. 2, Hamilton County, Indiana, Cause No. 29D02-0307-CT-601 | 2,000.00 |