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SC Court of Appeals

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

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 VI

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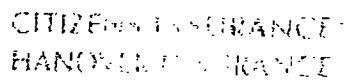
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**ROA 1921**



ALLMERICA FINANCIAL
HANOVER INSURANCE

COMMERCIAL LINES POLICY COMMON DECLARATIONS

☒ The Hanover Insurance Company ☐ Massachusetts Bay Insurance Company
☐ Citizens Insurance Company of America

Coverage is provided in the Company designated by ☒ above

ZDI 5260801-

Renewal of Number

POLICY NUMBER		POLICY PERIOD		AGENTS	
ZDI 5260801-01		08-29-1999 08-29-2000		AT 12:01 AM STANDARD TIME AT YOUR MAILING ADDRESS SHOWN BELOW	
NAMED INSURED AND MAILING ADDRESS		AGENTS			
(No., Street, Town or City, County, State, Zip Code) CROSSMAN COMMUNITIES, INC. (SEE 221-0163) 9202 N MERIDIAN ST, STE 300 INDIANAPOLIS, IN 46260		M.B.A.H. INSURANCE P.O. BOX 5609 LAFAYETTE, IN 47903			

DESCRIPTION OF BUSINESS

Form of Business: ☒ CORPORATION
☐ Individual ☐ Joint Venture ☐ Partnership ☐ Organization (Other than Partnership or Joint Venture)
Business Description: GENERAL CONTRACTOR HOMEBUILDER

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. THIS POLICY CONSISTS OF THE FOLLOWING COVERAGE PART(S) FOR WHICH A PREMIUM IS INDICATED. THIS PREMIUM MAY BE SUBJECT TO ADJUSTMENT.

	PREMIUM
■ Commercial Property Coverage Part.....	\$ 6556.00
■ Commercial General Liability Coverage Part.....	\$ 216,595.00
■ Commercial Crime Coverage Part.....	\$ 1499.00
■ Commercial Inland Marine Coverage Part.....	\$ 363,304.00
■ Boiler and Machinery Coverage Part.....	\$ NOT COVERED
■ Commercial Auto Coverage Part.....	\$ NOT COVERED
*KY IPS \$33.80 KY MUN TAX \$134.68	\$

PREMIUM

☐ Prepaid -- The total annual premium of \$ is due at inception
☐ Annual installments -- \$ due at inception, and \$ due at each anniversary
☒ Hanocash -- The annual premium of \$ 588,122.48 is payable according to the terms of the Hanocash endorsement attached.
* ☐ (If ☒, anniversary adjustment of rates is waived)

DIRECT BILL:
☐ PREPAID
☐ 4-PAY
☐ 8-PAY

Audit Period: Non-Auditable Unless Indicated By ☒ Annual ☐ Semi-Annual ☐ Quarterly ☐ Monthly ☐ Other:

Form(s) and Endorsement(s) applicable to all Coverage Part(s) and made a part of this policy at time of issue:

401-0027(4-99) 401-0024, 221-4708(5-93) IL0272(4-98) 221-0163,
IL0244(4-98) IL0263(4-98) IL0250(4-98) IL0259(4-98) IL0158(4-98) 411-0075(10-98)
411-0110(4-98) IL0156(4-98) IL0935(8-98) IL0192(3-97) IL0249 (8-99)

Countersigned: 02-28-00/DD

By

Authorized Representative

THESE DECLARATIONS TOGETHER WITH THE COMMON POLICY CONDITIONS, COVERAGE PART COVERAGE FORM(S) AND FORMS AND ENDORSEMENTS, IF ANY, ISSUED TO FORM A PART THEREOF, COMPLETE THE ABOVE NUMBERED POLICY.

COMPANY

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401-0023 (4/90)

(IL 00 19)

MB 01219

ROA 1922



ALLMERICA FINANCIAL
HANOVER INSURANCE

COMMERCIAL LINES POLICY
SCHEDULE OF LOCATIONS.

ZDI5260801-00
Renewal of Policy

POLICY NUMBER		POLICY PERIOD		AT 12:01 AM STANDARD TIME AT YOUR MAILING ADDRESS SHOWN ON THE COMMON DECLARATIONS	21-4505
FROM	TO				
ZDI5260801-01	08-29-99	08-29-00			

PREM. NO.	BLDG. NO.	LOCATION
1	1	929 EASTWIND DR., SUITE 201 WESTERVILLE, OH
2	1	700 FARABEE CT. LAFAYETTE, IN
3	1	7233 W JEFFERSON CT. CT WAYNE, IN
4	1	5412 COURSEVIEW DR. SUITE 210 & SUITE 130 MASON, OH
5	1	9202 N MERIDIAN ST. SUITE 300 INDIANAPOLIS, IN
6	1	STRATFORD GLEN SUBDIVISION SOUTH 9TH ST. LAFAYETTE, IN
7	1	157 HOLIDAY PLACE FRANKLIN, IN

401-0024 (11-85)

MB 01220



ALLMERICA FINANCIAL
HANOVER INSURANCE

COMMERCIAL LINES POLICY
SCHEDULE OF LOCATIONS.

ZDI 5260801-00

Renewal of Policy

POLICY NUMBER		POLICY PERIOD		POLICY TYPE	
ZDI5260801-01		08-29-99	08-29-2000	AT 12:01 AM STANDARD TIME AT YOUR MAILING ADDRESS SHOWN ON THE COMMON DECLARATIONS	
				21-4505	

PREM. NO.	BLDG. NO.	LOCATION
8	1	9210 N MERIDIAN ST. INDIANAPOLIS, IN
9	1	1301 CLEAR SPRINGS TRACK SUITE 212 LOUISVILLE, KY
10	1	3131 CUSTER DRIVE #4 LEXINGTON, KY
11	1	2753 S MENDENHELL, SUITE 30 MEMPHIS, TN
12	1	10239 BEACH RD, SW CALABASH, NC
13	1	494 S EMERSON, SUITE G1 GREENWOOD, IN
14	1	3077 KETERING BLVD, SUITE 114 MARIANE, OH

401-0024 (11-85)

MB 01221



ALLMERICA FINANCIAL®
HANOVER INSURANCE

COMMERCIAL LINES POLICY
SCHEDULE OF LOCATIONS.

ZDI 5260801-00

Renewal of Policy

POLICY NUMBER	POLICY PERIOD	FROM	TO	AT 12:01 AM STANDARD TIME AT YOUR MAILING ADDRESS SHOWN ON THE COMMON DECLARATIONS	21-4505
ZDI 5260801-01	08-29-99	08-29-00			

PREM. NO.	BLDG. NO.	LOCATION

15	1	4913-4922-24 23RD ST. INDIANAPOLIS, IN

16	1	SUITE 100, JACKSON SQUARE LAVERGNE, TN

17	1	615 DAVIS DRIVE, SUITE 300 MORRISVILLE, NC 27560

18	1	1411 S. OCEAN BLVD. DUNESCAPE UNIT #204 N. MYRTLE BEACH, SC 29582

401-0024 (11-85)

MB 01222



THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

NAMED INSURED SCHEDULE

"CROSSMANN COMMUNITIES, INC AND ALL OF ITS SUBSIDIARIES, FINANCIALLY CONTROLLED ORGANIZATIONS, AND JOINT-VENTURES RELATED TO HOME, APARTMENT, AND CONDOMINIUM BUILDING AND LAND DEVELOPMENT, 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."

Nothing herein contained shall be held to vary, alter, waive or extend any of the terms, conditions, agreements or limitations of the policy other than as above stated.

(Completion of the following, including countersignature, is required to make this endorsement effective only when it is issued subsequent to preparation of the Policy.)

Effective 08-29-99

this endorsement forms a part of Policy No. ZDI 5260801-01

Issued to

By

Date of Issue

Countersigned by

Authorized Representative of the Company

221-0163 (4-90)

MB 01224



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.

IN WITNESS WHEREOF, This company has caused this policy to be signed by its President and Secretary, and countersigned on the declarations page by a duly authorized agent of the company.

THE HANOVER INSURANCE COMPANY
MASSACHUSETTS BAY INSURANCE COMPANY
100 North Parkway, Worcester, Massachusetts 01605

William J. Cahill Jr.
Secretary

J. Bruce May
President

CITIZENS INSURANCE COMPANY OF AMERICA
645 West Grand River, Howell, Michigan 48843

Kurt Gallinger
Secretary

James R. McIntyre
President

MB 01226

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.

MB 01227

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 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 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.

MB 01229

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.

MB 01230

- 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.

MB 01231

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
EMPLOYMENT-RELATED PRACTICES LIABILITY 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 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.

MB 01232

- 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.

MB 01233

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
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), 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

MB 01234

- (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.

MB 01235

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.

MB 01236



ALLMERICA FINANCIAL®
HANOVER INSURANCE

**POLICYHOLDER NOTIFICATION
DATE RELATED COMPUTER FAILURES AND YOUR
INSURANCE COVERAGE**

Dear Policyholder:

Your insurance policy does not cover a computer's or microchip's failure or inability to recognize, process, distinguish, interpret or accept dates. We refer you to the policyholder notice regarding this subject previously mailed to you by this company. If you have not received this notice, please contact your agent.

Your policy excludes coverage for date related failures. Please see the enclosed endorsement(s) for specific policy language.

Through our underwriting process, we have determined that your type of policy(ies) will have the above-mentioned endorsement, which specifically addresses Y2K date related computer problems. If you have no Y2K date related risk or exposure and can provide proof, which is satisfactory to this company, you may qualify to have the endorsement removed from your liability policy(ies). If you want us to consider removing the endorsement, your agent can assist you with the procedures that you must follow to enable us to determine whether you qualify. Unless we specifically advise you in writing to the contrary, however, the endorsement will remain in effect. Furthermore, even without the endorsement, any Y2K date related liability, as is true with any liability, would have to fall within the other terms and conditions of your policy to be covered.

411-0075

(10-98)

MB 01237



ALLMERICA FINANCIAL®
HANOVER INSURANCE

**POLICYHOLDER NOTIFICATION
DATE RELATED COMPUTER FAILURES AND YOUR
INSURANCE COVERAGE**

Dear Policyholder:

Your insurance policy does not cover a computer's or microchip's failure or inability to recognize, process, distinguish, interpret or accept dates. We refer you to the policyholder notice regarding this subject previously mailed to you by this company. If you have not received this notice, please contact your agent.

Your policy excludes coverage for date related failures. Please see the enclosed endorsement(s) for specific policy language.

411-0110 (4-98)

MB 01238

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.

MB 01239

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.

MB 01240

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.

MB 01241

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
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

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

MB 01242

- 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.

MB 01243



ALLMERICA FINANCIAL*
HANOVER INSURANCE

COMMERCIAL PROPERTY COVERAGE PART
DECLARATIONS

☐ Supplemental Declarations is attached.

ZDI 5260801-00

RENEWAL OF NUMBER

ZDI 5260808-01		08-29-99		08-29-00		AT 12:01 AM STANDARD TIME AT YOUR MAILING ADDRESS SHOWN ON THE COMMON DECLARATIONS		21-4505	
DESCRIPTION OF PREMISES									
PREM. NO. BLDG. NO. LOCATION									
SEE SCHEDULE OF LOCATIONS									
COVERAGES PROVIDED - INSURANCE AT THE DESCRIBED PREMISES APPLIES ONLY FOR COVERAGES FOR WHICH A LIMIT OF INSURANCE IS SHOWN.									
PREM. NO.	BLDG. NO.	COVERAGE			LIMIT OF INSURANCE	COVERED CAUSES OF LOSS	COINSURANCE+	RATES	
1	1	BLANKET BUILDINGS & PERSONAL PROPERTY			2,383,500	SPECIAL	90%	INCL	
1	1	MORTGAGE HOLDERS ERRORS & OMISSIONS			300,000	DOES NOT APPLY	90%	INCL	
OPTIONAL COVERAGES - APPLICABLE ONLY WHEN ENTRIES ARE MADE IN THE SCHEDULE BELOW									
AGREED VALUE						+IF EXTRA EXPENSE, LIMITS ON LOSS PAYMENT			
PREM. NO.	BLDG. NO.	EXPIRATION DATE	COVERAGE		AMOUNT	REPLACEMENT COST (X)			
1	1	08-29-00	BLKT BUILDINGS & PERS. PROP.		2,383,500	X	X		
INFLATION GUARD (Percentage)						++ MONTHLY LIMIT OF INDEMNITY (Fraction)		++ MAXIMUM PERIOD OF INDEMNITY (X)	
PREM. NO.	BLDG. NO.	BUILDING	PERSONAL PROPERTY		++EXTENDED PERIOD OF INDEMNITY (Days)				
MORTGAGE HOLDER(S)									
PREM. NO.	BLDG. NO.	MORTGAGE HOLDER NAME AND MAILING ADDRESS				++APPLIES TO BUSINESS INCOME ONLY			
DEDUCTIBLE									
\$250. EXCEPTIONS: \$1,000.									
FORMS AND ENDORSEMENTS APPLYING TO THIS COVERAGE PART AND MADE PART OF THIS POLICY AT TIME OF ISSUE:									
APPLICABLE TO ALL COVERAGES: CP 00 90 (7-88) 411-0001(3-88) 411-0003, CP0010(6-95) CP1030(6-95) CP011B(6-95) 411-0078(7-97)									
APPLICABLE TO SPECIFIC PREMISES/COVERAGES:									
PREM. NO.		BLDG. NO.		COVERAGES					
TOTAL PREMIUM FOR THIS COVERAGE PART: \$ 6,556.									

THESE DECLARATIONS AND THE COMMON POLICY DECLARATIONS, IF APPLICABLE, TOGETHER WITH THE COMMON POLICY CONDITION COVERAGE FORM(S) AND FORMS AND ENDORSEMENTS, IF ANY, ISSUED TO FORM A PART THEREOF, COMPLETE THE ABOVE NUMBERED POLICY.



POLICY NUMBER:

COMMERCIAL PROPERTY

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY

HANOGUARD

This endorsement modifies building coverage provided under the following:

Building and Personal Property Coverage Form
Condominium Association Coverage Form

Where the declarations page indicates HANOGUARD, OPTIONAL COVERAGES 1. and 2. apply to covered building(s):

1. **AGREED VALUE** — paragraphs b. and c. are deleted and replaced by the following:

b. We will adjust the AGREED VALUE on each anniversary or renewal of this policy. The adjustment amount will be based on changes in the cost of construction during the preceding policy year.

c. Adjusted values may result in a change in premium due. If you accept the adjusted AGREED VALUE:

- (1) you agree to pay an additional premium; or
- 2) we agree to refund any excess premium.

d. **ADDITIONAL CONDITIONS, COINSURANCE**, will apply if

- 1) you do not accept the adjusted AGREED VALUE; or
- 2) you do not inform us of changes to covered buildings:

a) within sixty (60) days of the date construction begins; and

b) when the replacement value of the construction is more than 5% of the AGREED VALUE of the building being changed.

2. **INFLATION GUARD** — replaced by the following

e. We will pay the actual cash value of the damaged portion of the building at the time of loss, but not more than 115% of the AGREED VALUE if:

- 1) the amount of any loss covered by this endorsement exceeds the AGREED VALUE stated in the declarations for the damaged building; and
- 2) the actual repair or replacement is completed within one year of the date of the loss.

b. This optional coverage is void if you do not meet all the conditions for AGREED VALUE, above.

OPTIONAL COVERAGE 3. (below) applies to covered building only when the Replacement Cost option on the declarations page indicates HANOGUARD.

3. **REPLACEMENT COST** — paragraph a. is deleted and replaced as follows:

a. Replacement Cost (without deduction for depreciation) replaces Actual Cash Value in the LOSS CONDITION, VALUATION, of this coverage form and where it appears in this HANOGUARD endorsement.

FORM 411-0003

MB 01245

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.

MB 01246

**I. TRANSFER OF RIGHTS OF RECOVERY
AGAINST OTHERS TO US**

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

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

This will not restrict your insurance.

MB 01247

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.

MB 01248

- 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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- (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

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2. Debris Removal; but 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% limitation in the Debris Removal Additional Coverage;

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

D. DEDUCTIBLE

We will not pay for loss or damage in any one occurrence until the amount of loss or damage exceeds the Deductible shown in the Declarations. We will then pay the amount of loss or damage in excess of the Deductible, up to the applicable Limit of Insurance, after any deduction required by the Coinsurance condition or the Agreed Value Optional Coverage.

When the occurrence involves loss to more than one item of Covered Property and more than one Limit of Insurance applies, the Deductible will reduce the total amount of loss payable if loss to at least one item is less than the sum of (1) the Limit of Insurance applicable to that item plus (2) the Deductible.

Example No. 1:

(This example assumes there is no coinsurance penalty.)

Deductible: \$250

Limit of Insurance - Bldg. 1: \$60,000

Limit of Insurance - Bldg. 2: \$80,000

Loss to Bldg. 1: \$60,100

Loss to Bldg. 2: \$90,000

The amount of loss to Bldg. 1 (\$60,100) is less than the sum (\$60,250) of the Limit of Insurance applicable to Bldg. 1 plus the Deductible.

The Deductible will be subtracted from the amount of loss in calculating the loss payable for Bldg. 1:

\$60,100
- 250

\$59,850 Loss Payable - Bldg. 1

The Deductible applies once per occurrence and therefore is not subtracted in determining the amount of loss payable for Bldg. 2. Loss payable for Bldg. 2 is the Limit of Insurance of \$80,000.

Total amount of loss payable: \$59,850 + \$80,000 = \$139,850

Example No. 2:

(This example, too, assumes there is no coinsurance penalty.)

The Deductible and Limits of Insurance are the same as those in Example No. 1.

Loss to Bldg. 1: \$70,000 (exceeds Limit of Insurance plus Deductible)

Loss to Bldg. 2: \$90,000 (exceeds Limit of Insurance plus Deductible)

Loss Payable - Bldg. 1: \$60,000 (Limit of Insurance)

Loss Payable - Bldg. 2: \$80,000 (Limit of Insurance)

Total amount of loss payable: \$140,000

E. LOSS CONDITIONS

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

1. Abandonment

There can be no abandonment of any property to us.

2. Appraisal

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

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

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

3. Duties In The Event Of Loss Or Damage

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

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

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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.

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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.

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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

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): $\$180,000 \div \$225,000 = .80$

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 nonpayment of premium; or
- (2) 30 days before the effective date of cancellation if we cancel for any other reason.

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- 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

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

2. Inflation Guard

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

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:
 - (1) Personal property of others;
 - (2) Contents of a residence;
 - (3) Manuscripts;
 - (4) Works of art, antiques or rare articles, including etchings, pictures, statuary, marbles, bronzes, porcelains and bric-a-brac; or
 - (5) "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:
 - (1) Until the lost or damaged property is actually repaired or replaced; and
 - (2) Unless the repairs or replacement are made as soon as reasonably possible after the loss or damage.

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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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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.

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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.

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- 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.

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- (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.

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- 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.

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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.

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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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PROPERTY SPECIAL BROADENING ENDORSEMENT

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

This endorsement modifies insurance provided under the following:

BUILDING AND PERSONAL PROPERTY COVERAGE FORM - CP 0010
CAUSES OF LOSS - SPECIAL FORM - CP 1030

Refer to SECTION VI - DEFINITIONS of this form for additional words or phrases with special meaning.

I. COVERAGE

A. Scheduled Coverages

<u>Schedule</u>	<u>Limit of Insurance</u>	<u>Page</u>
1. Debris Removal	\$ 25,000	3
2. Pollutant Clean-Up	\$ 25,000	3
3. Arson Reward	\$ 30,000	4
4. Newly Acquired or Constructed Property		
Buildings	\$1,000,000	4
Personal Property	\$ 500,000	4
5. Property Off-Premises	\$ 100,000	4
6. Worldwide Property Off-Premises	\$ 45,000	5
7. Salesperson Samples	\$ 25,000	5
8. Exhibitions	\$ 50,000	5
9. Property In Transit	\$ 50,000	5
10. Depositors Forgery	\$ 25,000	6
11. Employee Dishonesty Including Welfare and Pension Plan ERISA Compliance		
	\$ 50,000	6
12. Money and Securities	\$ 25,000	8
13. Foundations and Underground Pipes	\$ 250,000	8
14. Tenant Glass	\$ 10,000	9
15. Ordinance or Law Coverage	\$ 50,000	9
16. Newly Acquired Locations Increased Limits for Business Income and Extra Expenses		
	\$ 250,000	10
17. Contractual Penalties	\$ 25,000	11
18. Dependent Properties	\$ 100,000	11
19. Utility Services	\$ 25,000	11
20. Transit Business Income and Extra Expense		
	\$ 100,000	12
21. Contingent Transit Business Income and Extra Expense		
	\$ 100,000	12
22. Change in Temperature, Electrical Injury, Utility Services and Contamination by Refrigerant		
	\$ 50,000	12
23. Water Damage, Other Liquids, Powder or Molten Material Damage		
	\$ 25,000	12
24. Underground Water Seepage	\$ 10,000	13

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B. Blanket Limit of Insurance**\$250,000**

The Blanket Limit of Insurance shown above applies to all Coverages shown in Section III, B. of this Endorsement. The Blanket Limit of Insurance applies separately to each covered premises shown in the declarations and is subject to the Deductible (Section II. of this endorsement). This Blanket Limit of Insurance does not apply to premises shown in the Commercial Property Coverage Part Declarations as Any Other Location. At the time of loss, you may elect to apportion this Blanket Limit of Insurance to one or any combination of the Coverages shown, but under no circumstance will the aggregate apportionment be permitted to exceed the Blanket Limit of insurance shown above at any one covered premises.

Coverage included within this Blanket Limit of Insurance:

ACCOUNTS RECEIVABLE
CLAIMS EXPENSES
FINE ARTS
MOVEMENT OF PROPERTY
PERSONAL EFFECTS AND PROPERTY
OF OTHERS

BUSINESS INCOME AND EXTRA EXPENSE
COMPUTER AND COMPUTERIZED EQUIPMENT
FIRE DEPARTMENT SERVICE CHARGES
OUTDOOR PROPERTY
VALUABLE PAPERS AND RECORDS - COST
OF RESEARCH

C. Coverage Extensions

PRESERVATION OF PROPERTY
MARRING AND SCRATCHING
CONSEQUENTIAL LOSS TO STOCK

THEFT DAMAGE TO BUILDING
BRANDS AND LABELS
FIRE PROTECTION EQUIPMENT
RECHARGE

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tt. DEDUCTIBLE

Each loss shall be adjusted separately, and from the amount of such adjusted loss, the sum of \$500 shall be deducted for all coverage listed under Section I. **COVERAGE.**

III. COVERED PROPERTY

under the 25% limitation above.

A. Scheduled Coverages

If more than one coverage under this form applies to property that has been damaged from one "occurrence", you may choose only one of these coverages to apply to that loss. The most we will pay in this case is the largest of the limits that would be applicable.

We will pay up to an additional \$25,000 for each location in any one "occurrence" under the Debris Removal Additional Coverage. This coverage is an additional amount of insurance.

1. Debris Removal (Section A.4.a. of CP 0010) is replaced by the following:

- a) 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.
- b) The most we will pay under this Additional Coverage is 25% of:
 - 1) The amount we pay for the direct physical loss of or damage to Covered Property; plus
 - 2) The deductible in this policy applicable to that loss or damage.

Payments under this Additional Coverage will not increase the applicable Limit of Insurance. But this limitation does not apply to any additional debris removal limit provided below.

- c) If:
 - 1) The sum of direct physical loss or damage and debris removal expense exceeds the Limit of Insurance, or
 - 2) The debris removal expense exceeds the amount payable

d) No part of this Additional

Coverage applies to costs to:

- 1) Extract "pollutants" from land or water; or
- 2) Remove, restore or replace polluted land or water.

- e) We will also pay up to \$1,000 for the costs you incur at each premises to remove debris of outdoor trees, shrubs or plants that are blown onto your premises by wind.

2. Pollution Clean Up and Removal (Section A.4.d. of CP 00 10) is replaced by the following:

We will pay your expense to extract "pollutants" from land or water at the described premises if the discharge, dispersal, seepage, leakage, 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 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.

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The most we will pay under this Additional Coverage for each described premises is \$25,000 for the sum of all covered expenses arising out of Covered Causes of Loss occurring during each separate 12 month period of this policy. This coverage is an additional amount of insurance.

3. Arson Reward

In the event that a covered fire loss was the result of an act of arson, we will reimburse you up to \$30,000 for rewards you pay for information leading to convictions for that act of arson.

Arson Reward Condition - Coinsurance and Deductible do not apply to this Additional Coverage. This coverage is not an additional amount of insurance.

4. Newly Acquired or Constructed Property (Section A.5.a. of CP 00 10) is replaced by the following:

- a) You may extend the insurance that applies to Building to apply to:
 - 1) Your new buildings while being built on the described premises; and
 - 2) Buildings you acquire at locations, other than the described premises, intended for:
 - a.- similar use as the building described in the Declarations; or
 - b.- use as a warehouse.

The most we will pay for loss or damage under this Coverage Extension is the Limit of Insurance for Building shown in the Declarations but not more than \$1,000,000 at each building.

- b) 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 Coverage Extension is the limit of Insurance for Your Business Personal Property shown in the Declarations, but not more than \$500,000 at each building.

- c) Insurance under this Extension for each newly acquired or constructed property will end when any of the following first occurs:
 - 1) this policy expires,
 - 2) 90 days expire after you acquire or begin to construct the property; or
 - 3) you report values to us.

We will charge you additional premium for values reported from the date construction begins or you acquire the property. Payment under this Coverage Extension is included within the applicable Limit of Insurance.

5. Property Off-Premises (Section A.5.d. of CP 00 10) is replaced by the following:

You may extend the insurance that applies to Your Business Personal Property to apply to Property Off-Premises, other than "stock," that is temporarily at a location you do not own, lease or operate.

This coverage extension applies to "stock" while at:

- a) temporary storage locations;
- b) processing locations; and
- c) installation sites.

Coverage at installation sites ends when the property is installed and tested, whether or not it has become fully operational or accepted by the

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owner.

This Coverage Extension does not apply to Covered Property:

- a) In the care custody or control of your salesperson; or
- b) At any fair or exhibition; or
- c) At newly acquired premises; or
- d) Damaged by installation or testing.

The most we will pay for loss or damage under this Coverage is \$100,000. This coverage is an additional amount of insurance.

6. Worldwide Property Off-Premises

You may extend the insurance that applies to Your Business Personal Property and Business Personal Property of Others to apply to that property when it is temporarily outside the coverage territory, while "in transit" or on airborne transportation carriers, for the purpose of exhibition, service or repair.

The most we will pay for loss under this Coverage Extension is \$45,000. This coverage is an additional amount of insurance.

7. Salesperson Samples

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

- a) Samples of your "stock" in trade (including containers), while off the described premises; and
- b) Similar business property of others; when in the custody of your sales representatives, or agents (exclusively for your benefit), or yourself while acting as a sales representative, while off the described premises; or while "in transit" between your premises and your sales representatives.

The most we will pay for loss or damage under this Coverage is

\$25,000 for property in the custody of any one sales person. Our payment for loss of or damage to property of others will only be for the account of the owner of the property. "B. EXCLUSIONS 1.e.; 2.a. and 2.d.(4), (5) & (6) of CP 10 30" do not apply to this Coverage. This coverage is an additional amount of insurance.

8. Exhibitions

You may extend the insurance that applies to Your Business Personal Property, including property of others that is in your care, custody or control, or for which you have accepted responsibility, to apply to that property while temporarily on display to the public at premises you do not regularly occupy.

The most we will pay for loss of damage under this Coverage is \$50,000 at any one exhibition. Our payment for loss of or damage to property of others will only be for the account of the owner of the property. "B. EXCLUSIONS 1.e., 2.a. and 2.d.(5) of CP 10 30" do not apply to this Coverage. This coverage is an additional amount of insurance.

9. Property In Transit (Section E.1 of CP 10 30) is replaced by the following:

You may extend the insurance that applies to your Business Personal Property to shipments of such property while "in transit" more than 100 feet from the described premises at your risk, by motor vehicle, rail car or aircraft, between points within the coverage territory. This includes property you have sold when your responsibility continues until the property is delivered.

- a) This coverage also applies to:
 - 1) The necessary additional expenses that you incur to inspect, repack and reship undamaged Covered property when the shipment is damaged as a result of a

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Covered Cause of Loss.

2) FOB Shipments

Outgoing shipments where the risk of loss or damage is transferred to the buyer when such property leaves your premises. You must use all reasonable means to collect the amount due you from the buyer before making a claim under the Property in Transit Additional Coverage Extension. We will not make payment under this Property in Transit Additional Coverage Extension until you grant us the right of recovery against the buyer.

3) Shipments during loading or unloading and within 100 feet of any transporting conveyance.

4) Outgoing shipments which have been rejected by the consignee or are not deliverable while:

- a) In due course of transit, being returned to you; or
- b) Up to 30 days after delivery or attempted delivery awaiting return to you.

b) Under this Property in Transit Additional Coverage Extension, we will not pay for:

- 1) Property in the care, custody or control of your salesperson.
- 2) Mail shipments in the custody of the US Postal Service; or
- 3) Property of others for which you are responsible as a carrier for hire or car loader, consolidator, broker, freight forwarder, shipping association, or other arranger of transportation.

c) We will not pay for loss or damage if you impair our rights to recover from any carrier for hire. But you may accept from carriers for hire bills of lading, receipts or contracts of transportation which contain a limitation of value.

- d) The most we will pay under this Property in Transit Additional Coverage Extension is \$50,000 for all loss or damage to property in any one conveyance. Our payment for loss of or damage to property of others will be for the account of the owner of the property.

This Coverage is additional insurance. The "Additional Condition, Coinsurance and B. EXCLUSIONS 2.a., 2.d.(4), (6), (7)(a) & (b) and 2.1. of CP 10 30" do not apply to this Coverage.

10. Depositors Forgery

You may extend the insurance that applies to Your Business Personal Property to apply to loss you sustain because a written promise or order to pay "money" is forged or altered.

We will pay for this loss whether the promise or order is:

- a) Made by you;
- b) Drawn upon by you; or
- c) Made or drawn by an agent of yours.

The most we will pay for loss in any one "occurrence" of Depositors Forgery under this Coverage Extension is \$25,000. This coverage is an additional amount of insurance.

11. Employee Dishonesty

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

- a) Loss or damage to any property, other than contraband or property in the course of illegal transportation or trade, resulting from 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

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- (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) We will not pay for loss or damage:
- 1) Resulting from any dishonest or criminal act that you or any of your partners commit whether acting alone or in collusion with any other persons.
 - 2) The only proof of which as to its existence or amount is:
 - a. - an inventory computation; or
 - b. - a profit and loss computation.
- c) All loss or damage:
- 1) Caused by one or more person; or
 - 2) Involving a single act or series of related acts; is considered one "occurrence".
- d) We will pay only for loss or damage you sustain through acts committed or events occurring during the Policy Period. Regardless of the number of years this policy remains in force or the number of premiums paid, no Limit of Insurance cumulates from year to year or period to period.
- e) This coverage does not apply to any "employee" immediately upon discovery by:
- 1) You; or
 - 2) Any of your partners, officers or directors not in collusion with the "employee";
- of any dishonest act committed by that "employee" before or
- after being hired by you.
- f) We will pay only for covered loss or damage discovered no later than one year from the end of the Policy Period.
- g) If you (or any predecessor in interest) sustained loss or damage during the period of any prior insurance that you could have recovered under that insurance except that the time within which to discover loss or damage had expired, we will pay for it under this coverage, provided:
- 1) This coverage became effective at the time of cancellation or termination of the prior insurance; and
 - 2) The loss or damage would have been covered by this coverage had it been in effect when the acts or events causing the loss or damage were committed or occurred.
- h) The insurance under paragraph g) above is part of, not in addition to, the Limit of Insurance applying to this Coverage and is limited to the lesser of the amount recoverable under:
- 1) This coverage as of its effective date; or
 - 2) The prior insurance had it remained in effect.
- i) You may extend this coverage to apply to loss caused by any "employee" while temporarily outside the Coverage Territory for a period of not more than 90 days.

The most we will pay for loss in any one "occurrence" of Employee Dishonesty under this Coverage is \$50,000. "B. Exclusion 2.h. of CP 10 30" does not apply to this Coverage. This coverage is an additional amount of insurance.

Welfare and Pension Plan ERISA

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Compliance

In compliance with certain provisions of the Employee Retirement Income Security Act (ERISA):

- a) "Employee" also includes any natural person who is:
 - 1) a trustee, an officer, administrator or a manager, except an administrator or a manager who is an independent contractor, of any Employee Welfare or Pension Benefit Plan (hereinafter called Plan) insured under this insurance, and
 - 2) your director or trustee while the pension is handling funds or other property of any Plan insured under this insurance.
- b) If any Plan is insured with any other entity under this insurance, you or the Plan Administrator must select a Limit of Insurance for the EMPLOYEE DISHONESTY coverage that is sufficient to provide an amount of insurance for each Plan that is at least equal to that required if each Plan were separately insured.
- c) If the Insured first named in the Declarations is an entity other than a Plan, any payment we make to that Insured for loss sustained by any Plan will be held by the Insured for the use and benefit of the Plan(s) sustaining loss.
- d) If two or more Plans are insured under this insurance, any payments we make for loss:
 - 1) sustained by two or more Plans or
 - 2) of commingled funds or other property of two or more Plans that arises out of one "occurrence", is to be shared by each Plan sustaining loss in the proportion that the amount of insurance required for each such Plan under ERISA provisions bears to the total of those amounts.
- e) The Deductible Condition, section II.

does not apply to the Welfare and Pension Plan ERISA Compliance.

12. Money and Securities

You may extend the Insurance that applies to Your Business Personal Property to apply to loss of your "money" and "securities" resulting directly from "theft", disappearance or destruction while:

- a) Inside your premises;
- b) Inside the premises of a banking institution or similar safe depository; or
- c) Outside your premises in the custody of,
 - 1) A "messenger"; or
 - 2) An armored motor vehicle company.

The most we will pay for loss under this Coverage is \$25,000. "B. EXCLUSIONS 1.e., 2.a., 2.d.(1), (4), (5) and (6) of CP 10 30" do not apply to this Coverage. This coverage is an additional amount of insurance.

13. Foundations and Underground Pipes

You may extend the insurance that applies to Building to apply to loss or damage to:

- a) 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;
- b) Underground pipes, flues and drains; and
- c) The cost of excavation, grading, backfilling or filing.

The most we will pay for loss under this Coverage is 10% of the applicable Limit of Insurance for Building shown in the Declarations, but not more than \$250,000. Payment for loss or damage to this property is included within the applicable Limit of Insurance.

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14. Tenant Glass

You may extend the insurance that applies to Your Business Personal Property to apply to loss or damage to building glass, including encasement, frames, alarm tape, lettering and ornamentation for which you are legally responsible as a tenant.

The most we will pay for loss or damage under this Coverage is \$10,000 at each location where you are a tenant.

The Additional Condition, Coinsurance does not apply to these Extensions. This coverage is an additional amount of insurance.

15. Ordinance or Law Coverages

If a Covered Cause of Loss occurs to covered Building property at the described premises, we will pay:

a) Loss to the Undamaged Portion of the Building Coverage

For Loss of value to the undamaged portion of the building caused by enforcement of any ordinance, regulation or law that:

- 1) Requires the demolition of the undamaged part of the same building caused by a Covered Cause of Loss when the entire building suffering a Covered Cause of Loss must be demolished;
- 2) Regulates the construction or repair of that specific portion of the building that has been damaged, or establishes zoning or land use requirements at the described premises; and
- 3) Is in force at the time of loss.

Coverage for the undamaged portion of the building is the same as that provided for the damaged portion of the building.

This Loss of the Undamaged Portion of the building Coverage is included within the Limit of Insurance applicable to the Covered Property. This is not additional amount of insurance.

Payment for the undamaged portion of the building will be on the same valuation basis applicable to the damaged portion of the building.

b) Demolition Cost Coverage

The cost to demolish and clear the site of undamaged parts of the same building when such demolition and site clearing is caused by enforcement of any ordinance, regulation or law that:

- 1) Requires the demolition of the undamaged part of the same building that has been damaged by a Covered Cause of Loss when the entire building suffering a Covered Cause of Loss must be demolished;
- 2) Regulates construction and repair of that specific portion of the building that has been damaged or establishes zoning or land use requirements at the described premises; and
- 3) Is in force at the time of loss.

c) Increased Cost of Construction Coverage

- 1) The increased cost to repair, rebuild or reconstruct that specific portion of covered building property damaged by a Covered Cause of Loss due to the enforcement of any building, zoning or land use ordinance, regulation or law; and
- 2) To rebuild demolished parts of the building when such demolition was required by enforcement of any ordinance, regulation or law that:
 - a) requires the demolition of

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- the undamaged part of the same building that has been damaged by a Covered Cause of Loss when the entire building suffering a Covered Cause of Loss must be demolished;
- b) regulates construction and repair of that specific portion of the building that has been damaged or establishes zoning or land use requirements at the described premises; and
 - c) is in force at the time of loss.

The repaired or rebuilt property must be intended for similar occupancy as the current property, unless otherwise required by zoning or land use ordinance or law.

We will not pay for increased construction costs unless the property is actually repaired or replaced, at the same or another premises, as soon as reasonably possible after the loss or damage, not to exceed two years.

The most we will pay for loss under Demolition Cost Coverage and Increased Cost of Construction Coverage of this Coverage is \$50,000 at each described premises. However, if the property is demolished, and repaired or replaced at the same premises, or another location, we will not pay more than:

- 1) The amount you actually and necessarily spend to demolish and clear the site where the loss occurred; and
- 2) The amount you actually spend, or would have spent, to repair, rebuild, or construct the property with other property of comparable material and quality, and of the same height, floor

area and style, at the same site on the same premises.

Demolition Cost Coverage and Increased Cost of Construction Coverage are additional insurance.

We will not pay under this Coverage 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".

The terms of this Coverage apply separately to each building.

16. Newly Acquired Locations Increased Limits for Business Income and Extra Expense

You may extend your "business income" and "extra expense" coverage to apply to property at any location you acquire, other than at fairs or exhibitions.

The most we will pay for loss under this Newly Acquired Locations Increased Limits of Business income and Extra Expense Coverage is the lesser of:

- a) The highest limit of insurance for "business income" and "extra expense" shown in the Declarations, or
- b) \$250,000

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

- a) This policy expires;
- b) 180 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 you acquire the property. This coverage is an additional amount of insurance.

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17. Contractual Penalties

You may extend your "business income" coverages to apply to penalties that are imposed by a written contract between you and your customers. These penalties must

- a) Result from your failure to timely deliver your product according to contract terms;
- b) Result from direct physical loss or damage by a Covered Cause of Loss to Covered Property; and
- c) Have been paid to your customer.

The most we will pay under this Coverage is \$25,000. This Coverage is an additional amount of insurance.

18. Dependent Properties

You may extend your "business income" and "extra expense" coverages to apply to the actual loss of "business income" or "extra expense" you sustain due to the necessary suspension of your "operations" during the "dependent property period of restoration". The suspension must be caused by direct physical loss of or damage to property at the premises of a "dependent property" caused by or resulting from a Covered Cause of Loss.

As respects loss of "business income" caused by direct physical loss of or damage to property at any premises of a "dependent property", the coverage territory is all parts of the world if:

- a) Loss of "business income" is sustained due to the necessary suspension of your "operations" during the "period of restoration"; and
- b) The suspension is caused by direct physical loss or damage caused by or resulting from any

Covered Cause of Loss to property at the premises of a "dependent property".

The "business income" and "extra expense" coverage provisions respecting direct physical loss or damage at the described premises will apply separately to each "dependent property" premises.

We will reduce the amount of your "business income" loss, other than "extra expense", to the extent you can resume "operations" in whole or in part by using any other available source of materials or outlet for your products.

The most we will pay under this Dependent Properties Coverage is 25% of the applicable Limit of Insurance for "business income" or "extra expense" shown in the Declarations, but not more than \$100,000, for loss you sustain from loss of or damage to property at the premises of any one "dependent property". This coverage is an additional amount of insurance.

19. Utility Services

You may extend your "business income" and "extra expense" coverages to apply to the actual loss of "business income" or "extra expense" you sustain at the described premises caused by the interruption of service to the described premises. The interruption must result from direct physical loss or damage by a Covered Cause of Loss to property not on the described premises that provides the following services:

- a) Water supply services;
- b) Communication supply services; or
- c) Power supply service.

We will only pay for loss you sustain after the first 12 hours following the direct physical loss or damage to the

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property described above.

The most we will pay for loss or damage under this Coverage is \$25,000 at each described premises. This amount is included in the limit of insurance for "business income" and "extra expense".

20. Transit Business Income and Extra Expense

You may extend your "business income" or "extra expense" coverages to apply to the actual loss of "business income" or "extra expense" you sustain due to direct physical loss or damage to Covered Property "in transit" caused by or resulting from a Covered Cause of Loss.

The most we will pay for loss under this Coverage is \$100,000. This amount is included in the Limit of Insurance for "business income" and "extra expense".

21. Contingent Transit Business Income and Extra Expense

You may extend your "business income" or "extra expense" coverage to apply to the actual loss of "business income" or "extra expense" you sustain due to direct physical loss or damage to Business Personal Property of Others, not in your care, custody or control, while "in transit" caused by or resulting from a Covered Cause of Loss.

The most we will pay for loss under this Coverage is \$100,000. This amount is included in the Limit of Insurance for "business income" and "extra expense".

22. Change in Temperature, Electrical Injury, Utility Services And Contamination By Refrigerant

The most we will pay for loss or damage to Covered Property under this Coverage is \$50,000. This limit will apply to all loss or damage

proximately caused by the same event, whether such loss or damage results from change in temperature, electrical injury, off premises services or contamination by refrigerant or any combination of the four. "B. EXCLUSIONS 1.e., 2.a. and 2.d. (6), (7)(a) & (b) of CP 10 30" do not apply to this Coverage.

Change in Temperature

Damage to covered property caused by a change in temperature or humidity resulting from a mechanical breakdown or malfunction of heating, refrigerating, cooling or humidity control equipment at the described premises.

Electrical Injury

Damage to covered property caused by artificially generated electric current, other than electrical arcing, that damages, destroys or otherwise disturbs electrical devices, appliances or wires.

Utility Premises Services

Damage to covered property caused by the interruption of service resulting from direct physical loss or damage, by a Covered Cause of loss, to the following property not on the described premises:

- a) Water supply services;
- b) Communication supply services;
- or
- c) Power supply services.

Contamination By Refrigerant

Contamination by refrigerant from refrigerating, cooling or humidity control apparatus or equipment

Payment under this Coverage is included within the applicable Limit of Insurance.

23. Water Damage, Other Liquids, Powder or Molten Material Damage (Section E.2. of CP 10 30)

is replaced by the following:

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

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replace any part of the building or structure, or in the case of underground pipes; lawns, shrubs or paved areas, to repair damage to the system or appliance from which the water or other substance escapes.

Payment under the Coverage is included within the applicable Limit of Insurance. The maximum we will pay for loss or damage to lawns, shrubs or paved areas is \$25,000.

24. Water

"B. Exclusion 9.(3) of CP 1030 is deleted. Exclusion 9.(4) is amended to read:

- a) **Underground Water Seepage**
We will pay up to \$10,000 at each described premises for loss or damage to covered property caused by or resulting from water under the ground surface pressing on, or flowing or seeping through:
 - 1) Foundations, walls, floors or paved surfaces;
 - 2) Basements, whether paved or not; or
 - 3) Doors, windows or other openings.
- b) This cause of loss does not apply to Personal Property At Other Premises.

B. Blanket Coverages

1. Accounts Receivable

You may extend this insurance to apply to losses and expenses that you incur as a result of loss or damage to your records of accounts receivable.

Losses and expenses under this coverage mean:

- a) All sums due you from customers, provided you are unable to effect collection;

- b) Interest charges on any loan used to offset impaired collections pending prepayment of such sums made uncollectible by loss or damage.
- c) Collection expenses in excess of normal collection costs made necessary because of loss or damage; or
- d) Other reasonable expenses incurred by you in recreating records of accounts receivable following such loss or damage.

For accounts receivable, we will pay the lesser of:

- a) The sum of all accounts receivable due (with reasonable deductions);
- b) The reasonable cost to reconstruct your accounts receivable records; or
- c) The applicable limit.

If we have made payment, you will immediately notify and credit us for any recoveries made by you or others on your behalf.

"B. EXCLUSIONS 1.e., 2.a., and 2.d.(4) through (7) of CP 10 30" do not apply to this Coverage.

2. Business Income and Extra Expense

a) Business Income

We will pay for the actual loss of "business income" you incur due to the necessary suspension of "operations" during the "period of restoration". The suspension must be caused by direct physical loss of or damage to property at the described premises, including personal property in the open, or in a vehicle, within 100 feet, caused by or resulting from a Covered Cause of Loss. Loss as defined above must be incurred during the "period of restoration".

b) Extra Expense

We will pay the actual and

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necessary "extra expense" you sustain due to direct physical loss of or damage to property at the described premises caused by or resulting from any covered cause of loss. Loss as defined above must be incurred during the "period of restoration".

We will pay for Loss of Business Income or Extra Expense that occurs during the "period of restoration" up to 12 consecutive months after the date of direct physical loss or damage causing the loss of income or "extra expense". This coverage does not extend to cover windfall profits that might have been earned due to any unfavorable conditions caused by the impact of a covered loss.

c) Extended Business Income Increased Time Period

We will pay for the actual loss of "business income" you incur arising from a covered cause of loss to covered property during the period that:

- 1) Begins on the date property (except "finished stock") is, or should have reached, "substantial completion" and "operations" are resumed; and
- 2) ends on the earlier of:
 - a) the date you could, or should have been able to, fully restore your earnings to their pre-loss level, whether or not your "operations" were profitable; or
 - b) 180 consecutive days after the "period of restoration" ends, or 12 consecutive months from the date of the covered loss, whichever is less.

This coverage does not extend to cover windfall profits that might have been earned due to any unfavorable conditions

caused by the impact of a covered loss.

3. Claim Expenses

We will pay for all reasonable expenses you incur at our request to assist us in:

- a) The investigation of a claim; or
- b) The determination of the amount of loss, such as taking inventory.

We will not pay for:

- a) Expenses to prove that loss or damage is covered;
- b) Expenses incurred under **SECTION 2. APPRAISAL OF E. LOSS CONDITION of CP 0010;**
- c) Expenses incurred for examinations under oath; or
- d) Expenses or percentages billed by and payable to attorneys, or independent or public adjusters.

4. Computers and Computerized Equipment (EDP)

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

- a) Your computer equipment and related component parts, including such property of others that is in your care, custody or control;
- b) Your instructional material and prepackaged software programs purchased for use with your computer system; and
- c) Your blank electronic or magnetic media.

Our payment for loss of or damage to property of others will only be for the account of the owner of the property. **"B. EXCLUSIONS 1.e., 2.a., and 2.d.(4) through (7) of CP 10 30"** do not apply to this Coverage Extension.

Business Income Computer Virus

We will pay for the actual loss of "business income" or "extra expense" you incur due to the

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necessary suspension of "operations" during the "period of restoration" caused by or resulting from "computer virus" that occurs at the premises shown in the Declarations.

5. Fine Arts

You may extend this insurance to apply to "fine arts" that are your property or the property of others that are in your care, custody or control.

Our payment for loss of or damage to property of others will only be for the account of the owner of the property. "B. EXCLUSIONS 1.e., 2.a. and 2.b., 2.d.(4) & (6) of CP 10 30" do not apply to this Coverage.

6. Fire Department Service Charge

(Section A.4.c. of CP 00 10) is replaced by the following:
When the fire department is called to save or protect Covered Property from a Covered Cause of Loss, we will pay for your liability for fire department service charges:

- a) Assumed by contract or agreement prior to loss; or
- b) Required by local ordinance

7. Movement Of Property

If:

- a) You move Covered Property from a described premises to a new premises; and
- b) A Limit of Insurance for such new premises is specifically endorsed to this Coverage Part and the prior described premises has been deleted from this Coverage Part; and
- c) Direct physical loss or damage from a Covered Cause of Loss occurs to Covered Property at the prior described premises before the movement of property to the new premises is completed;

We will pay for loss or damage to

covered property at the prior described premises.

Insurance under this Movement Of Property Additional Coverage will end when any of the following first occurs:

- a) The movement of property to the new premises is completed; or
- b) 30 days after the effective date of the endorsement adding the new premises

8. Outdoor Property (Section A.5.e. of CP 0010) is replaced by the following:

You may extend the insurance provided by this Coverage Form to apply to:

- a) Bridges, roadways, walks, patios or other paved surfaces;
- b) In-ground sprinkler systems and piping;
- c) Outdoor fences and awnings;
- d) Radio, microwave or television towers, antennas or satellite dishes, including their lead-in wiring and masts;
- e) Retaining walls that are not part of the building;
- f) Signs, whether or not attached to covered buildings, or structures;
- g) Building Glass; or
- h) Trees, shrubs and plants (other than "stock" or lawns;

which you own or which you have a contractual liability to insure, including debris removal expense, caused by or resulting from any Covered Cause of Loss, except for h) above.

Trees, shrubs and plants (other than "stock" or lawns)" above is covered for loss or damage caused by or resulting from the following causes of loss:

- 1) Fire;
- 2) Lightning;
- 3) Explosion;
- 4) Riot or Civil Commotion; or
- 5) Falling Objects

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9. **Personal Effects and Property of Others** (Section A.5.b. of CP 00 10) is replaced by the following:
You may extend this insurance to apply to Personal Effects owned by you, your officers, your partners or your employees.

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

10. **Valuable Papers and Records - Cost of Research** (Section A.5.c. of CP 00 10) is replaced by the following:
You may extend this insurance 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. There will be no payment made with regards to research for any valuable papers or records which are not replaced or restored.

"B. EXCLUSIONS 1.e., 2.a., and 2.d.(4) through (7) of CP 10 30" do not apply to this coverage.

C. 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 more than one coverage under this form applies to property that has been damaged from one "occurrence", you may choose only one of these coverages to apply to that loss. The most we will pay in this case is the largest of the limits that would be applicable.

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:

1. **Preservation of Property** (Section A.4.b. of CP 00 10) is replaced by the following:
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:
- a) While it is being moved or while temporarily stored at another location; and
 - b) Only if the loss or damage occurs within 90 days after the property is first moved.

Payments under this Additional Coverage will not increase the applicable Limit of Insurance.

2. **Theft Damage To Building**
You may extend the insurance that applies to Your Business Personal Property to apply to damage caused directly by "theft" or attempted "theft" to:
- a) That part of any building containing Covered Property; or
 - b) Equipment within the building used to maintain or service the building.
 - c) Under this Theft Damage To Building Coverage Extension, we will not pay for damage:
 - 1) To glass; or
 - 2) To lettering or artwork on glass or etching to glass.

This Theft Damage To Building Coverage applies only to premises where you are a tenant and are responsible for such damage.

Payment under this Coverage is included within the applicable Limit of Insurance.

3. **Marring And Scratching**
We will pay for loss or damage to

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Covered Property at the described premises due to sudden and accidental marring and scratching of:

- a) Your "stock"; and
- b) Property of others that is in your care custody or control.

This Cause of Loss does not apply to:

- a) Property at other premises; and
- b) Property in transit

Payment under this Coverage is included within Your Business Personal Property Limit of Insurance.

4. Brands And Labels

If branded or labeled merchandise that is Covered Property is damaged by a Covered Cause of Loss, and we take all or any part of the damaged property at an agreed or appraised value, you may extend the insurance that applies to Your Business Personal Property to pay expenses incurred to:

- a) Stamp salvage on the merchandise or its containers, if the stamp will not physically damage the merchandise; or
- b) Remove the brands or labels, if doing so will not physically damage the merchandise or its containers, and relabel the merchandise or its containers to comply with the law.

Payment of these expenses is included within the applicable Limit Of Insurance.

5. Consequential Loss To "Stock"

We will pay for the reduction in value of the remaining parts of "stock" in process of manufacture when the reduction is caused by direct physical loss or damage from a covered Cause of Loss to other parts of covered "stock" in process of manufacture.

Payment of any reduced value of

"stock" is included within the applicable Limit of Insurance for Your Business Personal Property.

6. Fire Protection Equipment Recharge

We will pay expenses you incur to recharge automatic fire protection equipment when such equipment is discharged to fight a fire or as the result of a Covered Cause of Loss.

The deductible does not apply to this Coverage. Payment of these expenses is included within the applicable Limit of Insurance.

IV. "C. LIMITATIONS" of CP 10 30 is changed as follows:

LIMITATION 4.b. is replaced as follows:

\$2,500 for jewelry, watches, watch movement, jewels, pearls, precious and semi precious stones, and bullion. This limit does not apply to jewelry and watches worth \$100. or less per item.

\$35,000 for gold, silver, platinum and other precious alloys or metals used in the manufacture of your product.

LIMITATION 4.c. for patterns, dies, molds, and forms is deleted.

V. "E. LOSS CONDITIONS" of CP 0010 is changed as follows:

7. Valuation is replaced with the following:

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

- a. At replacement cost as of the time of loss or damage, except as provided in a.1), 2) or 3), b., c., d., e., f., g., h., i., j., k., l., m., n. or o. below.
 - 1) You may claim for loss or damage covered by this insurance on an actual cash value basis instead of on a

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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 replacement cost, when applicable, if you notify us of your intent to do so within 180 days after the date loss or damage occurs.

When you make claim on an actual cash value basis we will determine the value of Covered Property at actual cash value. If applicable, the **ADDITIONAL CONDITIONS**,

Coinurance will continue to apply.

- 2) We will not pay on a replacement cost basis for any loss or damage:
 - a) Until the lost or damaged property is actually repaired or replaced; and
 - b) Unless repairs or replacement are made as soon as reasonably possible after the loss or damage.

If the Limit of Insurance for Building satisfies the **ADDITIONAL CONDITION**, Coinurance, 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.

- 3) We will not pay more for loss or damage on a replacement cost basis than the least of:
 - a) The Limit of Insurance applicable to the lost or damaged property;
 - b) The cost to replace, on the same premises, the lost or damaged property with other property:
 - 1 - of comparable material and quality; and
 - 2 - used for the same purpose; or
 - c) The amount you actually spend that is necessary to repair or replace the lost or damaged property.

- b. 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, except as specifically provided for under this Coverage Part.

c. **Inflation Guard**

- 1) The Limit of Insurance for Building will automatically increase by 4% or the percentage shown in the Declarations to provide for increase in cost of construction during the preceding policy year.
- 2) The amount of increase will be:
 - a) 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
 - b) The percent expressed as a decimal (example: 4% is .04), times
 - c) The number of days since the beginning of the current policy year of 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
4%

The number of days since the
Beginning of the policy year (Or last
policy change) is
146

The amount of increase is
 $\$100,000 \times .04 \times 146/365 = \$1,600$

d. **Seasonal Fluctuation**

- 1) The Limit of Insurance for Business Personal Property will automatically increase by 25% to provide for seasonal variations.
- 2) This increase will apply only if the Limit of Insurance shown for Business Personal Property in

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the Declarations is at least 100% of your average monthly values during the lesser of:

- a) The 12 months immediately preceding the date the loss or damage occurs; or
 - b) The period of time you have been in business as of the date the loss or damage occurs.
- e. **Manufacturers Selling Price**
We will determine the value of finished "stock" you manufacture at:
- 1) The selling price, if no loss or damage occurred;
 - 2) Less discounts and expenses you otherwise would have had.
- f. **Glass** at the cost of replacement with safety glazing material if required by law.
- g. **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, depending on the duration of the remaining lease period. If you have no lease, or are on a month-to-month lease, no proportional coverage is available. Where there is an existing lease, 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.
- 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.
- h. **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.
- i. The value of the Fine Arts property insured is not agreed upon but will be ascertained at the time of loss or damage. We will not pay more than the least of the following amounts:
- 1) The actual cash value of the property at the time of loss or damage; or
 - 2) The amount for which you could reasonably be expected to pay to have the property repaired to its condition immediately prior to the loss.
- j. **Pairs or sets** at our option:
- 1) The cost to repair or replace any part to restore the pair or set to its value before the loss; or
 - 2) The difference between the value of the pair or set before and after the loss.
- k. **Property "in transit"** at:
- 1) The amount of invoice plus accrued costs, prepaid charges and charges since shipment that are not included in the invoice amount; or
 - 2) In the absence of an invoice, the value of the Covered Property will be:
 - a) Its selling price if no loss or damage had occurred, less discounts and expenses you otherwise would have had if the Covered Property is your finished "stock"; or
 - b) Its actual cash value as of the time of loss or damage.
- l. The amount of "business income", "extra expense" and "resumption of operations" loss will be determined based on:
"Business Income" is

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- 1) The net income of the business before the direct physical loss or damage occurred;
- 2) The likely net income of the business if no loss or damage occurred;
- 3) The operating expenses, including payroll expenses, necessary to resume "operations" with the same quality of service that existed just before the direct physical loss or damage; and
- 4) Other relevant sources of information, including:
 - a) Your financial records and accounting procedures;
 - b) Bills, invoices and other vouchers; and
 - c) Deeds, liens or contracts.

"Extra Expense" is

- 1) All expenses that exceed the normal operating expenses that would have been incurred by "operations" during the "period of restoration" if no direct physical loss or damage had occurred.

We will deduct from the total of such expenses:

- a) The salvage value that remains of any property bought for temporary use during the "period of restoration", once "operations" are resumed; and
 - b) Any "extra expense" that is paid for by other insurance, except for insurance that is written subject to the same plan, terms, conditions and provisions as this insurance; and
- 2) All necessary expenses that reduce the "business income" loss that otherwise would have been incurred.

"Resumption of Operations"

We will reduce the amount of your:

- 1) "Business income" loss, other than "extra expense", to the extent you can resume your

"operations", in whole or in part, by using damaged or undamaged property (including merchandise or "stock") at the described premises or elsewhere.

- 2) "Extra expense" loss to the extent you can return "operations" to normal and discontinue such "extra expense".

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

- m. Business Personal Property of Others and Personal Property of Others at Actual Cash Value.
- n. Contents of a residence at Actual Cash Value.
- o. Manuscripts at Actual Cash Value.

VI. DEFINITIONS. The following replaces H. DEFINITIONS OF CP0010:

1. "Business income" means the:
 - a) Net income (net profit or loss before income taxes) that would have been earned or incurred; and
 - b) Continuing normal operating expenses incurred, including payroll.
2. "Computer Virus" means an intentional unwanted entry into electronic data processing media which results in unintended functions distorting, corrupting or manipulating the electronic data processing media.
3. a. "Dependent property" means property operated by others on whom you depend to:
 - 1) Deliver materials or services, other than water, communication or power supply services to you, or to others for your account;
 - 2) Accept your products or services; or
 - 3) Manufacture products for delivery to your customers under contract of sale.

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- b. "Dependent property period of restoration", with respect to "dependent property", means the period of time that:

- 1) Begins with the date of direct physical loss or damage caused by or resulting from any Covered Cause of Loss at the premises of the "dependent property"; and
- 2) Ends on the date when the property at the premises of the "dependent property" is, or should have been repaired, rebuilt or replaced with reasonable speed and similar quality, to a point of "substantial completion". The "period of restoration" also ceases when the "operations" at the dependent property are permanently relocated - for whatever reason.

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

- c. "Dependent property period of restoration" does not include any increased period required due to the enforcement of any ordinance of 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".

4. "Employee" means any natural person:
- a. While in your service and for 30 days after termination of service; and
 - b. Whom you compensate directly by salary, wages or commissions; and
 - c. Whom you have the right to direct and control while performing services for you; or
 - d. Employed by an employment contractor 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.

"Employee" does not mean any:

- a. Agent, broker, factor, commission merchant, consignee, independent contractor or representative of the same general character; or
- b. Director or trustee except while performing acts coming within the scope of the usual duties of an "employee".

5. "Extra expense" means the:

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:

- a) To avoid or minimize the suspension of business and to continue "operations" and
- b) To minimize the suspension of business if you cannot continue "operations",
- c) To repair or replace any property to the extent reduces the amount of loss that otherwise would have been payable under this Business Income and Extra Expense additional coverage. This does not mean that we will pay for property to be repaired or replaced when limits for that property have been, or will be, exhausted.

6. "Fine arts" means antiques and objects d'art of every nature and description which are your property or the property of others in your care, custody or control at the time of loss, while on the premises described in the Declarations or while on public exhibition, "in transit", or in your custody for business related purposes.

7. "Finished stock" means the "stock" you have manufactured, including whiskey and alcoholic products being aged, unless there is a coinsurance percentage shown for business income in the declarations.

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"Finished stock" does not include "stock" you have manufactured that is held for sale on the premises of any retail outlet insured under this coverage part.

"period of restoration" also ceases when your "operations" are permanently relocated - for whatever reason.

8. "In Transit" means in the course of shipment or conveyance from or to the premises shown in the Declarations. It includes such shipments while temporarily stopped or delayed incidental to the delivery, such as overnight rest or for repair of the vehicle. It does not include stops or delays in shipment that are not incidental to the delivery or where the course of delivery as defined above is broken, such as vehicles situated for loading at a warehouse for a period of days.

9. "Messenger" means you, any of your partners or any "employee" while having care and custody of "money" and "securities" outside your premises.

10. "Money" means currency, coins and bank notes and bullion in current use and having a face value and travelers checks, register checks and money orders held for sale to the public.

11. "Occurrence" means an:
a. Act or series of related acts involving one or more persons; or
b. Act or event, or a series of related acts or events not involving any person.

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

13. "Period of restoration" means the period of time that:
a. Begins with date of direct physical loss or damage caused by or resulting from any Covered Cause of Loss at the described premises; and
b. Ends on the date when the property at the described premises is, or should have been repaired, rebuilt, or replaced with reasonable speed and similar quality, to a point of "substantial completion". The

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

- a. Regulates the construction, use or repair, or requires the tearing down of any property; or
- b. Requires any insured or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way, respond to, or assess the effects of "pollutants".

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

14. "Perishable goods" means business personal property maintained under controlled conditions for its preservation, and susceptible to loss or damage if the controlled conditions change.

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. "Securities" mean negotiable and non-negotiable instruments or contracts representing either "money" or other property and includes:
a. Tokens, tickets (lottery tickets held for sale are not "securities"), revenue and other stamps or unused value (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".

17. "Specified Causes of Loss" means the following: fire; lightning; explosion; windstorm or hail; smoke; aircraft or

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

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

- 1) The cost of filling sinkholes; or
- 2) Sinking or collapse of land into
man made underground cavities.

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

- 1) Personal property in the open; or
- 2) The interior of a building or
structure, or property inside a
building or structure, unless the
roof or an outside wall of the
building or structure is first
damaged by a falling object.

c. Water damage means 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.

18. "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.

19. "Substantial completion" means the
property may be used or otherwise
enjoyed for its intended purpose even if
all restoration, repair, replacement or
rebuilding work is not complete. For
example, a building awaiting only exterior
paint must be considered substantially
complete as this aspect of repair does
not prevent it from being used.

20. "Theft" means any act of stealing.

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ALLMERICA FINANCIAL[®]
HANOVER INSURANCE

COMMERCIAL CRIME COVERAGE PART DECLARATIONS

☐ Supplemental Declarations is attached.

ZDI5260801-00

Renewal of Number

POLICY NUMBER		POLICY PERIOD		AGENCY	
ZDI5260801-01		08-29-99		21-4505	
08-29-00		AT 12:01 AM STANDARD TIME AT YOUR MAILING		ADDRESS SHOWN ON THE COMMON DECLARATIONS	

DESCRIPTION OF PREMISES					
PREM. NO.	BLDG. NO.	LOCATION			
		SEE SCHEDULE OF LOCATIONS			
COVERAGES PROVIDED					
PREM. NO.	BLDG. NO.	Description of Coverage	Limit of Insurance	Deductible Amount	Premium
1	1	EMPLOYEE DISHONESTY COV A - BLANKET	50,000.	-0-	INCL
TOTAL PREMIUM:					1,499.
FORMS AND ENDORSEMENTS (other than applicable Coverage Form(s) shown above)					
Forms and Endorsements applying to this Coverage Part and made part of this policy at time of issue: CR 1000 (4-97) CR0001(10-90) CR0101(4-97)					
CANCELLATION OF PRIOR INSURANCE					
By acceptance of this policy you give us notice cancelling prior policy or bond No(s). the cancellation to be effective at the time this Coverage Part becomes effective.					

THESE DECLARATIONS AND THE COMMON POLICY DECLARATIONS, IF APPLICABLE, TOGETHER WITH THE COMMON POLICY CONDITIONS,
COVERAGE FORM(S) AND FORMS AND ENDORSEMENTS, IF ANY, ISSUED TO FORM A PART THEREOF, COMPLETE THE ABOVE NUMBERED POLICY.

431-0001

(11-85)

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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 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.

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- (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".

MB 01294

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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.

MB 01295

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

NORTH CAROLINA CHANGES – LEGAL ACTION AGAINST US

This endorsement modifies insurance provided under the following:

COMMERCIAL CRIME COVERAGE PART

When forming a part of this policy, the Legal Action Against Us Condition in the Crime General Provisions and in the Safe Depository Direct Loss Coverage Form is replaced by the following:

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 3 years from the date you discover the loss.

MB 01296



ALLMERICA FINANCIAL
HANOVER INSURANCE

COMMERCIAL GENERAL LIABILITY COVERAGE PART
DECLARATIONS

☐ Supplemental Declarations is attached

ZDI5260801-00

New Policy

POLICY NUMBER		FROM		TO		AT 12:01 AM STANDARD TIME AT YOUR MAILING ADDRESS SHOWN ON THE COMMON POLICY DECLARATIONS		21-4505	
ZDI5260801-01		08-29-99		08-29-2000					
LIMITS OF INSURANCE									
General Aggregate Limit (Other than Products-Completed Operations)								\$ 2,000,000.	
Products-Completed Operations Aggregate Limit								\$ 2,000,000.	
Personal and Advertising Injury Limit								\$ 1,000,000.	
Each Occurrence Limit								\$ 1,000,000.	
Fire Damage Limit								\$ 100,000. Any One Fire	
Medical Expense Limit								\$ 5,000. Any One Person	
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 here: N/A									
(Enter Date or "None" if no Retroactive Date Applies)									
DESCRIPTION OF BUSINESS (All Premises You Own, Rent or Occupy)									
PREM. NO. BLDG. NO. LOCATION SEE SCHEDULE OF LOCATIONS									
GENERAL LIABILITY SCHEDULE									
				Rate		Advance Premium			
Prem. No.	Bldg. No.	Classification / Description	Code No.	Premium Basis	Pr/Ops	All other	Pr/Ops	All Other	
1	1	COMPOSITE RATED	15050	603,329,600	.178.	.18	\$ INCL	\$ INCL	
PREMIUM BASIS IS PER SALES									
Total Advance Premium									
\$ 216,595.									
FORMS AND ENDORSEMENTS									
Forms and Endorsements applying to this Coverage Part and made part of this policy at time of issue:									
IL 0021									
(4-98) 421-0001(9-90) CG0001(7-98) 421-0080(6-96) CG2147 (7-98) CG2162 (9-98)									

THESE DECLARATIONS AND THE COMMON POLICY DECLARATIONS, IF APPLICABLE, TOGETHER WITH THE COMMON POLICY CONDITIONS, COVERAGE FORMS(S) AND FORMS AND ENDORSEMENTS, IF ANY, ISSUED TO FORM A PART THEREOF, COMPLETE THE ABOVE NUMBERED POLICY.

421-0001 (9-90)

MB 01297

POLICY NUMBER:

COMMERCIAL GENERAL LIABILITY
CG 21 62 09 98

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 micro-processors;
- (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.

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".

MB 01299

"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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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

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- (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

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- (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.

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COVERAGE B PERSONAL AND ADVERTISING INJURY LIABILITY

I. 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.
 - 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

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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.

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- 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 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;

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- 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

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- 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.

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- 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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ALLMERICA FINANCIAL®
HANOVER INSURANCE

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

CGL SPECIAL BROADENING ENDORSEMENT

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

SUMMARY OF COVERAGES

1.	Additional Insured by Contract, Agreement or Permit	Included
2.	Additional Insured - Broad Form Vendors	Included
3.	Aggregate Limit per Location	Included
4.	Alienated Premises	Included
5.	Bodily Injury Redefined	Included
6.	Broad Form Property Damage - Borrowed Equipment, Customers Goods & Use of Elevators	Included
7.	Incidental Malpractice (Employed nurses, EMT's & paramedics)	Included
8.	Knowledge of Occurrence	Included
9.	Medical Payments - Increased Limit	\$ 10,000
10.	Mobile Equipment Redefined	Included
11.	Newly Acquired or Formed Organizations - Covered until end of policy period	Included
12.	Non-owned Aircraft Hired, Chartered or Loaned with Paid Crew	Included
13.	Non-owned Watercraft	51 feet
14.	Personal Injury - Broad Form	Included
15.	Product Recall Expense	\$100,000
16.	Property Damage Legal Liability (Fire, Lighting, Explosion, Smoke or Leakage Damage)	\$300,000
17.	Supplementary Payments Increased Limits	
	- Bail Bonds	\$ 2,500
	- Loss of Earnings	\$ 300
18.	Unintentional Failure to Disclose Hazards	Included
19.	Unintentional Failure to Notify	Included

This endorsement amends coverages provided under the Commercial General Liability Coverage Form through new coverages, higher limits and broader coverage grants.

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**1. ADDITIONAL INSURED BY CONTRACT,
AGREEMENT OR PERMIT**

Under Section II - Who Is An Insured,
Paragraph 5. is added as follows:

5.a. Any person or organization with whom
you agreed, because of a written
contract, written agreement or permit, is
an insured, but only with respect to:

- (1) "Your work" for the additional
insured(s) at the location designated
in the contract, agreement or permit
- (2) Facilities owned or used by you.

This insurance applies on a primary basis if
that is required by the written contract,
written agreement or permit.

b. This provision does not apply:

- (1) Unless the written contract or written
agreement has been executed or
permit has been issued prior to the
"bodily injury", "property damage",
"personal injury" or "advertising
injury".
- (2) To any person or organization
included as an insured by an
endorsement issued by us and made
part of this Coverage Part.
- (3) To any person or organization
included as an insured under item 2
of this endorsement.
- (4) To any lessor of equipment:
 - (a) after the equipment lease
expires;
or
 - (b) if the "bodily injury", "property
damage", "personal injury" or

"advertising injury" arises out of
sole negligence of the lessor.

- (5) To any:
 - (a) Owners or other interests from
whom land has been leased
which takes place after the lease
for that land expires; or
 - (b) Managers or lessors of
premises if:
 - (i) the occurrence takes place
after you cease to be a tenant in
that premises; or
 - (ii) the "bodily injury", "property
damage", "personal injury" or
"advertising injury" arises out of
structural alterations, new
construction or demolition
operations performed by or on
behalf of the manager or lessor.

**2. ADDITIONAL INSURED BROAD FORM
VENDORS**

Under Section II - Who Is An Insured,
Paragraph 6. is added as follows:

6.a. Any person or organization with whom
you agreed, because of a written contract
or written agreement to provide insurance,
but only with respect to "bodily injury" or
"property damage" arising out of "your
products" which are distributed or sold in
the regular course of the vendor's
business, subject to the following
additional exclusions:

b. The insurance afforded the vendor
does not apply to:

- (1) "Bodily injury" or "property
damage" for which the vendor is
obligated to pay damages by
reasons of the assumption of
liability in a contract or agreement.
This exclusion does not apply to

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liability for damages that the
of the contract or agreement;

- (2) Any express warranty
unauthorized by you;
 - (3) Any physical or chemical change
in the product made intentionally
by the vendor;
 - (4) Repackaging, unless unpacked
solely for the purpose of
inspection, demonstration, testing,
or the substitution of parts under
instruction from the manufacturer,
and then repackaged in the
original container;
 - (5) Any failure to make such
inspection, adjustments, tests or
servicing as the vendor has
agreed to make or normally
undertakes to make in the usual
course of business in connection
with the sale of the product;
 - (6) Demonstration, installation,
servicing or repair operations,
except such operations
performed at the vendor's
premises in connection with the
sale of the product;
 - (7) Products which, after distribution
or sale by you, have been labeled
or relabeled or used as a
container, part or ingredient of
any thing or substance by or for
the vendor.
- c. This insurance does not apply to any
insured person or organization, from
whom you have acquired such products,
or any ingredient, part or container,
entering into, accompanying or
containing such products.

3. AGGREGATE LIMIT PER LOCATION

- (1) Under Section III - Limits Of Insurance
the General Aggregate Limit applies
separately to each of your "locations"
owned by or rented to you.

- (2) Under Section V - Definitions, definition
20. is added as follows:

20. "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.

4. ALIENATED PREMISES

Under Section I - Coverage A, Paragraph 2
Exclusions, j. (2) is replaced in its entirety
with the following:

- (2) Premises you sell, give away or abandon,
if the "property damage" arises out of any
part of those premises and occurred from
hazards that were known by you, or
should have reasonably been known by
you, at the time the property was
transferred or abandoned.

5. BODILY INJURY REDEFINED

Under Section V - Definitions, definition 3.
"bodily injury" is replaced in its entirety with
the following:

- 3. "Bodily injury" means bodily injury
sickness or disease sustained by a
person. This includes mental anguish,
mental injury, shock, fright or death
resulting from "bodily injury", sickness or
disease.

6. BROAD FORM PROPERTY DAMAGE - Borrowed Equipment, Customers Goods, Use of Elevators

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1. Under Section 1- Coverage A, paragraph 2, Exclusion j. is amended as follows:

Paragraph (4) does not apply to "property damage" to borrowed equipment while at a jobsite and not being used to perform operations.

Paragraphs (3), (4) and (6) do not apply to "property damage" to "customers goods" while on your premises nor to the use of elevators.

2. Under Section V - Definitions, definition 21. is added as follows:

21. "Customers goods" means property of your customer on your premises for the purpose of being:

- a. Worked on; or
- b. Used in your manufacturing process.

3. The insurance afforded under this provision is excess over any other valid and collectible property insurance (including deductible) available to the insured whether primary, excess, contingent or on any other basis.

7. INCIDENTAL MALPRACTICE -Employed Nurses, EMT's and Paramedics

Under Section II - Who Is An Insured, paragraph 2.a.(1)(d) does not apply to a nurse, emergency medical technician or paramedic employed by you if you are not engaged in the business or occupation of providing medical, paramedical, surgical, dental, x-ray or nursing services.

8. KNOWLEDGE OF OCCURRENCE

Under Section IV - Commercial General Liability Conditions, Condition 2 - Duties In

The Event Of Occurrence, Offense, Claim or Suit, paragraph e. is added as follows:

- e. Notice of an "occurrence", offense, claim or "suit" will be considered knowledge of the insured if reported to an individual named insured, partner, executive officer or an "employee" designed by you to give us such a notice.

9. MEDICAL PAYMENTS - INCREASED LIMITS

- (1) Under Section I - Coverage C, paragraph a. (2) is replaced in its entirety by the following:

- (2) The expenses are incurred and reported to us within three years of the date of the accident; and

- (2) Under Section III - Limits Of Insurance, paragraph 7. is replaced in its entirety by the following:

- 7. Subject to 5. above, the higher of:
 - a. \$10,000; or
 - b. The amount shown in the Declarations for Medical Expense Limit is the most we will pay under Coverage C for all medical expenses because of "bodily injury" sustained by one person.

- (3) This coverage does not apply if Coverage C - Medical Payments is excluded either by the provisions of the Coverage Part or by endorsement.

10. MOBILE EQUIPMENT BY REDEFINED

Under Section V - Definitions, definition 11, Mobile Equipment, paragraph f.(1)(a)(b)(c) does not apply to self-propelled vehicles of less than 1,000 pounds gross vehicle weight.

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11. NEWLY ACQUIRED OR FORMED ORGANIZATIONS

Under Section II - Who Is An Insured, paragraph 4.a. is replaced in its entirety by the following:

- a. Coverage under this provision is afforded only until the end of the policy period.

12. NON-OWNED AIRCRAFT, HIRED, CHARTERED OR LOANED WITH PAID CREW

Under Section I - Coverage A, paragraph 2 Exclusions, g.(6) is added as follows:

- (6) An aircraft that you do not own that is hired, chartered or loaned with a paid crew.

Paragraph (6) does not apply if the insured has any other insurance for "bodily injury" or "property damage" liability that would also be covered under this provision, whether the other insurance is primary, excess, contingent or on any other basis. In that negligence of the lessor case, this provision does not provide any insurance.

13. NON-OWNED WATERCRAFT

Under Section I - Coverage A, paragraph 2 Exclusions, g.(2) is replaced in its entirety by the following:

- (2) A watercraft you do not own that is:
 - (a) Less than 51 feet long; and
 - (b) Not being used to carry persons or property for a charge;This provision applies to any person, who with your consent, either uses or is responsible for the use of a watercraft.

14. PERSONAL INJURY - BROAD FORM

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- (1) Under Section I - Coverage B, paragraph 2.a.(4) is deleted.

- (2) Under Section V - Definitions, definition 13, paragraph f. is added as follows:

f. Discrimination or humiliation (unless insurance thereof is prohibited by law) that results in injury to the feelings or reputation of a natural person, but only if such discrimination or humiliation is:

- (1) Not done intentionally by or at the direction of:
 - (a) The insured;
 - (b) Any officer of the corporation, director, stockholder, partner or member of the insured; and
- (2) Not directly or indirectly related to an "employee", nor to the employment, prospective person or persons by an insured.

- (3) This coverage does not apply if Coverage B - Personal and Advertising Injury Liability is excluded either by the provisions of the Coverage Part or by endorsement.

15. PRODUCT RECALL EXPENSE

- (1) Under Section I - Coverage A, paragraph 2 Exclusions, n. is replaced in its entirety by the following:

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, but this exclusion does not apply to "product recall expenses" that you incur for the "covered recall" of "your product". The exception to the exclusion does not apply to "product recall expenses" resulting from:

- (1) Failure of any products to accomplish their intended purpose;
- (2) Breach of warranties of fitness, quality, durability or performance;
- (3) Loss of customer approval, or any cost incurred to regain customer approval;
- (4) Redistribution or replacement of "your product" which has been recalled by like products or substitutes;
- (5) Caprice or whim of the insured;
- (6) A condition likely to cause loss of which any insured knew or had reason to know at the inception of this insurance;
- (7) Asbestos, including loss, damage or clean up resulting from asbestos or asbestos containing materials;
- (8) Recall of "your products" that

have no known or suspected defect solely because a known or suspected defect in another of "your products" has been found.

- (2) Under Section II - Who Is An Insured, paragraph 4.d. is added as follows:

- d. Coverage A does not apply to "product recall expense" arising out of any withdrawal or recall that occurred before you acquired or formed the organization.

- (3) Under Section III - Limits of Insurance, paragraph 3. is replaced in its entirety by the following:

3. The Products-Completed Operations Aggregate Limit is the most we will pay for the sum of:

- a. Damages under Coverage A because of "bodily injury" and "property damage" included in the "products-completed operations hazard"; and
- b. "Product recall expenses".

- (4) Under Section III - Limits of Insurance, paragraph 8. is added as follows:

8. Subject to 5. above, \$100,000 is the most we will pay for all "product recall expenses" arising out of the same defect or deficiency.

- (5) Under Section IV - Commercial General Liability Conditions, Condition 2 -Duties in the Event Of Occurrence, Offense, Claim or Suit, paragraph g. Is added as follows:

- g. You must see to it that the following are done in the event of an actual or anticipated "covered recall" that may result in "product recall expense":

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(1) Give us prompt notice of any discovery or notification that "your product" must be withdrawn or recalled. Include a description of "your product" and the reason for the withdrawal or recall;

(2) Cease any further release, shipment, consignment or any other method of distribution of like or similar products until it has been determined that all such products are free from defects that could be a cause of loss under this insurance,

(6) Under Section V - Definitions, the following definitions are added:

22. "Covered recall" means a recall made necessary because you or a government body has determined that a known or suspected defect, deficiency, inadequacy, or dangerous condition in "your product" has resulted or will result in "bodily injury" or "property damage".

23. "Product recall expense" means:

a. Necessary and reasonable expenses for:

(1) Communications, including radio or television announcements or printed advertisements including stationery, envelopes and postage;

(2) Shipping the recalled products from any purchaser, distributor or user to the place or places designated by you;

(3) Remuneration paid to your regular "employees" for necessary overtime;

(4) Hiring additional persons, other than your regular "employees";

(5) Expenses incurred by "employees" including transportation and accommodations;

(6) Expenses to rent additional warehouse or storage space;

(7) Disposal of "your product", but only to the extent that specific methods of destruction other than those employed for trash discarding or disposal are required to avoid "bodily injury" or "property damage" as a result of such disposal; You incur exclusively for the purpose of recalling "your product"; and

b. Your lost profit resulting from such "covered recall".

16. PROPERTY DAMAGE LEGAL LIABILITY (Fire, Lightning, Explosion, Smoke or Leakage from Fire Protective Systems Damage)

(1) The word fire is changed to fire, lightning, explosion, smoke and leakage from fire protective systems where it appears in the Limits of Insurance section of the Declarations for the Commercial General Liability Coverage Part;

(2) Under Section I - Coverage A, the last paragraph (after the exclusions) is replaced in its entirety by the following:

Exclusions c. through n. do not apply to damage by fire, lightning, explosion, smoke or leakage from fire protective systems to premises while rented to you or temporarily occupied by you with the permission of the owner. A separate limit of insurance applies to this coverage as described in LIMITS OF INSURANCE (SECTION III). This limit will apply to all damage proximately caused by the same event, whether such damage

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results from fire, lightning, explosion, smoke or leakage from fire protective systems or any combination of the five.

(3) Under Section III - Limits Of Insurance, Paragraph 6. is replaced in its entirety by the following:

6. Subject to 5. above, the higher of:
- a. \$300,000; or
 - b. the Fire, Lightning, Explosion, Smoke or Leakage From Fire Protective Systems Damage Limit shown in the Declarations is the most we will pay under Coverage A for damages because of "property damage" from fire, lightning, explosion smoke and leakage from fire protective systems to premises, while rented to you or temporarily occupied by you with permission of the owner.

(4) Under Section IV - Commercial General Liability Conditions, Condition 4. Other Insurance, paragraph b.(2) is replaced in its entirety by the following:

- b.(2) That is fire, lightning, explosion, smoke or leakage from fire protective systems insurance for premises rented to you or temporarily occupied by you with permission of the owner; or

(5) Under Section V - Definitions, definition 8. "Insured contract", a. is replaced in its entirety by the following:

- 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, lightning, explosion, smoke or leakage from fire protective systems to premises while rented to you or temporarily occupied by you with permission of the owner is not an "insured contract".

(6) This coverage does not apply if Fire Damage Legal Liability of Coverage A is excluded either by the provisions of the Coverage Part or by endorsement.

17. SUPPLEMENTARY PAYMENTS INCREASED LIMITS

Under Section I - Supplementary Payments Coverages A and B, paragraphs 2. and 4. are replaced in their entirety as follows:

- 2. Up to \$2500 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.
- 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 \$300 a day because of time off from work.

18. UNINTENTIONAL FAILURE TO DISCLOSE HAZARDS

Under Section IV - Commercial General Liability Conditions, Condition 6 - Representations, paragraph d. is added as follows:

- d. We will not disclaim coverage under this Coverage Part if you fail to disclose all hazards existing as of the inception date of the policy provided such failure is not intentional.

19. UNINTENTIONAL FAILURE TO NOTIFY

Under Section IV - Commercial General Liability Conditions, Condition 2 - Duties In The Event Of Occurrence, Offense, Claim or Suit, paragraph f. is added as follows:

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- f. Your rights afforded under this policy shall not be prejudiced if you fail to give us notice of an "occurrence", offense, claim or "suit", solely due to your reasonable and documented belief that the "bodily injury" or "property damage" is not covered under this policy.

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MB 01322

ROA 2025

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.

MB 01323



ALLMERICA FINANCIAL®
HANOVER INSURANCE

COMMERCIAL INLAND MARINE COVERAGE PART
DECLARATIONS

☐ Supplemental Declarations is attached.

ZDI5260801-00
Renewal of Policy

POLICY NUMBER				
ZDI5260801-01	08-29-99	08-29-00	AT 12:01 AM STANDARD TIME AT YOUR MAILING ADDRESS SHOWN ON THE COMMON DECLARATIONS	21-4505

NAME OF COVERAGE	PREMIUM
CONTRACTOR'S EQUIPMENT (BROAD FORM)	\$4,433. DEPOSIT
BUILDERS RISK & INSTALLATION FORM	\$358,870. DEPOSIT
SIGNS	\$ 1.
TOTAL PREMIUM FOR THIS COVERAGE PART: \$ 363,304.	
FORMS AND ENDORSEMENTS	
Forms and Endorsements applying to this Coverage Part and made part of this policy at time of issue: IM7005 (7-99) 221-0163 IM7056 ED 1.0, IM7000, IM7050, CL188, CL126, CL156, CL118, CL158 (10-86) CL114, CL287, IM887, CL231, CL100, CL300, CM0028 441-0020 (1-94) 441-0013 (11-85) CM0001 (6-95) CM0103 (11-85)	

THESE DECLARATIONS AND THE COMMON POLICY DECLARATIONS, IF APPLICABLE, TOGETHER WITH THE COMMON POLICY CONDITIONS,
COVERAGE FORM(S) AND FORMS AND ENDORSEMENTS, IF ANY, ISSUED TO FORM A PART THEREOF, COMPLETE THE ABOVE NUMBERED POLICY.

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FORM 441-0001 (11-85)

MB 01324



ALLMERICA FINANCIAL[®]
HANOVER INSURANCE

COMMERCIAL INLAND MARINE SIGNS DECLARATIONS

ZDI 5260801-00

Renewal of Policy

POLICY NUMBER	POLICY PERIOD	AGENCY CODE
ZDI 5260801-01	08-29-99 08-29-00	21-4505
AT 12:01 AM STANDARD TIME AT YOUR MAILING ADDRESS SHOWN ON THE COMMON DECLARATIONS		

LIMITS OF INSURANCE			
Type of Sign	Lettering	Location	Limit of Insurance
PER SCHEDULE WITH COMPANY		BLANKET	\$ 15,000
			\$
			\$
		Total	\$ 15,000
RATES AND PREMIUM			
PREMIUM FOR THIS COVERAGE FORM	\$ 1.	RATE	\$ VAR.
DEDUCTIBLE			
The Deductible amount is \$100 unless otherwise stated			\$
SPECIAL PROVISIONS (If any)			
CM 00 01			
CM 00 28			

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441-0013 (11-85)

MB 01325

ROA 2028

COMMERCIAL INLAND MARINE CONDITIONS

The following conditions apply in addition to the Common Policy Conditions and applicable Additional Conditions is 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 not 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".

CM 00 28 06 95
SIGNS 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 a 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**, as used in this Coverage Form, means:

- a. Your signs; and
- b. Similar property of others in your care, custody or control.

2. PROPERTY NOT COVERED

Covered Property does not include 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; leakage from fire extinguishing equipment; sinkhole collapse; volcanic action; breakage of building glass; falling objects; weight of snow, ice or sleet; water damage; 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 materials or methods in construction, remodeling or renovating if the collapse occurs during the course of the construction, remodeling or renovating.

This Additional Coverage does not increase the Limits of Insurance provided in this Coverage Form.

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 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" caused by or resulting from acts of destruction ordered by governmental authority and taken at the time of a fire to prevent its spread if the fire would be covered under this Coverage Form.

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. Delay, loss of use, loss of market or any other consequential loss.

b. Breakage during transportation, or breakage during installation, repairing or dismantling.

But we do insure against such "loss" caused directly by fire, lightning, or by accident to the vehicle carrying the property if these causes of "loss" would be covered under this Coverage Form.

(over)

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CI 171
(6-95)

MR 01328

- c. Dishonest or criminal act committed by:
- (1) You, any of your partners, employees, directors, trustees, or authorized representatives;
 - (2) Anyone else with an interest in the property, or their employees or authorized representatives; or
 - (3) Anyone else to whom the property is entrusted for any purpose.

This exclusion applies whether or not such:

- (1) Persons are acting alone or in collusion with other persons; or
- (2) Acts occur during the hours of employment.

This exclusion does not apply to:

- (1) Covered Property that is entrusted to others who are carriers for hire; or
- (2) Acts of destruction by your employees. But theft by employees is not covered.

- d. Artificially generated current creating a short circuit or other electric disturbance within an article covered under this Coverage Form. But we will pay for direct "loss" caused by resulting fire if the fire would be covered under this Coverage Form. This exclusion only applies to "loss" to that article in which the disturbance occurs.
- e. 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.
- f. 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 contribute in any way with a cause or event excluded in paragraph 1. above to produce the "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.

- e. Wear and tear, any quality in the property that causes it to damage or destroy itself, hidden or latent defect, gradual deterioration; mechanical breakdown; dampness, cold or heat.

G. 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. COINSURANCE

All Covered Property, except property in transit, must be insured for its total value as of the time of "loss" or 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."

This penalty will not apply to property in transit.

F. DEFINITIONS

"Loss" means accidental loss or damage.

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SCHEDULE OF COVERAGES CONTRACTORS' EQUIPMENT COVERAGE

(The information required below may be indicated on
a separate schedule or supplemental declarations.)

PROPERTY COVERED

(check one)

- ☐ Scheduled Equipment (per Equipment Schedule)
☒ Schedule On File

LIMITS

	Limit of Insurance
Catastrophe Limit -- The most "we" pay for loss in any one occurrence is:	\$ 500,000
Additional Debris Removal Expenses	\$ NOT COVERED
Pollutant Cleanup and Removal	\$ NOT COVERED
Equipment Leased or Rented From Others	\$ 50,00
Employee Tools	\$ NOT COVERED
Rental Reimbursement	
-- Reimbursement Limit	\$ NOT COVERED
-- Waiting Period	
Spare Parts and Fuel	\$ NOT COVERED
Newly Purchased Equipment	
-- Percentage of Catastrophe Limit	
-- Dollar Limit	\$ NOT COVERED %

COINSURANCE

(check one)

- ☒ 80% ☐ 90% ☐ 100% ☐ Other %

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REPORTING CONDITIONS

(check if applicable)

☒ Equipment Leased or Rented From Others

- Reporting Rate	\$	FLAT
- Deposit Premium	\$	250.
- Minimum Premium	\$	250.

VALUATION

(check if applicable)

☒ Actual Cash Value ☐ Replacement Cost
☐ Indicated on Equipment Schedule

DEDUCTIBLE

(check one)

☒ Flat Deductible Amount	\$	100.
☐ Percentage Deductible		%
Maximum Deductible Amount	\$	
Minimum Deductible Amount	\$	

OPTIONAL COVERAGES AND ENDORSEMENTS



ALLMERICA FINANCIAL®
HANOVER INSURANCE

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

IT IS AGREED BUILDERS RISK AND INSTALLATION FORM IM7050 IS AMENDED TO READ AS FOLLOWS:

ITEM 10. COMPLETED VALUE REPORTING IS DELETED IN ITS ENTIRETY AND REPLACED WITH THE FOLLOWING:

THE INSURED AGREES TO KEEP AN ACCURATE RECORD OF TOTAL CLOSINGS AND NUMBER OF TRADES SOLD COVERED UNDER THIS POLICY AND TO REPORT IN WRITING TO THIS COMPANY WITHIN (30) DAYS AFTER THE EXPIRATION DATE OF THIS POLICY, THE TOTAL NUMBER OF CLOSINGS AND TOTAL NUMBER OF TRADES SOLD WITHIN THE PAST 12 CONSECUTIVE MONTHS. WE WILL APPLY THE ANNUAL RATE OF \$45 PER CLOSING TO THE ANNUAL NUMBER REPORTED. WE WILL COMPARE THE TOTAL COMPUTED PREMIUM IF IT IS MORE THAN THE DEPOSIT PREMIUM, YOU WILL PAY US THE DIFFERENCE. IF IT IS LESS THAN THE DEPOSIT PREMIUM, WE WILL RETURN THE DIFFERENCE SUBJECT TO THE MINIMUM PREMIUM INDICATED ON THE FORM.

IF YOUR COVERAGE IS CANCELLED YOU MUST REPORT THE TOTAL NUMBER OF CLOSINGS AND NUMBER OF TRADES SOLD UP TO AND INCLUDING THE DATE OF CANCELLATION AND PAY ANY ADDITIONAL PREMIUM DUE.

Nothing herein contained shall be held to vary, alter, waive or extend any of the terms, conditions, agreements or limitations of the policy other than as above stated.

(Completion of the following, including countersignature, is required to make this endorsement effective only when it is issued subsequent to preparation of the Policy.)

Effective 08/29/99

this endorsement forms a part of Policy No. ZDI 5260801

Issued to

By

Date of Issue

Countersigned by

Authorized Representative of the Company

221-0163 (4-90)

MB 01332

ROA 2035



ALLMERICA FINANCIAL
HANOVER INSURANCE

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

IT IS AGREED BUILDER RISK AND INSTALLATION FORM IM7050 IS AMENDED TO READ AS FOLLOWS:

ITEM 1. PROPERTY INSURED IS AMENDED TO INCLUDE THE FOLLOWING:

CONTENTS IS INCLUDED AS PROPERTY INSURED.

Nothing herein contained shall be held to vary, alter, waive or extend any of the terms, conditions, agreements or limitations of the policy other than as above stated.

(Completion of the following, including countersignature, is required to make this endorsement effective only when it is issued subsequent to preparation of the Policy.)

Effective 08/29/99

this endorsement forms a part of Policy No. ZDI 5260801

Issued to

By

Date of Issue

Countersigned by

Authorized Representative of the Company

221-0163 (4-90)

MB 01333

ROA 2036



ALLMERICA FINANCIAL
HANOVER INSURANCE

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

IT IS AGREED BUILDER RISK AND INSTALLATION FORM IM7050 IS AMENDED TO READ AS FOLLOWS:

ITEM 1. PROPERTY INSURED IS AMENDED TO INCLUDE THE FOLLOWING:

CONTENTS IS INCLUDED AS PROPERTY INSURED.

Nothing herein contained shall be held to vary, alter, waive or extend any of the terms, conditions, agreements or limitations of the policy other than as above stated.

(Completion of the following, including countersignature, is required to make this endorsement effective only when it is issued subsequent to preparation of the Policy.)

Effective 08/29/99

this endorsement forms a part of Policy No. ZDI 5260801

Issued to

By

Date of Issue

Countersigned by

Authorized Representative of the Company

221-0163 (4-90)

MB 01334

ROA 2037



ALLMERICA FINANCIAL*
HANOVER INSURANCE

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

IT IS AGREED CONTRACTOR'S EQUIPMENT (BROAD FORM), IM7000 (8/99) IS AMENDED TO READ AS FOLLOWS:

ITEM 2A IS REPLACED FOLLOWING:

AUTOMOBILES, TRUCKS, TRACTORS, OR OTHER SIMILAR CONVEYANCES DESIGNED FOR HIGHWAY USE;

Nothing herein contained shall be held to vary, alter, waive or extend any of the terms, conditions, agreements or limitations of the policy other than as above stated.

(Completion of the following, including countersignature, is required to make this endorsement effective only when it is issued subsequent to preparation of the Policy.)

Effective 08/29/99

this endorsement forms a part of Policy No. ZD1 5260801

Issued to

By

Date of Issue

Countersigned by

Authorized Representative of the Company

221-0163 (4-90)

MB 01335



ALLMERICA FINANCIAL
HANOVER INSURANCE

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

COMMERCIAL INLAND MARINE
BUILDER RISK

IT IS AGREED THAT BUILDER RISK AND INSTALLATION FORM IM7056 IS AMENDED TO READ AS FOLLOWS:

LIMIT OF INSURANCE

THE MOST WE WILL PAY FOR DIRECT PHYSICAL LOSS OR DAMAGE TO COVERED PROPERTY AT ANY ONE CONSTRUCTION PREMISES IS THE INLAND MARINE LIMIT OF \$1,000,000 SHOWN ON IM7056 ON THE BUILDERS RISK COVERAGE DECLARATION PAGE. HOWEVER, WE WILL NOT UNDER THIS POLICY PAY MORE THAN \$3,000,000, THE ANNUAL AGGREGATE.

DEDUCTIBLE

*EACH CLAIM FOR LOSS OR DAMAGE ARISING OUT OF ANY ONE OCCURRENCE WILL BE ADJUSTED AS ONE CLAIM AND THE FOLLOWING AMOUNT WILL BE DEDUCTED:

FIVE PERCENT (5%) OF THE TOTAL LOSS SUBJECT TO A MINIMUM OF \$2,500 AND A MAXIMUM OF \$50,000 CAUSED BY A NAMED WINDSTORM OR ANY WIND ACTIVITY RESULTING FROM A NAMED WINDSTORM. NAMED WINDSTORM MEANS ANY WIDE AREA OF LOW PRESSURE WEATHER SYSTEM TO WHICH A NAME HAS BEEN DESIGNATED BY THE NATIONAL WEATHER SERVICE

Nothing herein contained shall be held to vary, alter, waive or extend any of the terms, conditions, agreements or limitations of the policy other than as above stated.

(Completion of the following, including countersignature, is required to make this endorsement effective only when it is issued subsequent to preparation of the Policy.)

Effective 08/29/99

this endorsement forms a part of Policy No. ZDI 5260801

Issued to

By

Date of Issue

Countersigned by

Authorized Representative of the Company

221-0163 (4-90)

MB 01336



ALLAMERICA FINANCIAL®
HANOVER INSURANCE

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

COMMERCIAL INLAND MARINE
MINIMUM EARNED PREMIUM ENDORSEMENT

THIS ENDORSEMENT MODIFIES INSURANCE PROVIDED UNDER THE FOLLOWING:

BUILDERS RISK COVERAGE FORM IM7056

IN THE EVENT OF CANCELLATION OF THIS POLICY BY "YOU" IT SHALL BE UNDERSTOOD AND AGREED THAT THE MINIMUM EARNED PREMIUM \$124,875.

IT IS FURTHER AGREED THIS POLICY AUTOMATICALLY CANCELS ON THE EXPIRATION DATE LISTED IN THE "DECLARATIONS." IT IS "YOUR" RESPONSIBILITY TO NOTIFY "US" IN THE EVENT THAT AN EXTENSION IS NEEDED.

ALL OTHER TERMS AND CONDITIONS NOT AFFECTED BY THIS ENDORSEMENT REMAIN UNCHANGED.

Nothing herein contained shall be held to vary, alter, waive or extend any of the terms, conditions, agreements or limitations of the policy other than as above stated.

(Completion of the following, including countersignature, is required to make this endorsement effective only when it is issued subsequent to preparation of the Policy.)

Effective 08/29/99

this endorsement forms a part of Policy No. ZDI5260801

Issued to

By

Date of Issue

Countersigned by

Authorized Representative of the Company

221-0163 (4-90)

MB 01337

BUILDERS RISK DECLARATIONS

(The information required below may be indicated
on a separate schedule or supplemental "declarations".)

SCHEDULED LOCATIONS

Location No.	"Limit"
— ANY ONE LOSS, CASUALTY OR DISASTER INCL THE SALVAGE CHARGES OR OTHER EXPENSES OR ALL COMBINES LIMIT IS ANNUAL AGGREGATE	\$ 3,000,000 \$
— AT ANY ONE CONSTRUCTION PREMISES	\$ 1,000,000
Scaffolding and Construction Forms	\$ 50,000
Covered property in transit	\$ 100,000
Covered property at unscheduled storage locations	\$ 1,000,000
Any one loss caused by "earth movement" and volcanic eruption	\$ NOT COVERED
Any one loss caused by "flood" and "ground water"	\$ <u>NOT COVERED</u>

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DEDUCTIBLE

	Deductible Amount
For all covered perils unless a different deductible is indicated below	\$ 2500.
Theft	\$ 2500.
"Earth movement" and Volcanic Eruption	\$ NOT COVERED
"Flood" and "Ground water"	\$ NOT COVERED

CONTRACTORS' EQUIPMENT COVERAGE

AGREEMENT

In return for "your" payment of the required premium, "we" provide the coverage described herein subject to all the "terms" of the Contractors' Equipment Coverage. This coverage is also subject to the "declarations" and additional policy conditions relating to assignment or transfer of rights or duties, cancellation, changes or modifications, inspections, and examination of books and records.

Endorsements and schedules may also apply. They are identified on the "declarations".

Refer to Definitions for words and phrases that have special meaning. These words and phrases are shown in quotation marks or bold type.

DEFINITIONS

1. The words "you" and "your" mean the persons or organizations named as the insured on the "declarations".
2. The words "we", "us", and "our" mean the company providing this coverage.
3. "declarations" means all pages labeled "declarations", Supplemental "declarations", or Schedules, which pertain to this coverage.
4. "Limit" means the amount of coverage that applies.
5. "Pollutant" means:
 - a. any solid, liquid, gaseous, or thermal irritant or contaminant;

- b. electromagnetic (visible or invisible) or sound emission; or

- c. waste, including materials to be disposed of as well as recycled, reclaimed, or reconditioned.

6. "Sinkhole collapse" means the sudden settlement or collapse of earth supporting the covered property into subterranean voids created by the action of water on a limestone or similar rock formation. It does not include the value of the land or the cost of filling sinkholes.

7. "Specified perils" means aircraft; civil commotion; explosion; falling objects; fire; hail; leakage from fire extinguishing equipment; lightning; riot; "sinkhole collapse"; smoke; sonic boom; vandalism; vehicles; "volcanic action"; water damage; weight of ice, snow, or sleet; and windstorm.

Falling objects does not include loss to personal property in the open or to the interior of buildings or structures or to personal property inside buildings or structures unless the exterior of the roof or walls are first damaged by a falling object.

Water damage means the sudden or accidental discharge or leakage of water or steam as a direct result of breaking or cracking of a part of the system or appliance containing the water or steam.

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

9. "Volcanic action" means airborne volcanic blast or airborne shock waves; ash, dust, or particulate matter; or lava flow. It does not include the cost to remove ash, dust, or particulate matter that does not cause direct physical loss to the covered property.

PROPERTY COVERED

1. **Scheduled Equipment** – When Scheduled Equipment is indicated on the "declarations", "we" cover direct physical loss caused by a covered peril to:

- a. "your" contractors' equipment and
- b. equipment of others in "your" care, custody, or control

described on the "declarations".

2. **Schedule on File** – When Schedule on File is indicated on the "declarations", "we" cover direct physical loss caused by a covered peril to:

- a. "your" contractors' equipment; and
- b. equipment of others in "your" care, custody, or control

that are listed in a schedule which "you" must submit to "us" and "we" keep on file. The schedule must contain a description of each item to be covered and a "limit" for each item.

PROPERTY NOT COVERED

- 1. **Aircraft or Watercraft** – "We" do not cover aircraft or watercraft.
- 2. **Automobiles and Trucks** – "We" do not cover automobiles, motor trucks, tractors, trailers, and similar conveyances designed for highway use and used for over the road transportation of people or cargo. However, this does not include:

- a. self-propelled vehicles designed and used primarily to carry mounted equipment; or
- b. vehicles designed for highway use that are unlicensed and not operated on public roads.

3. **Contraband** – "We" do not cover contraband or property in the course of illegal transportation or trade.

4. **Loaned, Leased, or Rented Property** – "We" do not cover property that "you" loan, lease, or rent to others.

5. **Underground Mining Operations** – "We" do not cover property while stored or operated underground in connection with any mining operations.

6. **Waterborne Property** – "We" do not cover property while waterborne except while in transit in the custody of a carrier for hire.

ADDITIONAL COVERAGES

1. **Newly Purchased Equipment** – In the event that "you" purchase additional equipment during the policy period, "we" extend coverage to the additional purchased equipment for up to 60 days.

The most that "we" pay for any one loss under this additional coverage is the lesser of:

- a. the actual cash value of the covered property; or
- b. the "limit" for additional purchased equipment indicated on the declarations. If no "limit" is indicated, then 30% of the Catastrophe Limit indicated on the "declarations".

This additional coverage will end when any of the following first occur:

- a. this policy expires;
 - b. 60 days expire after "you" purchase the additional equipment; or
 - c. "you" report the additional purchased equipment to "us".
2. Rental Reimbursement -- In the event of a loss by a covered peril to covered property that "you" own, "we" reimburse "you" for "your" expense to rent similar equipment while "your" equipment is inoperable. The most "we" reimburse "you" is \$2,500 plus the "limit" for rental reimbursement indicated on the "declarations".

"We" will continue to reimburse "you" for the rental of equipment after the expiration date of this coverage, provided the loss occurred before the expiration date.

"We" will not reimburse "you":

- a. for the rental of equipment until after 72 hours have passed since the covered property was rendered inoperable. After 72 hours have passed "we" will only reimburse "you" for the rental expense that "you" actually incur.
- b. if "you" can continue or resume "your" operations with similar equipment that is available to "you" at no additional expense to "you".
- c. for the rental expense of any equipment unless "you" make every reasonable effort to repair, replace, or rebuild the inoperable equipment after the loss by a covered peril occurs.

The deductible amount indicated on the "declarations" does not apply to a loss covered under this additional coverage.

3. Debris Removal -- "We" pay the cost to remove the debris of covered property that is caused by a covered peril. This coverage does not include costs to:

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

"We" will not pay any more under this coverage than 25% of the amount "we" pay for the direct loss. "We" will not pay more for loss to property and debris removal combined than the "limit" for the damaged property.

However, "we" pay an additional amount of debris removal expense up to \$5,000 when the debris removal expense exceeds 25% of the amount "we" pay for direct loss or when the loss to property and debris removal combined exceeds the "limit" for the damaged property.

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

4. Pollutant Cleanup and Removal -- "We" pay "your" expense to extract "pollutants" from land or water if the discharge, dispersal, seepage, migration, release, or escape of the "pollutants" is caused by a covered peril that occurs during the policy period. The expenses are paid only if they are reported to "us" in writing within 180 days from the date the covered peril occurs.

"We" do not pay the cost of testing, evaluating, observing, or recording the existence, level, or effects of "pollutants". However, "we" pay the cost of testing which is necessary for the extraction of "pollutants" from land or water.

The most "we" pay for each site or location is \$10,000 for the sum of all such expenses arising out of a covered peril occurring during each separate 12 month period of this policy.

This is an additional "limit".

PERILS COVERED

"We" cover external risks of direct physical loss unless the loss is limited or caused by a peril that is excluded.

PERILS EXCLUDED

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

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

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

- b. **Nuclear Hazard** – "We" do not pay for loss caused by or resulting from a nuclear reaction, nuclear radiation, or radioactive contamination (whether controlled or uncontrolled; whether caused by natural, accidental, or artificial means). Loss caused by nuclear hazard is not considered loss caused by fire, explosion, or smoke. "We" do pay for direct loss by fire resulting from the nuclear hazard.

- c. **War** – "We" do not pay for loss caused by war. This means:

- 1) declared war, undeclared war, civil war, insurrection, rebellion, or revolution;
 - 2) a warlike act by a military force or by military personnel;
 - 3) the destruction, seizure, or use of the property for a military purpose; or
 - 4) the discharge of a nuclear weapon even if it is accidental.

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

- a. **Criminal, Fraudulent, or Dishonest Acts** – "We" do not pay for loss caused by or resulting from criminal, fraudulent, dishonest, or illegal acts alone or in collusion with another by:

- 1) "you";
 - 2) others who have an interest in the property;
 - 3) others to whom "you" entrust the property;
 - 4) "your" partners, officers, directors, trustees, or joint adventurers; or
 - 5) the employees or agents of 1), 2), 3), or 4) above, whether or not they are at work.

This exclusion does not apply to acts of destruction by "your" employees, but "we" do not pay for theft by employees.

This exclusion does not apply to covered property in the custody of a carrier for hire.

- b. **Loss of Use** – "We" do not pay for loss caused by or resulting from loss of use, business interruption, delay, or loss of market.

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- c. **Missing Property** – "We" do not pay for missing property where the only proof of loss is unexplained or mysterious disappearance of covered property, or shortage of property discovered on taking inventory, or any other instance where there is no physical evidence to show what happened to the covered property. This exclusion does not apply to covered property in the custody of a carrier for hire.
 - d. **Pollutants** – "We" do not pay for loss caused by or resulting from release, discharge, seepage, migration, dispersal, or escape of "pollutants" unless the release, discharge, seepage, migration, dispersal, or escape is caused by a "specified peril". "We" do pay for any resulting loss caused by a "specified peril".
 - e. **Voluntary Parting** – "We" do not pay for loss caused by or resulting from voluntary parting with title to or possession of any property because of any fraudulent scheme, trick, or false pretense.
3. "We" do not pay for loss or damage if one or more of the following exclusions apply to the loss. But if loss by a covered peril results "we" will pay for the resulting loss.
- a. **Contamination or Deterioration** – "We" do not pay for loss caused by contamination or deterioration including corrosion, decay, fungus, mildew, mold, rot, rust, or any quality, fault, or weakness in the covered property that causes it to damage or destroy itself.
 - b. **Mechanical Breakdown** – "We" do not pay for loss caused by any:
 - 1) structural, mechanical, or remodeling process; or
 - 2) structural, mechanical, or electrical breakdown or malfunction.

- c. **Temperature/Humidity** – "We" do not pay for loss caused by humidity, dampness, dryness, or changes in or extremes of temperature.
- d. **Wear and Tear** – "We" do not pay for loss caused by wear and tear, marring, or scratching.

WHAT MUST BE DONE IN CASE OF LOSS

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

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- c. "your" interest and the interests of all others in the property involved, including all mortgages and liens;
 - d. changes in title of the covered property during the policy period; and
 - e. estimates, specifications, inventories, and other reasonable information that "we" may require to settle the loss.
4. **Examination** -- "You" must submit to examination under oath in matters connected with the loss as often as "we" reasonably request and give "us" sworn statements of the answers. If more than one person is examined, "we" have the right to examine and receive statements separately and not in the presence of others.
5. **Records** -- "You" must produce records, including tax returns and bank microfilms of all cancelled checks relating to value, loss, and expense and permit copies and extracts to be made of them as often as "we" reasonably request.
6. **Damaged Property** -- "You" must exhibit the damaged and undamaged property as often as "we" reasonably request and allow "us" to inspect or take samples of the property.
7. **Volunteer Payments** -- "You" must not, except at "your" own expense, voluntarily make any payments, assume any obligations, pay or offer any rewards, or incur any other expenses except as respects protecting property from further damage.
8. **Abandonment** -- "You" may not abandon the property to "us" without "our" written consent.
9. **Cooperation** -- "You" must cooperate with "us" in performing all acts required by this policy.

VALUATION

1. **Actual Cash Value** -- The value of covered property will be based on the actual cash value at the time of the loss (with a deduction for depreciation) except as provided in paragraphs 2. and 3. under Valuation.
2. **Pair or Set** -- The value of a lost or damaged article which is part of a pair or set is based on a reasonable proportion of the value of the entire pair or set. The loss is not considered a total loss of the pair or set.
3. **Loss to Parts** -- The value of a lost or damaged part of an item that consists of several parts when it is complete is based on the value of only the lost or damaged part or the cost to repair or replace it.

HOW MUCH WE PAY

1. **Insurable Interest** -- "We" do not cover more than "your" insurable interest in any property.
2. **Deductible** -- "We" pay only that part of "your" loss over the deductible amount indicated on the "declarations" in any one occurrence.
3. **Loss Settlement Terms** -- Subject to paragraphs 1., 2., 4., 5., and 6. under How Much We Pay, "we" pay the lesser of:
 - a. the amount determined under Valuation;
 - b. the cost to repair, replace, or rebuild the property with material of like kind and quality to the extent practicable; or

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- c. the "limit" that applies to the covered property.

However, the most "we" pay for loss in any one occurrence, regardless if the loss is total or partial, is the Catastrophe Limit indicated on the "declarations".

- 4. Coinsurance – "We" only pay a part of the loss if the "limit" is less than the percentage of the value of covered property that is indicated on the "declarations". "Our" part of the loss is determined using the following steps:

- a. multiply the percent indicated on the "declarations" by the value of the covered property at the time of loss;
- b. divide the "limit" for covered property by the result determined in 4.a. above;
- c. multiply the total amount of loss, after the application of any deductible, by the result determined in 4.b. above.

The most "we" pay is the amount determined in 4.c. above or the "limit", whichever is less. "We" do not pay any remaining part of the loss.

If there is more than one "limit" indicated on the "declarations" for this coverage part, this procedure applies separately to each "limit".

If there is only one "limit" indicated on the "declarations" for this coverage, this procedure applies to the total of all covered property to which the "limit" applies.

- 5. Insurance Under More Than One Coverage – If more than one coverage of this policy insures the same loss, "we" pay no more than the actual claim, loss, or damage sustained.
- 6. Insurance Under More Than One Policy – "You" may have another policy subject to the same "terms" as this policy. If "you" do,

"we" will pay "our" share of the covered loss. "Our" share is the proportion that the applicable "limit" under this policy bears to the "limit" of all policies covering on the same basis.

If there is another policy covering the same loss, other than that described above, "we" pay only for the amount of covered loss in excess of the amount due from that other policy, whether "you" can collect on it or not. But "we" do not pay more than the applicable "limit".

LOSS PAYMENT

- 1. Our Options – "We" have the following options:

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

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

- 2. Your Losses – "We" adjust all losses with "you". Payment will be made to "you" unless another loss payee is named in the policy. An insured loss will be payable 30 days after a satisfactory proof of loss is received, and the amount of the loss has been established either by written agreement with "you" or the filing of an appraisal award with "us".

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

- a. "you" on behalf of the owner, or
- b. the owner.

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

OTHER CONDITIONS

1. **Appraisal** -- If "you" and "we" do not agree on the amount of the loss or the actual cash value of covered property, either party may demand that these amounts be determined by appraisal.

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

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

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

If the appraisers submit a written report of any agreement to "us", the amount agreed upon will be the amount of the loss. If the appraisers fail to agree within a reasonable time, they will submit only their differences to the umpire. Written agreement so itemized and signed by any two of these three sets the amount of the loss.

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

2. **Benefit to Others** -- Insurance under this coverage shall not directly or indirectly benefit anyone having custody of "your" property.
3. **Conformity With Statute** -- When a condition of this coverage is in conflict with an applicable law, that condition is amended to conform to that law.

4. **Estates** -- This provision applies only if the insured is an individual.

On "your" death, "we" cover the following as an insured:

- a. the person who has custody of "your" property until a legal representative is qualified and appointed; or
- b. "your" legal representative.

This person or organization is an insured only with respect to property covered by this coverage.

This coverage does not extend past the policy period indicated on the "declarations".

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

- a. "you" or any other insured have willfully concealed or misrepresented:
 - 1) a material fact or circumstance that relates to this insurance or the subject thereof; or
 - 2) "your" interest herein.
- b. there has been fraud or false swearing by "you" or any other insured with regard to a matter that relates to this insurance or the subject thereof.

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6. **Policy Period** -- "We" pay for a covered loss that occurs during the policy period.
7. **Recoveries** -- If "we" pay "you" for the loss and lost or damaged property is recovered, or payment is made by those responsible for the loss, the following provisions apply:
 - a. "you" must notify "us" promptly if "you" recover property or receive payment;
 - b. "we" must notify "you" promptly if "we" recover property or receive payment;
 - c. any recovery expenses incurred by either are reimbursed first;
 - d. "you" may keep the recovered property but "you" must refund to "us" the amount of the claim paid, or any lesser amount to which "we" agree; and
 - e. if the claim paid is less than the agreed loss due to a deductible or other limiting "terms" of this policy, any recovery will be pro rated between "you" and "us" based on "our" respective interest in the loss.
8. **Restoration of Limits** -- A loss "we" pay under this coverage does not reduce the applicable "limit" unless it is a total loss to a scheduled item. In the event of a total loss to a scheduled item "we" refund the unearned premium on that item.
9. **Subrogation** -- If "we" pay for a loss, "we" may require "you" to assign to "us" "your" right of recovery against others. "You" must do all that is necessary to secure "our" rights. "We" do not pay for a loss if "you" impair this right to recover.

"You" may waive "your" right to recover from others in writing before a loss occurs.
10. **Suit Against Us** -- No one may bring a legal action against "us" under this coverage unless:
 - a. all of the "terms" of this coverage have been complied with; and
 - b. the suit has been brought within two years after "you" first have knowledge of the loss.

If any applicable law makes this limitation invalid, then suit must begin within the shortest period permitted by law.
11. **Territorial Limits** -- "We" cover property while it is in the United States of America, its territories and possessions, Canada, and Puerto Rico.

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BUILDERS' RISK COVERAGE

AGREEMENT

In return for "your" payment of the required premium, "we" provide the coverage described herein subject to all the "terms" of the Builders' Risk Coverage. This coverage is also subject to the "declarations" and additional policy conditions relating to assignment or transfer of rights or duties, cancellation, changes or modifications, inspections, and examination of books and records.

Endorsements and schedules may also apply. They are identified on the "declarations".

Refer to Definitions for words and phrases that have special meaning. These words and phrases are shown in quotation marks or bold type.

DEFINITIONS

1. The words "you" and "your" mean the persons or organizations named as the insured on the "declarations".
2. The words "we", "us", and "our" mean the company providing this coverage.
3. "Declarations" means all pages labeled Declarations, Supplemental Declarations, or Schedules, which pertain to this coverage.
4. "Earth movement" means any movement or vibration of the earth's surface (other than "sinkhole collapse") including but not limited to earthquake; landslide; mudflow; mudslide; mine subsidence; or sinking, rising, or shifting of earth.
5. "Flood" means flood, surface water, waves, tidal water, or the overflow of a body of water whether driven by wind or not. This includes spray that results from these whether driven by wind or not.
6. "Ground water" means:
 - a. water that backs up through a sewer or drain; or
 - b. water below the surface of the ground. This includes water that exerts pressure on or flows, seeps, or leaks through or into a building, sidewalk, driveway, foundation, swimming pool, or other structure.
7. "Limit" means the amount of coverage that applies.
8. "Pollutant" means:
 - a. any solid, liquid, gaseous, or thermal irritant or contaminant;
 - b. electromagnetic (visible or invisible) or sound emission; or
 - c. waste, including materials to be disposed of as well as recycled, reclaimed, or reconditioned.
9. "Sinkhole collapse" means the sudden settlement or collapse of earth supporting the covered property into subterranean voids created by the action of water on a limestone or similar rock formation. It does not include the value of the land or the cost of filling sinkholes.
10. "Specified perils" means aircraft; civil commotion; explosion; falling objects; fire; hail; leakage from fire extinguishing equipment; lightning; riot; "sinkhole collapse"; smoke; sonic boom; vandalism; vehicles; "volcanic action"; water damage; weight of ice, snow, or sleet; and windstorm.

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Falling objects does not include loss to personal property in the open or to the interior of buildings or structures or personal property inside buildings or structures unless the exterior of the roof or walls are first damaged by a falling object.

Water damage means the sudden or accidental discharge or leakage of water or steam as a direct result of breaking or cracking of a part of the system or appliance containing the water or steam.

11. "Terms" means all provisions, limitations, exclusions, conditions, and definitions that apply.
12. "Volcanic action" means airborne volcanic blast or airborne shock waves; ash, dust, or particulate matter; or lava flow. It does not include the cost to remove ash, dust, or particulate matter that does not cause direct physical loss to the covered property.

PROPERTY COVERED

1. **Buildings and Structures** – "We" cover direct physical loss caused by a covered peril to buildings and structures described on the "declarations" while in the course of construction, erection, or fabrication. This includes materials and supplies which will become a permanent part of the buildings or structures, foundations, excavations, grading, filling, attachments, and permanent fixtures.
2. **Scaffolding and Construction Forms** – "We" cover direct physical loss, caused by a covered peril, to scaffolding or construction forms provided the scaffolding or construction forms are located at a building or structure described on the "declarations".

PROPERTY NOT COVERED

1. **Aircraft or Watercraft** – "We" do not cover aircraft or watercraft.
2. **Automobiles** – "We" do not cover automobiles or any self-propelled vehicles that are designed for highway use.
3. **Contraband** – "We" do not cover contraband or property in the course of illegal transportation or trade.
4. **Existing Buildings or Structures** – "We" do not cover existing buildings or structures to which additions, alterations, improvements, or repairs are being made;
5. **Land** – "We" do not cover land including land on which covered property is located.
6. **Money and Securities** – "We" do not cover accounts, bills, currency, food stamps, or other evidences of debt, lottery tickets not held for sale, money, notes, or securities.
7. **Trees, Shrubs and Plants** – "We" do not cover trees, shrubs, plants, and lawns.
8. **Waterborne Property** – "We" do not cover property while waterborne except while in transit in the custody of a carrier for hire.

ADDITIONAL COVERAGES

1. **Transit and Storage Locations** – "We" cover direct physical loss caused by a covered peril to materials and supplies which will become a permanent part of buildings or structures described on the "declarations" while they are:
 - a. in transit; or
 - b. at an unscheduled storage location.

The most "we" pay under this coverage is \$2,500 plus the "limit" indicated on the "declarations".

2. Debris Removal – "We" pay the cost to remove the debris of covered property that is caused by a covered peril. This coverage does not include costs to:

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

"We" do not pay any more under this coverage than 25% of the amount "we" pay for the direct loss. "We" do not pay more for loss to property and debris removal combined than the "limit" for the damaged property.

However, "we" pay an additional amount of debris removal expense up to \$5,000 when the debris removal expense exceeds 25% of the amount "we" pay for direct loss or when the loss to property and debris removal combined exceeds the "limit" for the damaged property.

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

3. Emergency Removal – "We" pay for loss to covered property while it is moved or being moved to prevent a loss caused by a covered peril. "We" pay for any direct physical loss caused by a peril that is not excluded. This coverage applies for up to ten days after the property is first moved, but does not extend past the date on which this policy expires.

4. Fire Department Service Charges – "We" pay up to \$1,000 to cover "your" liability, assumed by contract or agreement prior to the loss, for fire department service charges.

This coverage is limited to charges incurred when the fire department is called to save or protect covered property from a covered peril.

No deductible applies.

This is an additional "limit".

5. Pollutant Cleanup and Removal – "We" pay "your" expense to extract "pollutants" from land or water if the discharge, dispersal, seepage, migration, release, or escape of the "pollutants" is caused by a covered peril that occurs during the policy period. The expenses are paid only if they are reported to "us" in writing within 180 days from the date the covered peril occurs.

"We" do not pay the cost of testing, evaluating, observing, or recording the existence, level or effects of "pollutants". However, "we" pay the cost of testing which is necessary for the extraction of "pollutants" from land or water.

The most "we" pay for each site or location is \$10,000 for the sum of all such expenses arising out of a covered peril occurring during each separate 12 month period of this policy.

This is an additional "limit".

PERILS COVERED

"We" cover external risks of direct physical loss unless the loss is limited or caused by a peril that is excluded.

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PERILS EXCLUDED

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

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

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

- b. **Earth Movement or Volcanic Eruption** -- "We" do not pay for loss caused by any "earth movement" (other than "sinkhole collapse") or caused by eruption, explosion, or effusion of a volcano.

"We" do pay for direct loss by fire, explosion, or "volcanic action" resulting from either "earth movement" or eruption, explosion, or effusion of a volcano.

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

This exclusion does not apply to covered property while in transit.

This exclusion does not apply when a "limit" is indicated for "earth movement" or volcanic eruption on the "declarations".

- c. **Flood** -- "We" do not pay for loss caused by "flood", but if fire, explosion, or theft results "we" do cover the loss caused by the fire, explosion, or theft.

This exclusion does not apply to covered property while in transit.

This exclusion does not apply when a "limit" is indicated for "flood" on the "declarations".

- d. **Ground Water** -- "We" do not cover loss caused by "ground water" but if fire, explosion, or theft results "we" do cover the loss caused by the fire, explosion, or theft.

This exclusion does not apply to covered property while in transit.

This exclusion does not apply when a "limit" is indicated for "ground water" on the "declarations".

- e. **Nuclear Hazard** -- "We" do not pay for loss caused by or resulting from a nuclear reaction, nuclear radiation, or radioactive contamination (whether controlled or uncontrolled; whether caused by natural, accidental, or artificial means). Loss caused by nuclear hazard is not considered loss caused by fire, explosion, or smoke. "We" do pay for direct loss by fire resulting from the nuclear hazard.

- f. **Ordinance or Law** -- "We" do not pay for loss or increased cost caused by enforcement of any code, ordinance, or law regulating the use, construction, or repair of any building or structure; or requiring the demolition of any building or structure including the cost of removing its debris.

- g. **Penalties** -- "We" do not pay for loss caused by penalties for noncompletion or non-compliance with any contract terms or conditions.

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- h. War – "We" do not pay for loss caused by war. This means:
- 1) declared war, undeclared war, civil war, insurrection, rebellion, or revolution;
 - 2) a warlike act by a military force or by military personnel;
 - 3) the destruction, seizure, or use of the property for a military purpose; or
 - 4) the discharge of a nuclear weapon even if it is accidental.
2. "We" do not pay for loss or damage if one or more of the following exclusions apply to the loss:
- a. Contamination or Deterioration – "We" do not pay for loss caused by contamination or deterioration including corrosion, decay, fungus, mildew, mold, rot, rust, or any quality, fault, or weakness in the covered property that causes it to damage or destroy itself.
- b. Criminal, Fraudulent or Dishonest Acts – "We" do not pay for loss caused by or resulting from criminal, fraudulent, dishonest, or illegal acts alone or in collusion with another by:
- 1) "you";
 - 2) others who have an interest in the property;
 - 3) others to whom "you" entrust the property;
 - 4) "your" partners, officers, directors, trustees, joint adventurers; or
 - 5) the employees or agents of 1), 2), 3), or 4) above, whether or not they are at work.

This exclusion does not apply to acts of destruction by "your" employees, but "we" do not pay for theft by employees.

This exclusion does not apply to covered property in the custody of a carrier for hire.

- c. Explosion, Rupture, or Bursting – "We" do not pay for loss caused by explosion, rupture, or bursting of steam boilers, steam or gas turbines, steam pipes, or steam engines. This exclusion applies only to loss or damage to the steam boilers, steam or gas turbines, steam pipes, or steam engines in which the loss occurred.
- d. Freezing – "We" do not pay for loss caused by water; other liquids; powder; or molten material that leaks or flows from plumbing, heating, air-conditioning systems, or appliances other than fire protective systems caused by freezing. This does not apply if "you" use reasonable care to maintain heat in the building or structure; or "you" drain the equipment and turn off the supply if the heat is not maintained.
- e. Loss of Use – "We" do not pay for loss caused by or resulting from loss of use, business interruption, delay, or loss of market.
- f. Missing Property – "We" do not pay for missing property where the only proof of loss is unexplained or mysterious disappearance of covered property, or shortage of property discovered on taking inventory, or any other instance where there is no physical evidence to show what happened to the covered property. This exclusion does not apply to covered property in the custody of a carrier for hire.
- g. Pollutants – "We" do not pay for loss caused by or resulting from release, discharge, seepage, migration, dispersal, or escape of "pollutants" unless the release, discharge, seepage, migration, dispersal, or escape is caused by a "specified perils". "We" do pay for any resulting loss caused by a "specified peril".

- h. Rain, Snow, Ice, or Sleet -- "We" do not pay for loss caused by or resulting from rain, snow, ice, or sleet to property in the open which is not part of the permanent building or structure. This exclusion does not apply to property in the custody of carriers for hire.
 - i. Voluntary Parting -- "We" do not pay for loss caused by or resulting from voluntary parting with title to or possession of any property because of any fraudulent scheme, trick, or false pretense.
3. "We" do not pay for loss or damage if one or more of the following exclusions apply to the loss. But if loss by a covered peril results "we" do pay for the resulting loss.
- a. Defects, Errors, and Omissions -- "We" do not pay for loss caused by an act, defect, error, or omission (negligent or not) relating to:
 - 1) design, specifications, construction, or workmanship;
 - 2) planning, zoning, development, siting, surveying, grading, or compaction; or
 - 3) maintenance, installation, renovation, remodeling, or repair.
 - b. Electrical Currents -- "We" do not pay for loss caused by arcing or by electrical currents other than lightning.
 - c. Mechanical Breakdown -- "We" do not pay for loss caused by mechanical breakdown including centrifugal force.
 - d. Settling, Cracking, Shrinking, Bulging, or Expanding -- "We" do not pay for loss caused by settling, cracking, shrinking, bulging, or expanding of pavements, foundations, walls, ceilings, glass, or roofs.
 - e. Temperature/Humidity -- "We" do not pay for loss caused by dampness, dryness, or changes in or extremes of temperature.
 - f. Wear and Tear -- "We" do not pay for loss caused by wear and tear, marring, or scratching.

WHAT MUST BE DONE IN CASE OF LOSS

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

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- b. other policies of insurance that may cover the loss;
 - c. "your" interest and the interests of all others in the property involved, including all mortgages and liens;
 - d. changes in title of the covered property during the policy period; and
 - e. estimates, specifications, inventories, and other reasonable information that "we" may require to settle the loss.
4. **Examination** — "You" must submit to examination under oath in matters connected with the loss as often as "we" reasonably request and give "us" sworn statements of the answers. If more than one person is examined, "we" have the right to examine and receive statements separately and not in the presence of others.
5. **Records** — "You" must produce records, including tax returns and bank microfilms of all cancelled checks, relating to value, loss, and expense and permit copies and extracts to be made of them as often as "we" reasonably request.
6. **Damaged Property** — "You" must exhibit the damaged and undamaged property as often as "we" reasonably request and allow "us" to inspect or take samples of the property.
7. **Volunteer Payments** — "You" must not, except at "your" own expense, voluntarily make any payments, assume any obligations, pay or offer any rewards, or incur any other expenses except as respects protecting property from further damage.
8. **Abandonment** — "You" may not abandon the property to "us" without "our" written consent.
9. **Cooperation** — "You" must cooperate with "us" in performing all acts required by this policy.

VALUATION

1. **Replacement Cost** — The value of covered property will be based on the replacement cost without any deduction for depreciation.

The replacement cost is limited to the cost of repair or replacement with similar materials on the same site and used for the same purpose. The payment shall not exceed the amount "you" spend to repair or replace the damaged or destroyed property.

This replacement cost provision does not apply to paragraphs 2. and 3. under Valuation.

2. **Pair or Set** — The value of a lost or damaged article which is part of a pair or set is based on a reasonable proportion of the value of the entire pair or set. The loss is not considered a total loss of the pair or set.
3. **Loss to Parts** — The value of a lost or damaged part of an item that consists of several parts when it is complete is based on the value of only the lost or damaged part or the cost to repair or replace it.

HOW MUCH WE PAY

1. **Insurable Interest** — "We" do not cover more than "your" insurable interest in any property.
2. **Deductible** — "We" pay only that part of "your" loss over the deductible amount indicated on the "declarations" in any one occurrence.
3. **Loss Settlement Terms** — Subject to paragraphs 1., 2., 4., 5., and 6. under How Much We Pay, "we" pay the lesser of:

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- a. the amount determined under Valuation;
 - b. the cost to repair, replace, or rebuild the property with material of like kind and quality to the extent practicable; or
 - c. the "limit" that applies to the covered property.
4. **Coinurance** – "We" only pay a part of the loss if the "limit" is less than 100% of the value of the covered property at the time of the loss. "Our" part of the loss is determined using the following steps:
- a. calculate 100% of the value of the covered property at the time of the loss;
 - b. divide the "limit" for covered property by the result determined in 4.a. above;
 - c. multiply the total amount of loss, after the application of any deductible, by the result determined in 4.b. above.

The most "we" pay is the amount determined in 4.c. above or the "limit", whichever is less. "We" do not pay any remaining part of the loss.

If there is more than one "limit" indicated on the "declarations" for this coverage part, this procedure applies separately to each "limit".

If there is only one "limit" indicated on the "declarations" for this coverage, this procedure applies to the total of all covered property to which the "limit" applies.

5. **Insurance Under More Than One Coverage** – If more than one coverage of this policy insures the same loss, "we" pay no more than the actual claim, loss, or damage sustained.
6. **Insurance Under More Than One Policy** – "You" may have another policy subject to the same "terms" as this policy. If "you" do,

"we" pay "our" share of the covered loss. "Our" share is the proportion that the applicable "limit" under this policy bears to the "limit" of all policies covering on the same basis.

If there is another policy covering the same loss, other than that described above, "we" pay only for the amount of covered loss in excess of the amount due from that other policy, whether "you" can collect on it or not. But "we" do not pay more than the applicable "limit".

LOSS PAYMENT

1. **Our Options** – "We" have the following options:
 - a. pay the value of the loss;
 - b. pay the cost of repairing or replacing the loss;
 - c. rebuild, repair, or replace with property of equivalent kind and quality, to the extent practicable, within a reasonable time;
 - d. take all or any part of the damaged property at the agreed or appraised value.

"We" must give "you" notice of "our" intent to rebuild, repair, or replace within 30 days after receipt of a duly executed proof of loss.
2. **Your Losses** – "We" adjust all losses with "you". Payment will be made to "you" unless another loss payee is named in the policy. An insured loss will be payable 30 days after a satisfactory proof of loss is received, and the amount of the loss has been established either by written agreement with "you" or the filing of an appraisal award with "us".

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

- a. "you" on behalf of the owner; or
- b. the owner.

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

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

2. **Benefit to Others** -- Insurance under this coverage shall not directly or indirectly benefit anyone having custody of "your" property.
3. **Conformity With Statute** -- When a condition of this coverage is in conflict with an applicable law, that condition is amended to conform to that law.

4. **Estates** -- This provision applies only if the insured is an individual.

On "your" death, "we" cover the following as an insured:

- a. the person who has custody of "your" property until a legal representative is qualified and appointed; or
- b. "your" legal representative.

This person or organization is an insured only with respect to property covered by this coverage.

This coverage does not extend past the policy period indicated on the "declarations".

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

- a. "you" or any other insured have willfully concealed or misrepresented:
 - 1) a material fact or circumstance that relates to this insurance or the subject thereof; or
 - 2) "your" interest herein.
- b. there has been fraud or false swearing by "you" or any other insured with regard to a matter that relates to this insurance or the subject thereof.

OTHER CONDITIONS

1. **Appraisal** -- If "you" and "we" do not agree on the amount of the loss or the actual cash value of covered property, either party may demand that these amounts be determined by appraisal.

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

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

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

If the appraisers submit a written report of any agreement to "us", the amount agreed upon will be the amount of the loss. If the appraisers fail to agree within a reasonable time, they will submit only their differences to the umpire. Written agreement so itemized and signed by any two of these three sets the amount of the loss.

MB 01357

6. **Policy Period** – "We" pay for a covered loss that occurs during the policy period.
7. **Recoveries** – If "we" pay "you" for the loss and lost or damaged property is recovered, or payment is made by those responsible for the loss, the following provisions apply:
 - a. "You" must notify "us" promptly if "you" recover property or receive payment;
 - b. "We" must notify "you" promptly if "we" recover property or receive payment;
 - c. Any recovery expenses incurred by either are reimbursed first;
 - d. "You" may keep the recovered property but "you" must refund to "us" the amount of the claim paid, or any lesser amount to which "we" agree; and
 - e. If the claim paid is less than the agreed loss due to a deductible or other limiting "terms" of this policy any recovery will be pro rated between "you" and "us" based on "our" respective interest in the loss.
8. **Restoration of Limits** – A loss "we" pay under this coverage does not reduce the applicable "limits".
9. **Subrogation** – If "we" pay for a loss, "we" may require "you" to assign to "us" "your" right of recovery against others. "You" must do all that is necessary to secure "our" rights. "We" do not pay for a loss if "you" impair this right to recover.

"You" may waive "your" right to recover from others in writing before a loss occurs.
10. **Suit Against Us** – No one may bring a legal action against "us" under this coverage unless:
 - a. all of the "terms" of this coverage have been complied with; and
 - b. the suit has been brought within two years after "you" first have knowledge of the loss.

If any applicable law makes this limitation invalid, then suit must begin within the shortest period permitted by law.
11. **Territorial Limits** – "We" cover property while in the United States of America, its territories and possessions, Canada, and Puerto Rico.
12. **Carriers For Hire** – "You" may accept bills of lading or shipping receipts issued by carriers for hire that limit their liability to less than the replacement cost or actual cash value of the covered property.
13. **Occupancy and Use** – This coverage is void if, without "our" prior written consent:
 - a. the building or structure described on the "declarations" is occupied in whole or in part; or
 - b. the building or structure described on the "declarations" is put to its intended use.
14. **When Coverage Ceases** – Coverage will end when one of the following first occurs:
 - a. this policy expires or is cancelled;
 - b. the building or structure described on the "declarations" is accepted by the purchaser;
 - c. "your" interest in the covered property ceases;
 - d. "you" abandon construction with no intent to complete it; or
 - e. the building or structure described on the "declarations" has been completed for more than 90 days.

AMENDATORY ENDORSEMENT INDIANA

Under the Common Policy Conditions, the Cancellation condition is deleted and replaced by:

Cancellation and Nonrenewal — "You" may cancel this policy by returning it to "us" or by giving "us" written notice and stating at what future date coverage is to stop.

"We" may cancel or not renew this policy by written notice to "you" at the address shown on the "declarations". Proof of delivery or mailing is sufficient proof of notice.

During the first 90 days this policy is in effect, "we" may cancel for any reason.

If "we" cancel this policy for nonpayment of premium, "we" will give "you" notice at least ten days before cancellation is effective.

If "we" cancel this policy due to fraud or material misrepresentation, "we" will give "you" notice at least 20 days before cancellation is effective.

If "we" cancel this policy for any other reason, "we" will give "you" notice at least 30 days before cancellation is effective.

After this policy has been in effect for more than 90 days, or if it is a renewal of a policy issued by "us", "we" may cancel this policy only if one or more of the following reasons apply:

- a. the premium has not been paid when due;
- b. there has been a substantial change in the scale of the risk covered by the policy;

- c. "you" have perpetrated a fraud or material misrepresentation upon "us";
- d. "you" have failed to comply with reasonable safety recommendations; or
- e. reinsurance of the risk associated with the policy has been cancelled.

If "we" cancel this policy for nonpayment of premium, "we" will give "you" notice at least ten days before cancellation is effective.

If "we" cancel this policy due to fraud or material misrepresentation, "we" will give "you" notice at least 20 days before cancellation is effective.

If "we" cancel this policy due to reasons b., d., or e. above after it has been in effect for more than 90 days, "we" will give "you" notice at least 45 days before cancellation is effective.

If "we" do not renew this policy, "we" will give "you" written notice at least 45 days before:

- a. the expiration date of the policy if the coverage is provided for one year or less; or
- b. the anniversary date of the policy if the coverage provided is for more than one year.

"Your" return premium, if any, will be refunded at the time of cancellation or as soon as practical. Payment or tender of the unearned premium is not a condition of cancellation.

AMENDATORY ENDORSEMENT

OHIO

Cancellation – The cancellation provision of the policy is amended as follows:

If this policy has been in effect 90 days or more, we may cancel only on the anniversary date or if one or more of the following reasons apply:

- 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 the part of the named insured which increase any hazard insured against;
- d. the occurrence of a change in the individual risk which substantially increases any hazard insured against after insurance coverage has been issued or renewed, except to the extent we should 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 the substantial decrease in, the applicable reinsurance, or to obtain replacement coverage;
- f. failure of an insured to correct material violations of safety codes or to comply with reasonable written loss control recommendations; 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.

Our written notice of cancellation will be mailed to the named insured and to the named insured's agent at least 30 days before cancellation is to be effective unless we cancel for nonpayment of premium. When we cancel for nonpayment of premium, we will mail the named insured written notice at least 10 days before cancellation is to be effective.

Anniversary Cancellation – We may also cancel this policy on the anniversary date by issuing a notice of cancellation at least 30 days before the cancellation is to be effective.

Nonrenewal – If we decide not to renew this policy, we will mail written notice of nonrenewal to the named insured and to the named insured's agent at least 30 days prior to the policy expiration date.

Increased Premium – If we intend to condition renewal of this policy upon a substantial increase in premium, we will mail a notice of our intention to the named insured and to the named insured's agent at least 30 days prior to the policy expiration date.

Notices – Notices of cancellation, nonrenewal or renewal with substantial increases in premium will be mailed to the named insured at the named insured's last known address. Notice of cancellation or nonrenewal shall include the policy number, the date of the notice and the cancellation or expiration date. Notice of cancellation shall also include an explanation of the reason for cancellation.

AMENDATORY ENDORSEMENT KENTUCKY

The Cancellation and Nonrenewal condition is deleted and replaced by:

Cancellation - "You" may cancel this policy by returning the policy to "us" or by giving "us" written notice and stating at what future date coverage is to stop.

"We" may cancel this policy by delivering or mailing to "you", at the last known address, written notice of cancellation. The notice will include the reasons for cancellation.

During the first 60 days this policy is in effect, "we" may cancel for any reason. "We" will give "you" notice at least 14 days before cancellation is effective.

After this policy has been in effect 60 days or more, or if it is a renewal of a policy issued by "us" effective immediately, "we" may cancel this policy on an anniversary date or if one or more of the following reasons apply:

- a. nonpayment of premium;
- b. discovery of fraud or material misrepresentation made by or with "your" knowledge in obtaining the policy, continuing the policy, or in presenting a claim under the policy;
- c. discovery of willful or reckless acts or omissions on "your" part which increase any hazard insured against;
- d. the occurrence of a change in the risk which substantially increases any hazard insured against after insurance coverage has been issued or renewed;
- e. 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;

f. "we" are unable to reinsure the risk covered by the policy; or

g. 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.

If "we" cancel this policy for nonpayment of premium, "we" will give "you" notice at least 14 days before cancellation is effective. If "we" cancel for any other reason, "we" will give "you" notice at least 75 days in advance of cancellation.

Proof of delivery or mailing will be sufficient proof of notice.

"Your" return premium, if any, will be refunded at the time of cancellation or as soon as practical. Payment or tender of the unearned premium is not a condition of cancellation.

Nonrenewal - If "we" decide not to renew this policy, "we" will deliver or mail to "you", at the last known address, "our" notice of nonrenewal at least 75 days before the end of the policy period or anniversary date. Notice of nonrenewal will include the reason for such nonrenewal.

Proof of delivery or mailing will be sufficient proof of notice.

Renewal - If "we" elect to renew this policy, "we" will deliver or mail to "you" at the last known address and to the agent, "our" notice of the renewal premium amount and its due date.

The notice of renewal will be delivered or mailed at least 30 days before the end of the policy period if the policy has been in effect more than 30 days. If the policy has been in effect 30 days or less, the notice of renewal will be delivered or mailed at least seven days before the end of the policy period.

MB 01361

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.



ALLMERICA FINANCIAL[®]
HANOVER INSURANCE

ZDI 5260801
Renewal of Policy

POLICY CHANGES

Policy Change
Number 3

POLICY CHANGE EFFECTIVE DATE 02-23-00	POLICY NUMBER ZDI 5260801	TERM YR(S)	POLICY EFFECTIVE DATES FROM 08-29-99 TO 08-29-00
NAMED INSURED CROSSMANN COMMUNITIES, INC. 9210 N. MERIDIAN STREET SUITE 300 INDIANAPOLIS, IN 46260		AUTHORIZED REPRESENTATIVE M.B.A.H. INSURANCE P.O. BOX 5609 LAFAYETTE, IN 47903	
COVERAGE PARTS AFFECTED ☒ Commercial Property Coverage Part ☐ Commercial General Liability Coverage Part ☐ Commercial Crime Coverage Part		AGENCY CODE 21-4505 ☐ Commercial Inland Marine Coverage Part ☐ Boiler and Machinery Coverage Part ☐ Commercial Auto Coverage Part	
CHANGES LOCATION 013 - 494 S. EMERSON, SUITE G1, GREENWOOD, IN HAS BEEN DELETED. LOCATION 019 - 916 E. MAIN ST., SUITE 115, GREENWOOD, IN HAS BEEN ADDED.			
OLD ANNUAL PREMIUM	NEW ANNUAL PREMIUM	PREMIUM DUE NIL Hanocash Applicable ☐ Yes ☐ No	

*Parentheses indicate a return premium

Countersigned By _____

Authorized Representative Signature _____

401-0031

MB 01362



ALLMERICA FINANCIAL
HANOVER INSURANCE

COMMERCIAL LINES POLICY
SCHEDULE OF LOCATIONS.

ZDI 5260801-00
Renewal of Policy

POLICY NUMBER		POLICY PERIOD		AGENCY CODE	
ZDI5260801-01		08-29-99 08-29-2000		21-4505	
		AT 12:01 AM STANDARD TIME AT YOUR MAILING			
		ADDRESS SHOWN ON THE COMMON DECLARATIONS			

PREM. NO.	BLDG. NO.	LOCATION
8	1	9210 N MERIDIAN ST. INDIANAPOLIS, IN
9	1	1301 CLEAR SPRINGS TRACK SUITE 212 LOUISVILLE, KY
10	1	3131 CUSTER DRIVE #4 LEXINGTON, KY
11	1	2753 S MENDENHELL, SUITE 30 MEMPHIS, TN
12	1	10239 BEACH RD, SW CALABASH, NC
13	1	494 S EMERSON, SUITE G1 - DELETED GREENWOOD, IN
14	1	3077 KETERING BLVD, SUITE 114 MARIANE, OH

401-0024 (11-85)

MB 01363



ALLMERICA FINANCIAL
HANOVER INSURANCE

COMMERCIAL LINES POLICY
SCHEDULE OF LOCATIONS.

ZDI 5260801-00
Renewal of Policy

POLICY NUMBER		POLICY PERIOD		AGENCY CODE
		FROM	TO	
ZDI 5260801-01		08-29-99	08-29-00	21-4505
AT 12:01 AM STANDARD TIME AT YOUR MAILING ADDRESS SHOWN ON THE COMMON DECLARATIONS				

PREM. NO.	BLDG. NO.	LOCATION
15	1	4913-4922-24 23RD ST. INDIANAPOLIS, IN
16	1	SUITE 100, JACKSON SQUARE LAVERGNE, TN
17	1	615 DAVIS DRIVE, SUITE 300 MORRISVILLE, NC 27560
18	1	1411 S. OCEAN BLVD. DUNESCAPE UNIT #204 N. MYRTLE BEACH, SC 29582
19	1	916 E. MAIN STREET - ADDED SUITE 115 GREENWOOD, IN 46142

401-0024 (11-85)

MB 01364

COMMERCIAL CHANGE ENDORSEMENT

END'T #7

RENEWAL OF POLICY

It is agreed that this policy is amended as indicated below.

☐ Insured's Name

☒ Insured's Address

☐ Policy Period

☐ Loss Payee

☐ Mortgagee

☐ Description of Property

☐ Description of Vehicle

☐ Serial Number

☐ Other

☐ Form # _____ is ☐ attached
☐ deleted
☐ amended

Description of change:

9210 N. MERIDIAN ST.
INDIANAPOLIS, IN 46260

Nothing herein contained shall be held to vary, alter, waive or extend any of the terms, conditions, agreements or limitations of the Policy other than as above stated.

Effective 08-29-99 this endorsement forms a part of Policy No. ZDI 5260801

Issued to CROSSMANN COMMUNITIES

By MASSACHUSETTS BAY INSURANCE COMPANY

Date of Issue 06-12-00 Countersigned by 21-4505 Authorized Representative of the Company

COMPANY

Form 221-4493 10/87

MB 01365

ROA 2068



ALLMERICA FINANCIAL[®]
HANOVER INSURANCE

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

It is understood and agreed a D3C Bulldozer S#6SL02739, \$62,500 value is added to the contractors equipment coverage. Also \$50,000 is added to the policy for unscheduled leased/rented contractors equipment.

A loss payee/additional insured is added to the policy for the above:

Thompson Machinery L.P.
1245 Bridgestone Boulevard
Laverne TN 37086

Additional prorated premium \$12

Endt #6

Nothing herein contained shall be held to vary, alter, waive or extend any of the terms, conditions, agreements or limitations of the policy other than as above stated.

(Completion of the following, including countersignature, is required to make this endorsement effective only when it is issued subsequent to preparation of the Policy.)

Effective 8-24-99

this endorsement forms a part of Policy No. ZDI 5260801

Issued to Crossman Communities, Inc.
21-4505

By Massachusetts Bay Insurance Company

Date of Issue 2-8-00

Countersigned by _____
Authorized Representative of the Company

221-0163 (4-90)

MB 01366



ALLMERICA FINANCIAL®
HANOVER INSURANCE

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

IT IS UNDERSTOOD AND AGREED THE EMPLOYEE DISHONESTY IS DELETED FROM THE POLICY.

RETURN PREMIUM (\$1499)

ENDT#2 CORRECTED

Nothing herein contained shall be held to vary, alter, waive or extend any of the terms, conditions, agreements or limitations of the policy other than as above stated.

(Completion of the following, including countersignature, is required to make this endorsement effective only when it is issued subsequent to preparation of the Policy.)

Effective 08-29-99 this endorsement forms a part of Policy No. ZDI 5260801

Issued to CROSSMAN COMMUNITIES, INC.
21-4505

By MASSACHUSETTS BAY INSURANCE COMPANY

Date of Issue 5-11-00

Countersigned by _____

Authorized Representative of the Company

221-0163 (4-90)

MB 01367

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.



ALLMERICA FINANCIAL*
HANOVER INSURANCE

ZDI 5260801
Renewal of Policy

POLICY CHANGES

Policy Change
Number 2

POLICY CHANGE EFFECTIVE DATE 08-29-99	POLICY NUMBER ZDI 5260801	TERM YR(S)	POLICY EFFECTIVE DATES FROM 08-29-99 TO 08-29-00
NAMED INSURED CROSSMANN COMMUNITIES, INC. 9210 N. MERIDIAN STREET SUITE 300 INDIANAPOLIS, IN 46260		AUTHORIZED REPRESENTATIVE M.B.A.H. INSURANCE P.O. BOX 5609 LAFAYETTE, IN 47903	
COVERAGE PARTS AFFECTED ☐ Commercial Property Coverage Part ☐ Commercial General Liability Coverage Part ☐ Commercial Crime Coverage Part		AGENCY CODE 21-4505 ☒ Commercial Inland Marine Coverage Part ☐ Boiler and Machinery Coverage Part ☐ Commercial Auto Coverage Part	
CHANGES THE MAILING ADDRESS HAS BEEN AMENDED. FORM IM7005 HAS BEEN AMENDED TO SHOW A LIMIT FOR CONTRACTORS EQUIPMENT OF \$50,000.			
OLD ANNUAL PREMIUM	NEW ANNUAL PREMIUM	PREMIUM DUE NIL Manocash Applicable ☐ Yes ☐ No	

*Parentheses Indicate a return premium

Countersigned By _____

Authorized Representative Signature _____

401-0031

MB 01368

ROA 2071

SCHEDULE OF COVERAGES CONTRACTORS' EQUIPMENT COVERAGE

(The information required below may be indicated on
a separate schedule or supplemental declarations.)

PROPERTY COVERED

(check one)

☐ Scheduled Equipment (per Equipment Schedule)

☒ Schedule On File

LIMITS

Limit of Insurance

Catastrophe Limit – The most "we" pay for
loss in any one occurrence is:

\$ 500,000

Additional Debris Removal Expenses

\$ NOT COVERED

Pollutant Cleanup and Removal

\$ NOT COVERED

Equipment Leased or Rented From Others

\$ 50,000

Employee Tools

\$ NOT COVERED

Rental Reimbursement

– Reimbursement Limit
– Waiting Period

\$ NOT COVERED

Spare Parts and Fuel

\$ NOT COVERED

Newly Purchased Equipment

– Percentage of Catastrophe Limit
– Dollar Limit

\$ NOT COVERED %

COINSURANCE

(check one)

☒ 80%

☐ 90%

☐ 100%

☐ Other %

MB 01369

REPORTING CONDITIONS

(check if applicable)

☒ Equipment Leased or Rented From Others

- Reporting Rate	\$	FLAT
- Deposit Premium	\$	250.
- Minimum Premium	\$	250.

VALUATION

(check if applicable)

☒ Actual Cash Value ☐ Replacement Cost

☐ Indicated on Equipment Schedule

DEDUCTIBLE

(check one)

☒ Flat Deductible Amount \$ 100.

☐ Percentage Deductible %

Maximum Deductible Amount \$

Minimum Deductible Amount \$

OPTIONAL COVERAGES AND ENDORSEMENTS



ALLMERICA FINANCIAL®
HANOVER INSURANCE

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

IT IS AGREED BUILDERS RISK COVERAGE IS DELETED EFF: 03-01-2000.

RETURN PREMIUM: \$135,625.00

Nothing herein contained shall be held to vary, alter, waive or extend any of the terms, conditions, agreements or limitations of the policy other than as above stated.

(Completion of the following, including countersignature, is required to make this endorsement effective only when it is issued subsequent to preparation of the Policy.)

Effective 03-01-00

this endorsement forms a part of Policy No. ZDI 5260801

Issued to Crossmann Communities, Inc.
21-4505

By Massachusetts Bay Insurance Company

Date of Issue 07-18-00

Countersigned by _____

Authorized Representative of the Company

COMPANY COPY

221-0163 (4-90)

MB 01371



ALLMERICA FINANCIAL*
HANOVER INSURANCE

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

IT IS AGREED THE BLAKET PROPERTY LIMIT IS INCREASED TO REFLECT THE ADDITION OF THE FOLLOWING:

\$ 105,000 ON ONCRETE BLOCK POOL HOUSE & EQUIPMENT LOCATED AT
7640 WILDCAT RUN LANE
INDIANAPOLIS, IN 46239

\$ 165,000 ON SWIMMING POOL AT ABOVE LOCATION.

IT IS AGREED THAT \$ 500,000 OF DRYWALL IS COVERED AT \$ 2500. DEDUCTIBLE WHILE HELD IN
STORAGE AT THE WICKES LOCATION IN FISHERS, INDIANA AT NO ADDITIONAL CHARGE.

Nothing herein contained shall be held to vary, alter, waive or extend any of the terms, conditions, agreements or
limitations of the policy other than as above stated,

(Completion of the following, including countersignature, is required to make this endorsement effective only when it is
issued subsequent to preparation of the Policy.)

Effective 08-08-00

this endorsement forms a part of Policy No. ZDI 5260801

Issued to Crossmann Communities, Inc.

By Massachusetts Bay Insurance Company

Date of Issue 09-30-00

Countersigned by

21-4505

Authorized Representative of the Company

COMPANY

221-0163 (4-90)

MB 01372

If the premium for renewal is to be increased more than 25% of the premium for the preceding policy term for like coverage or risks, "we" will deliver or mail to "you" at the last known address, and to the agent, a notice of the increase, or a bill for the increased premium, at least 75 days before the end of the policy period.

"We" may extend the current policy at the expiring premium to comply with these requirements.

If the premium is not received on or before the due date, the policy will expire and terminate on the due date. Within 15 days "we" will deliver or mail to "you", at the last known address, "our" notice that the policy was not renewed and the date on which the coverage under it ceased.

Proof of delivery or mailing will be sufficient proof of notice.

CL-156. Ed 2.0
Copyright MCMXCVI
American Association of Insurance Services

MB 01373

AMENDATORY ENDORSEMENT TENNESSEE

The cancellation provision of this policy is amended as follows:

- If this policy has been in effect 60 days or more, or if it is a renewal of a policy issued by us effective immediately, we may cancel this policy only if one or more of the following reasons apply:
 - a. Nonpayment of premium, including nonpayment of any additional premiums, calculated in accordance with the current rating manual of the insurer, justified by a physical change in the insured property or a change in its occupancy or use.
 - b. Conviction of the named insured by a crime having as one of its necessary elements an act increasing any hazard insured against.
 - c. Discovery of fraud or material misrepresentation on the part of either of the following:
 - 1) the insured or his representative in obtaining the insurance; or
 - 2) the named insured in pursuing a claim under the policy.
 - d. Failure to comply with written loss control recommendations.
 - e. Material change in the risk which increases the risk of loss after insurance coverage has been issued or renewed.
 - f. Determination by the commissioner that the continuation of the policy would jeopardize our solvency or would place us in violation of the insurance laws of this state or any other state.
 - g. Violation or breach by the insured of any policy terms or conditions.
 - h. Such other reasons that are approved by the commissioner.
- We will give the named insured written notice of cancellation at least 10 days before cancellation is to take effect. Our notice will state the reason for cancellation.
- **Nonrenewal** — If we decide not to renew this policy, we will mail or deliver to the named insured and agent at the address shown in the policy our notice of nonrenewal at least 60 days before the end of the policy period or anniversary date.

AMENDATORY ENDORSEMENT NORTH CAROLINA

The cancellation provision of this policy is amended as follows:

- A. We may cancel this policy or one or more of its parts by mailing or delivering to you a written notice at least 15 days before the cancellation is to take effect. We will also send a notice to any mortgagee, loss payee and agent or broker of record. The notices will be sent to the addresses shown in the policy or, if not indicated in the policy, to the last addresses known to us. The notice must state the precise reason for cancellation.
- B. If the policy has been in effect for 60 days or more, or if it is a renewal policy issued by us effective immediately, we may cancel this policy only on the anniversary date, or if one or more of the following reasons apply:
1. nonpayment of premium in accordance with the policy terms;
 2. an act or omission by the insured or his representative that constitutes material misrepresentation or nondisclosure of a material fact in obtaining the policy, continuing the policy, or presenting a claim under the policy;
 3. 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 risk;
 4. substantial breach of contractual duties, conditions or warranties that materially affect the insurability of the risk;
 5. a fraudulent act against the company by the insured or his representative that materially affects the insurability of the risk;
 6. willful failure by the insured or his representative to institute reasonable loss control measures that materially affect the

insurability of the risk after written notice by the insurer;

7. loss of facultative reinsurance, or loss of or substantial changes in applicable reinsurance as provided in the North Carolina statutes;
8. conviction of the insured of a crime arising out of acts that materially affect the insurability of the risk; or
9. a determination by the Commissioner that the continuation of the policy would place the insurer in violation of the laws of this state.

Nonrenewal – If we decide not to renew this policy, we will mail or give you written notice of nonrenewal at least 45 days prior to the expiration date or anniversary date of the policy. The notice of nonrenewal must state the precise reason for nonrenewal. Notice is not required if you have insured elsewhere, accepted replacement coverage, or have requested or agreed to nonrenewal.

Renewal With Premium or Coverage Changes – If we intend to renew the policy with premium or coverage changes, we will mail or give you the renewal terms and a statement of the premium due at least 45 days prior to the expiration date or anniversary date of the policy.

Notices - Nonrenewal and Renewal With Premium or Coverage Changes – Notices of nonrenewal and renewal with premium or coverage changes will be sent to you and to any mortgagee, loss payee and agent or broker of record at the addresses shown in the policy or, if not indicated in the policy, to the last addresses known to us.

AMENDATORY ENDORSEMENT

SOUTH CAROLINA

The Cancellation condition is deleted and replaced by:

Cancellation and Nonrenewal – You may cancel this policy by returning the policy to us or by giving us written notice and stating at what future date coverage is to stop.

During the first 90 days this policy is in effect, we may cancel for any reason.

If this policy has been in effect 90 days or more, or if it is a renewal of a policy issued by us, we may cancel or not renew only at the anniversary date unless:

- a. the premium has not been paid when due;
- b. the policy was obtained through fraud, material misrepresentation, or omission of fact, which, if known by us, would have caused us not to issue the policy;
- c. there has been a material change or increase in hazard of the risk, except to the extent that we should reasonably have foreseen the change or contemplated the risk in writing the policy;
- d. there have been substantial breaches of contractual duties, conditions, or warranties; or
- e. there has been 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 this state. Prior to cancellation for reasons permitted in this item (e), we must notify the Commissioner, in writing, at least 60 days prior to such cancellation and the Commissioner shall, within 30 days of such notification, approve or disapprove such action.

We will give you notice at least ten days before cancellation is effective, if we cancel this policy for nonpayment of premium. Otherwise, we will give you notice at least 30 days in advance of cancellation or nonrenewal.

The notice will state the precise reasons for cancellation or nonrenewal.

We may cancel this policy by written notice to you at the address shown on the Declarations and to your authorized agent.

Your return premium, if any, will be refunded at the time of cancellation or as soon as practical. Payment or tender of the unearned premium is not a condition of cancellation.

Renewal – If we intend to renew the policy, we will mail or deliver a notice of the renewal terms and a statement of the premium due or estimated premium due to you at least 30 days prior to the expiration date or anniversary date of the policy.

The notice of renewal and premium due statement will be mailed or delivered:

- a. to you at the address shown in the policy, or if not indicated in the policy, to the last address known to us; or
- b. to your authorized agent at least 45 days prior to the expiration date or anniversary date of the policy, along with instructions that your agent give the notice and premium due statement to you at least 30 days prior to the expiration date or anniversary date of the policy.

If we do not provide you with the required notice and premium due statement as described above, you may elect to cancel the policy within the 30 day period following receipt of the notice.

Your return premium, if any, will be calculated on a prorata basis based on the premium applicable to the original policy and not the premium applicable to the renewal policy.

**AMENDATORY ENDORSEMENT
SOUTH CAROLINA**

The Suit Against Us condition is deleted and replaced by:

Suit Against Us -- No suit to recover for a loss may be brought against us unless:

- a. All the terms of this policy have been complied with; and
- b. the suit is brought within three years after the loss.

CL-267 Ed 1.0

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AAIS

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AMENDATORY ENDORSEMENT INDIANA

1. The following addition amends any exclusion, limitation, or other provision relating to "pollutants":

Pollutants -- Any exclusion, limitation, or other provision relating to "pollutants" or any amendment to or replacement of such exclusion, limitation, or other provisions, applies whether or not the imitant or contaminant is used at or in "your" business, operations, premises, site, or location.

2. Under What Must Be Done In Case Of Loss, the following addition amends Notice:

Notice given by "you" or on "your" behalf to "our" authorized agent is considered notice to "us". Sufficient details must be provided to enable "us" to properly identify "you". However, such notice does not change or waive any other "terms" of this policy.

**AMENDATORY ENDORSEMENT
NORTH CAROLINA**

The **Suit Against Us** provision is deleted and replaced with the following:

Suit Against Us – No one may bring a legal action against us under this coverage unless:

1. all of the terms of this coverage have been complied with; and
2. the suit has been brought within three years after you first have knowledge of the loss.

COMMON POLICY CONDITIONS

1. **Assignment** - This policy may not be assigned without our written consent.
2. **Cancellation** - You may cancel this policy by returning the policy to us or by giving us written notice and stating at what future date coverage is to stop.

We may cancel this policy, or one or more of its parts, by written notice sent to you at your last mailing address known to us. If notice of cancellation is mailed, proof of mailing will be sufficient proof of notice.

If we cancel this policy for nonpayment of premium, we will give you notice at least 10 days before the cancellation is effective. If we cancel this policy for any other reason, we will give you notice at least 30 days in advance of cancellation. The notice will state the time that the cancellation is to take effect.

Your return premium, if any, will be calculated according to our rules. It will be refunded to you

with the cancellation notice or within a reasonable time. Payment or tender of the unearned premium is not a condition of cancellation.

3. **Change, Modification, or Waiver of Policy Terms** - A waiver or change of the terms of this policy must be issued by us in writing to be valid.
4. **Inspections** - We have the right, but are not obligated, to inspect your property and operations at any time. This inspection may be made by us or may be made on our behalf. An inspection or its resulting advice or report does not warrant that your property or operations are safe, healthful, or in compliance with laws, rules, or regulations. Inspections or reports are for our benefit only.
5. **Examination of Books and Records** - We may examine and audit your books and records that relate to this policy during the policy period and within three years after the policy has expired.

AMENDATORY ENDORSEMENT

The reference to words that have a special meaning is deleted and replaced by the following:

Refer to Definitions for words and phrases that have special meaning. These words and phrases are shown in quotation marks or bold type.

CM 00 28 06 95
SIGNS 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 F—DEFINITIONS.

A. COVERAGE

We will pay for "loss" to Covered Property from any of the Covered Causes of Loss.

1. COVERED PROPERTY, as used in this Coverage Form, means:

- a. Your signs; and
- b. Similar property of others in your care, custody or control.

2. PROPERTY NOT COVERED

Covered Property does not include 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; leakage from fire extinguishing equipment; sinkhole collapse; volcanic action; breakage of building glass; falling objects; weight of snow, ice or sleet; water damage; 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 materials or methods in construction, remodeling or renovating if the collapse occurs during the course of the construction, remodeling or renovating.

This Additional Coverage does not increase the Limits of Insurance provided in this Coverage Form.

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 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" caused by or resulting from acts of destruction ordered by governmental authority and taken at the time of a fire to prevent its spread if the fire would be covered under this Coverage Form.

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. Delay, loss of use, loss of market or any other consequential loss.

b. Breakage during transportation, or breakage during installation, repairing or dismantling.

But we do insure against such "loss" caused directly by fire, lightning, or by accident to the vehicle carrying the property if these causes of "loss" would be covered under this Coverage Form.

(over)

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CI 171
(6-95)

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ROA 2085

- c. Dishonest or criminal act committed by:
- (1) You, any of your partners, employees, directors, trustees, or authorized representatives;
 - (2) Anyone else with an interest in the property, or their employees or authorized representatives; or
 - (3) Anyone else to whom the property is entrusted for any purpose.

This exclusion applies whether or not such:

- (1) Persons are acting alone or in collusion with other persons; or
- (2) Acts occur during the hours of employment.

This exclusion does not apply to:

- (1) Covered Property that is entrusted to others who are carriers for hire; or
- (2) Acts of destruction by your employees. But theft by employees is not covered.

- d. Artificially generated current creating a short circuit or other electric disturbance within an article covered under this Coverage Form. But we will pay for direct "loss" caused by resulting fire if the fire would be covered under this Coverage Form.

This exclusion only applies to "loss" to that article in which the disturbance occurs.

- e. 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.
 - f. 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 contribute in any way with a cause or event excluded in paragraph 1. above to produce the "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.

- e. Wear and tear, any quality in the property that causes it to damage or destroy itself, hidden or latent defect, gradual deterioration; mechanical breakdown; dampness, cold or heat.

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. COINSURANCE

All Covered Property, except property in transit, must be insured for its total value as of the time of "loss" or 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." This penalty will not apply to property in transit.

F. DEFINITIONS

"Loss" means accidental loss or damage.



ALLMERICA FINANCIAL®
HANOVER INSURANCE

INLAND MARINE BRIDGE ENDORSEMENT
(For use when the Commercial Inland Marine Coverage
Part is included in a Commercial Lines Policy)

This endorsement modifies insurance under the forms included in the Commercial Inland Marine Coverage Part and creates a "bridge" of clarification between the Commercial Inland Marine Coverage Part and the Commercial Lines Policy of which it is a part.

The terms and conditions of each form are changed as follows:

1. Whenever the term "policy" is used in any form or in any related endorsement or declarations, it is changed to "coverage part".
2. The following words have the same meaning:
 - a. "You" and "your" refer to the Named Insured shown in the Declarations.
 - b. "We," "us" and "our", refer to the Company providing this insurance.
3. If and whenever the term "peril" is used in any form, related endorsement, or declarations, the term "peril" is changed to "Cause of Loss".
4. Unless we change any term or condition by endorsement, the following provisions apply to each form and any related endorsement or declarations:
 - a. If included in this coverage Part, all conditions of the Commercial Inland Marine Conditions, Inland Marine General Terms and the Common Policy Conditions:
 - i. Apply; and
 - ii. Replace any similar condition in each form.
 - b. All other terms and conditions of each form remain unchanged.

441-0020 (1-94)

MB 01384



ALLMERICA FINANCIAL[®]
HANOVER INSURANCE

CI 226
(11-85)

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

NORTH CAROLINA CHANGES

This endorsement modifies insurance provided under the following:

COMMERCIAL INLAND MARINE COVERAGE PART

A. WARRANTIES

Wherever the words "warrants" "warranties", "warranted", or "warranty" appear in this Coverage Part, you and we agree that they are representations.

B. PROTECTIVE SAFEGUARDS

The Protective Safeguards Additional Condition is replaced by the following:

You must maintain the protective safeguards stated by you to be in effect at a location when this coverage began.

You must notify us immediately when you fail to keep the protective safeguards:

1. In working condition at a location; and

2. In operation when you are closed to business.

- C. Commercial Inland Marine General Condition B. Legal Action Against Us is replaced by the following:

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 3 years after you first have knowledge of the "loss".

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ROA 2088

ALLAMERICA /  FINANCIAL

CITIZENS INSURANCE
HANNOVER INSURANCE

"THIS IS A CERTIFIED COPY OF THE ORIGINAL POLICY"

COMMERCIAL LINES UNDERWRITING

MARGUERITTE WAY

Margueritte Way

SIGNATURE



Citizens Insurance Company of America, 645 West Grand River, Howell, MI 48847, Phone 517-546-2160, Fax 517-546-1667
The Hannover Insurance Company, 100 North Ridgway, Worcester, MA 01605-1396, Phone 508-853-7200, Fax 508-856-9092

The Hanover Insurance Company
COMMERCIAL LINES POLICY
COMMON DECLARATIONS

Customer No.

UPPER
Type
& Made

Reins.
Applies

\$ re. Comm.

Ann.
Code

Audit
Freq.

☐ The Hanover Insurance Company

☒ Massachusetts Bay Insurance Company

☐ Citizens Insurance Company of America

Coverage is Provided in the Company designated by ☒ above.

Renewal Num

POLICY NUMBER

FROM POLICY PERIOD TO

AGENCY CODE

5260801

08-28-98

08-28-99

AT 12:01 AM STANDARD TIME AT YOUR
MAILING ADDRESS SHOWN BELOW.

21-4505

NAMED INSURED AND MAILING ADDRESS

AGENT

(No., Street, Town or City, County, State, Zip Code)

CROSSMANN COMMUNITIES, INC (SEE 221-0163)
9202 N MERIDIAN ST, STE 300
INDIANAPOLIS, IN 46260

M.B.A.H. INS
PO BOX 5609
LAFAYETTE, IN 47903

DESCRIPTION OF BUSINESS

Form of Business:

☐ Individual ☐ Joint Venture ☐ Partnership ☒ Organization (Other than Partnership or Joint Venture)

Business Description: GENERAL CONTRACTOR

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. THIS POLICY CONSISTS OF THE FOLLOWING COVERAGE PART(S) FOR WHICH A PREMIUM IS INDICATED. THIS PREMIUM MAY BE SUBJECT TO ADJUSTMENT.

PREMIUM



Commercial Property Coverage Part \$ 4,890



Commercial General Liability Coverage Part \$ 125,650



Commercial Crime Coverage Part \$ 1,495



Commercial Inland Marine Coverage Part \$ 147,446



Boiler and Machinery Coverage Part \$ NOT COVERED



Commercial Auto Coverage Part \$ NOT COVERED

PREMIUM* KY TPB \$61.74

KY MIDV TAX \$230

☐ Prepaid - The total annual premium of \$ is due at inception

☐ Annual installments - \$ due at inception, and \$ due at each anniversary*

☒ Manocash - The annual premium of \$279,785.76* is payable according to the terms of the Manocash endorsement attached.

* (i) (ii) anniversary adjustment of rates is waived

DIRECT BILL:

☐ PREPAID

☐ 4-PAY

☐ 8-PAY

Audit Period: Non-Auditable Unless Indicated By ☒ Annual ☐ Semi-Annual ☐ Quarterly ☐ Monthly ☐ Other:

Form(s) and Endorsement(s) applicable to all Coverage Part(s) and made a part of this policy at time of issue:

IL 00 17(11-85), 401-0023(04-90), 401-0024(11-05), 221-4708(05-93), IL7003(04-87),
IL0272(04-89), 221-0163(04-90), IL0244(OH), IL0263(KY), IL0250(TN), IL0249(SO),
IL0269(KC), IL0158(04-98) (IW)

SIC: 1521 11-19-98 RG

Countersigned:

By

Authorized Representative

THESE DECLARATIONS TOGETHER WITH THE COMMON POLICY CONDITIONS, COVERAGE PART COVERAGE FORM(S) AND FORMS AND ENDORSEMENTS, IF ANY, ISSUED TO FORM A PART THEREOF, COMPLETE THE ABOVE-NUMBERED POLICY.

FORM 401-0023 (4/90)

COMPANY - UNDERWRITING OFFICE

(IL 00)

MB 01088

ROA 2090

HANOCASH

ALLMENT PAYMENT OF PREMIUM

ENDORSEMENT

PAY MODE N		AMOUNTS DUE AS OF INCEPTION ANNIVERSARY OR PRIOR TO ENDORSEMENT		CHANGES CAUSED BY ENDORSEMENT		REVISED AMOUNTS DUE		TOTAL PAYMENT DUE
PAYMENT NUMBER	DUE DATE	PREMIUM PAYMENT	HANOCASH CHARGE	PREMIUM PAYMENT	HANOCASH CHARGE	PREMIUM PAYMENT	HANOCASH CHARGE	
1	KY IPS 08-29-98	61.76 69,931						61.76 69,931
2	11-29-98	69,931						69,931
3	02-28-99	69,931						69,931
4	05-29-99	69,931						69,931
5								
6								
7								
8								
9								
10								
11								
12								
TOTAL		279,785.76						279,785.76

* Parenthesis indicate a reduction in payment, service charge and/or a return premium.

Nothing herein contained shall be held to vary, alter, waive or extend any of the terms, conditions, agreements or limitations of the Policy other than as stated above.

[Completion of the following, including countersignature, is required to make this endorsement effective only when it is issued subsequent to preparation of the Policy.]

Effective 08-29-98 this endorsement forms a part of the Policy No. ZDI 5260801

Issued to _____

By _____

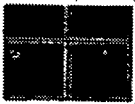
Date of Issue _____ Countersigned by _____
Authorized Representative of the Company

FORM 221-4708 5/93

HANOVER
INSURANCE

MB 01089

ROA 2091



**HANOVER
INSURANCE**

COMMERCIAL LINES POLICY

SCHEDULE OF LOCATIONS

NEW

Renewal of Number

POLICY NUMBER		FROM		POLICY PERIOD		TO		AGENCY CODE	
ZDI 5260801		08-29-98		08-29-99		AT 12:01 AM STANDARD TIME AT YOUR MAILING ADDRESS SHOWN ON THE COMMON DECLARATIONS		4505	

PREM. NO.	BLDG. NO.	LOCATION
1	1	BLANKET PER SCHEDULE ON FILE WITH THE COMPANY

FORM 401-0024(11-85)

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

We have the right but are not obligated to:

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

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

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

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

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.

MB 01092

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

CANCELLATION REFUND

This endorsement modifies the following.

COMMON POLICY CONDITIONS

Under A. CANCELLATION, THE FOLLOWING IS ADDED TO 5.

"The refund shall be rounded to the nearest whole dollar. A refund of fifty cents (\$.50) or more shall be rounded to the next higher whole dollar."

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
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;
- (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;

(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.

MB 01094

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 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 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.

MB 01096

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.

MB 01097

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.

MB 01098

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
EMPLOYMENT-RELATED PRACTICES LIABILITY 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 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.

MB 01099

- 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.

MB 01100

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

MB 01101

- 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.

MB 01102

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
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), 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

MB 01103

- (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.

MB 01104

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.

MB 01105



HANOVER
INSURANCE

COMMERCIAL PROPERTY COVERAGE PART

DECLARATIONS

[] Supplemental Declarations is attached.

NEW

Renewal of Number

POLICY NUMBER		PERIOD		TO	AT 12:01 AM STANDARD TIME AT YOUR MAILING ADDRESS SHOWN ON THE COMMON DECLARATIONS		21-4505
ZDI 5260801	08-29-88	08-29-88					

DESCRIPTION OF PREMISES

PREM. NO.	BLDG. NO.	LOCATION
		SEE FORM 401-0024(1185)

COVERAGES PROVIDED-INSURANCE AT THE DESCRIBED PREMISES APPLIES ONLY FOR COVERAGES FOR WHICH A LIMIT OF INSURANCE IS SHOWN.

PREM. NO.	BLDG. NO.	COVERAGE	LIMIT OF INSURANCE	COVERED CAUSES OF LOSS	COINSURANCE	RATES
1	1	BLANKET BUILDINGS & PERSONAL PROPERTY	1,716,000	SPECIAL	80%	INCL
1	1	MORTGAGE HOLDERS ERRORS & OMISSIONS	300,000	DOES NOT APPLY	80%	INCL

OPTIONAL COVERAGES-APPLIC. ONLY WHEN ENTRIES ARE MADE IN THE SCHEDULE BELOW

**EXTRA EXPENSE COVERAGE, LIMITS ON LOSS PAYMENT

AGREED VALUE

REPLACEMENT COST (X)

PREM. NO.	BLDG. NO.	EXPIRATION DATE	COVERAGES	AMOUNT	BLDG.	PERS. PROP.	INCLUDING "STOCK"
1	1	08-29-88	BLANKET BUILDINGS & PERSONAL PROPERTY	1,716,000	X	X	

INFLATION GUARD (Percentage)

**MONTHLY LIMIT OF
INDEMNITY (Fraction)

**MAXIMUM PERIOD
OF INDEMNITY (X)

**EXTENDED PERIOD
OF INDEMNITY (Days)

PREM. NO.	BLDG. NO.	BUILDING	PERS. PROP.

MORTGAGE HOLDER(S)

**APPLIES TO BUSINESS INCOME ONLY

PREM. NO.	BLDG. NO.	MORTGAGE HOLDER NAME AND MAILING ADDRESS

DEDUCTIBLE

\$250 EXCEPTIONS: 1,000

FORMS AND ENDORSEMENTS APPLYING TO THIS COVERAGE PART AND MADE PART OF THIS POLICY AT TIME OF ISSUE:

APPLICABLE TO ALL COVERAGES: CP 00 90(07-88), 411-0001(03-88), CP7003(01-88), 411-0003, CP0010(08-95), CP1030(08-95), CP0118(NC), 411-0078(07-97)

APPLICABLE TO SPECIFIC PREMISES/COVERAGES	PREM. NO.	BLDG. NO.	COVERAGES

TOTAL PREMIUM FOR THIS COVERAGE PART: \$ 4,880

INCLUDES COPYRIGHTED MATERIAL OF INSURANCE SERVICES OFFICE, INC., WITH ITS PERMISSION, COPYRIGHT, INSURANCE SERVICES OFFICE, INC., 1983, 1984

THESE DECLARATIONS AND THE COMMON POLICY DECLARATIONS, IF APPLICABLE, TOGETHER WITH THE COMMON POLICY CONDITIONS, COVERAGE FORM(S) AND FORMS AND ENDORSEMENTS, IF ANY, ISSUED TO FORM A PART THEREOF, COMPLETE THE ABOVE NUMBERED POLICY.
FORM 411-0001 (3/88)

MB 01106

ROA 2107

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.

MB 01107

**I. TRANSFER OF RIGHTS OF RECOVERY
AGAINST OTHERS TO US**

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

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

This will not restrict your insurance.

MB 01108

QUICK REFERENCE

COMMERCIAL PROPERTY COVERAGE PART

READ YOUR POLICY CAREFULLY

The Commercial Property Part in your policy consists of Common Policy Conditions, Declarations, Coverage Form(s), Commercial Property Conditions, and Endorsements. Following is a Quick Reference indexing of the principal provisions contained in each of the components making up the Coverage Part.

COMMON POLICY CONDITIONS (IL0017)

- Cancellation
- Changes
- Examination of Your Books and Records
- Inspections and Surveys
- Premiums
- Transfer of Your Rights and Duties under this Policy

DECLARATION FORM(S) (CP7000 and CP7001 or CP-1 and CP-2)

- Named Insured and Mailing Address
- Policy Period
- Description of Business and Location of Premises
- Coverages Provided
- Limits of Insurance
- Mortgage Holders
- Deductible
- Forms and Endorsements applying to the Coverage Part at the time Issue

COVERAGE FORMS (ONE OR MORE MAY APPLY)

BUILDING AND PERSONAL PROPERTY COVERAGE FORM (CP0010)

- A. Coverage
- B. Exclusions
- C. Limit of Insurance
- D. Deductible
- E. Loss Conditions
- F. Additional Conditions
- G. Optional Coverages
- H. Definitions

BUSINESS INCOME COVERAGE FORM (CP0030)

- A. Coverage
- B. Exclusions
- C. Limits of Insurance
- D. Loss Conditions
- E. Additional Conditions
- F. Optional Coverages
- G. Definitions

GLASS COVERAGE FORM (CP0015)

BUILDERS RISK COVERAGE FORM (CP0020)

CONDOMINIUM ASSOCIATION COVERAGE FORM (CP0017)

CONDOMINIUM UNIT-OWNERS COVERAGE FORM (CP0018)

EXTRA EXPENSE COVERAGE FORM (CP0050)

LEASEHOLD INTEREST COVERAGE FORM (CP0060)

CAUSES OF LOSS (CP1010, CP1020, OR CP1030)

- A. Covered Causes of Loss

- C. Limitations (CP1030 only)
- D. Additional Coverage (CP1030 only)

COMMERCIAL PROPERTY CONDITIONS (CP0090)

- A. Concealment, Misrepresentation and Fraud
- B. Control
- C. Insurance Under Two or More Coverages
- D. Legal Action Against Us
- E. Liberalization
- F. No Benefit to Bailee
- G. Other Insurance
- H. Policy Period, Coverage Territory
- I. Transfer of Rights of Recovery Against Others to Us

ENDORSEMENTS (IF ANY)



POLICY NUMBER:

COMMERCIAL PROPERTY

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY

HANO GUARD

This endorsement modifies building coverage provided under the following:

Building and Personal Property Coverage Form
Condominium Association Coverage Form

Where the declarations page indicates HANO GUARD, OPTIONAL COVERAGES 1. and 2. apply to covered building(s):

1. **AGREED VALUE** — paragraphs b. and c. are deleted and replaced by the following:

b. We will adjust the AGREED VALUE on each anniversary or renewal of this policy. The adjustment amount will be based on changes in the cost of construction during the preceding policy year.

c. Adjusted values may result in a change in premium due. If you accept the adjusted AGREED VALUE:

- 1) you agree to pay an additional premium; or
- 2) we agree to refund any excess premium.

d. **ADDITIONAL CONDITIONS, COINSURANCE**, will apply it

- 1) you do not accept the adjusted AGREED VALUE; or
- 2) you do not inform us of changes to covered buildings:
 - a) within sixty (60) days of the date construction begins; and

b) when the replacement value of the construction is more than 5% of the AGREED VALUE of the building being changed.

2. **INFLATION GUARD** — replaced by the following

a. We will pay the actual cash value of the damaged portion of the building at the time of loss, but not more than 11 5% of the AGREED VALUE if:

- 1) the amount of any loss covered by this endorsement exceeds the AGREED VALUE stated in the declarations for the damaged building; and
- 2) the actual repair or replacement is completed within one year of the date of the loss.

b. This optional coverage is void if you do not meet all the conditions for AGREED VALUE, above.

OPTIONAL COVERAGE 3. (below) applies to covered building only when the Replacement Cost option on the declarations page indicates HANO GUARD.

3. **REPLACEMENT COST** — paragraph a. is deleted and replaced as follows:

a. Replacement Cost (without deduction for depreciation) replaces Actual Cash Value in the LOSS CONDITION, VALUATION, of this coverage form and where it appears in this HANO GUARD endorsement.

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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- (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

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2. Debris Removal; but 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% limitation in the Debris Removal Additional Coverage;

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

D. DEDUCTIBLE

We will not pay for loss or damage in any one occurrence until the amount of loss or damage exceeds the Deductible shown in the Declarations. We will then pay the amount of loss or damage in excess of the Deductible, up to the applicable Limit of Insurance, after any deduction required by the Coinsurance condition or the Agreed Value Optional Coverage.

When the occurrence involves loss to more than one item of Covered Property and more than one Limit of Insurance applies, the Deductible will reduce the total amount of loss payable if loss to at least one item is less than the sum of (1) the Limit of Insurance applicable to that item plus (2) the Deductible.

Example No. 1:

(This example assumes there is no coinsurance penalty.)

Deductible:	\$250
Limit of Insurance – Bldg. 1:	\$60,000
Limit of Insurance – Bldg. 2:	\$80,000
Loss to Bldg. 1:	\$60,100
Loss to Bldg. 2:	\$90,000

The amount of loss to Bldg. 1 (\$60,100) is less than the sum (\$60,250) of the Limit of Insurance applicable to Bldg. 1 plus the Deductible.

The Deductible will be subtracted from the amount of loss in calculating the loss payable for Bldg. 1:

\$60,100
– 250
\$59,850 Loss Payable – Bldg. 1

The Deductible applies once per occurrence and therefore is not subtracted in determining the amount of loss payable for Bldg. 2. Loss payable for Bldg. 2 is the Limit of Insurance of \$80,000.

Total amount of loss payable: $\$59,850 + \$80,000 = \$139,850$

Example No. 2:

(This example, too, assumes there is no coinsurance penalty.)

The Deductible and Limits of Insurance are the same as those in Example No. 1.

Loss to Bldg. 1:	\$70,000 (exceeds Limit of Insurance plus Deductible)
Loss to Bldg. 2:	\$90,000 (exceeds Limit of Insurance plus Deductible)
Loss Payable – Bldg. 1:	\$60,000 (Limit of Insurance)
Loss Payable – Bldg. 2:	\$80,000 (Limit of Insurance)

Total amount of loss payable: \$140,000

E. LOSS CONDITIONS

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

1. Abandonment

There can be no abandonment of any property to us.

2. Appraisal

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

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

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

3. Duties In The Event Of Loss Or Damage

- a. You must see that the following are done in the event of loss or damage to Covered Property:
 - (1) Notify the police if a law may have been broken.

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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.

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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.

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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): $\$180,000 \div \$225,000 = .80$

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 nonpayment of premium; or
- (2) 30 days before the effective date of cancellation if we cancel for any other reason.

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- 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

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

2. Inflation Guard

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

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:
 - (1) Personal property of others;
 - (2) Contents of a residence;
 - (3) Manuscripts;
 - (4) Works of art, antiques or rare articles, including etchings, pictures, statuary, marbles, bronzes, porcelains and bric-a-brac; or
 - (5) "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:
 - (1) Until the lost or damaged property is actually repaired or replaced; and
 - (2) Unless the repairs or replacement are made as soon as reasonably possible after the loss or damage.

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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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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.

MB 01123

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.

MB 01124

- 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.

MB 01125

- (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.

MB 01126

- 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.

MB 01127

- 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.

MB 01128

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.

MB 01129

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.

MB 01130



PROPERTY SPECIAL BROADENING ENDORSEMENT

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

This endorsement modifies insurance provided under the following:

BUILDING AND PERSONAL PROPERTY COVERAGE FORM - CP 0010
CAUSES OF LOSS - SPECIAL FORM - CP 1030

Refer to SECTION VI - DEFINITIONS of this form for additional words or phrases with special meaning.

I. COVERAGE

A. Scheduled Coverages

<u>Schedule</u>	<u>Limit of Insurance</u>	<u>Page</u>
1. Debris Removal	\$ 25,000	3
2. Pollutant Clean-Up	\$ 25,000	3
3. Arson Reward	\$ 30,000	4
4. Newly Acquired or Constructed Property		
Buildings	\$1,000,000	4
Personal Property	\$ 500,000	4
5. Property Off-Premises	\$ 100,000	4
6. Worldwide Property Off-Premises	\$ 45,000	5
7. Salesperson Samples	\$ 25,000	5
8. Exhibitions	\$ 50,000	5
9. Property In Transit	\$ 50,000	5
10. Depositors Forgery	\$ 25,000	6
11. Employee Dishonesty Including Welfare and Pension Plan ERISA Compliance		
	\$ 50,000	6
12. Money and Securities	\$ 25,000	8
13. Foundations and Underground Pipes	\$ 250,000	8
14. Tenant Glass	\$ 10,000	9
15. Ordinance or Law Coverage	\$ 50,000	9
16. Newly Acquired Locations Increased Limits for Business Income and Extra Expenses		
	\$ 250,000	10
17. Contractual Penalties	\$ 25,000	11
18. Dependent Properties	\$ 100,000	11
19. Utility Services	\$ 25,000	11
20. Transit Business Income and Extra Expense		
	\$ 100,000	12
21. Contingent Transit Business Income and Extra Expense		
	\$ 100,000	12
22. Change in Temperature, Electrical Injury, Utility Services and Contamination by Refrigerant		
	\$ 50,000	12
23. Water Damage, Other Liquids, Powder or Molten Material Damage		
	\$ 25,000	12
24. Underground Water Seepage	\$ 10,000	13

MB 01131

B. Blanket Limit of Insurance**\$250,000**

The Blanket Limit of Insurance shown above applies to all Coverages shown in Section III, B. of this Endorsement. The Blanket Limit of Insurance applies separately to each covered premises shown in the declarations and is subject to the Deductible (Section II. of this endorsement). This Blanket Limit of Insurance does not apply to premises shown in the Commercial Property Coverage Part Declarations as Any Other Location. At the time of loss, you may elect to apportion this Blanket Limit of Insurance to one or any combination of the Coverages shown, but under no circumstance will the aggregate apportionment be permitted to exceed the Blanket Limit of insurance shown above at any one covered premises.

Coverage included within this Blanket Limit of Insurance:

ACCOUNTS RECEIVABLE
CLAIMS EXPENSES
FINE ARTS
MOVEMENT OF PROPERTY
PERSONAL EFFECTS AND PROPERTY
OF OTHERS

BUSINESS INCOME AND EXTRA EXPENSE
COMPUTER AND COMPUTERIZED EQUIPMENT
FIRE DEPARTMENT SERVICE CHARGES
OUTDOOR PROPERTY
VALUABLE PAPERS AND RECORDS - COST
OF RESEARCH

C. Coverage Extensions

PRESERVATION OF PROPERTY
MARRING AND SCRATCHING
CONSEQUENTIAL LOSS TO STOCK

THEFT DAMAGE TO BUILDING
BRANDS AND LABELS
FIRE PROTECTION EQUIPMENT
RECHARGE

MB 01132

II. DEDUCTIBLE

Each loss shall be adjusted separately, and from the amount of such adjusted loss, the sum of \$500 shall be deducted for all coverage listed under Section I. **COVERAGE.**

III. COVERED PROPERTY

A. Scheduled Coverages

If more than one coverage under this form applies to property that has been damaged from one "occurrence", you may choose only one of these coverages to apply to that loss. The most we will pay in this case is the largest of the limits that would be applicable.

1. Debris Removal (Section A.4.a. of CP 0010) is replaced by the following:

- a) 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.
- b) The most we will pay under this Additional Coverage is 25% of:
 - 1) The amount we pay for the direct physical loss of or damage to Covered Property; plus
 - 2) The deductible in this policy applicable to that loss or damage.

Payments under this Additional Coverage will not increase the applicable Limit of Insurance. But this limitation does not apply to any additional debris removal limit provided below.

- c) If:
 - 1) The sum of direct physical loss or damage and debris removal expense exceeds the Limit of Insurance, or
 - 2) The debris removal expense exceeds the amount payable

under the 25% limitation above.

We will pay up to an additional \$25,000 for each location in any one "occurrence" under the Debris Removal Additional Coverage. This coverage is an additional amount of insurance.

- d) No part of this Additional Coverage applies to costs to:
 - 1) Extract "pollutants" from land or water; or
 - 2) Remove, restore or replace polluted land or water.

- e) We will also pay up to \$1,000 for the costs you incur at each premises to remove debris of outdoor trees, shrubs or plants that are blown onto your premises by wind.

2. Pollution Clean Up and Removal (Section A.4.d. of CP 00 10) is replaced by the following:

We will pay your expense to extract "pollutants" from land or water at the described premises if the discharge, dispersal, seepage, leakage, 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 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.

MB 01133

The most we will pay under this Additional Coverage for each described premises is \$25,000 for the sum of all covered expenses arising out of Covered Causes of Loss occurring during each separate 12 month period of this policy. This coverage is an additional amount of insurance.

3. Arson Reward

In the event that a covered fire loss was the result of an act of arson, we will reimburse you up to \$30,000 for rewards you pay for information leading to convictions for that act of arson.

Arson Reward Condition -
Coinsurance and Deductible do not apply to this Additional Coverage. This coverage is not an additional amount of insurance.

4. Newly Acquired or Constructed Property (Section A.5.a. of CP 00 10) is replaced by the following:

- a) You may extend the insurance that applies to Building to apply to:
 - 1) Your new buildings while being built on the described premises; and
 - 2) Buildings you acquire at locations, other than the described premises, intended for:
 - a.- similar use as the building described in the Declarations; or
 - b.- use as a warehouse.

The most we will pay for loss or damage under this Coverage Extension is the Limit of Insurance for Building shown in the Declarations but not more than \$1,000,000 at each building.

- b) 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 Coverage Extension is the limit of Insurance for Your Business Personal Property shown in the Declarations, but not more than \$500,000 at each building.

- c) Insurance under this Extension for each newly acquired or constructed property will end when any of the following first occurs:
 - 1) this policy expires,
 - 2) 90 days expire after you acquire or begin to construct the property; or
 - 3) you report values to us.

We will charge you additional premium for values reported from the date construction begins or you acquire the property. Payment under this Coverage Extension is included within the applicable Limit of Insurance.

5. Property Off-Premises (Section A.5.d. of CP 00 10) is replaced by the following:

You may extend the insurance that applies to Your Business Personal Property to apply to Property Off-Premises, other than "stock," that is temporarily at a location you do not own, lease or operate.

This coverage extension applies to "stock" while at:

- a) temporary storage locations;
- b) processing locations; and
- c) installation sites.

Coverage at installation sites ends when the property is installed and tested, whether or not it has become fully operational or accepted by the

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owner.

This Coverage Extension does not apply to Covered Property:

- a) In the care custody or control of your salesperson; or
- b) At any fair or exhibition; or
- c) At newly acquired premises; or
- d) Damaged by installation or testing.

The most we will pay for loss or damage under this Coverage is \$100,000. This coverage is an additional amount of insurance.

6. Worldwide Property Off Premises

You may extend the insurance that applies to Your Business Personal Property and Business Personal Property of Others to apply to that property when it is temporarily outside the coverage territory, while "in transit" or on airborne transportation carriers, for the purpose of exhibition, service or repair.

The most we will pay for loss under this Coverage Extension is \$45,000. This coverage is an additional amount of insurance.

7. Salesperson Samples

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

- a) Samples of your "stock" in trade (including containers), while off the described premises; and
- b) Similar business property of others; when in the custody of your sales representatives, or agents (exclusively for your benefit), or yourself while acting as a sales representative, while off the described premises; or while "in transit" between your premises and your sales representatives.

The most we will pay for loss or damage under this Coverage is

\$25,000 for property in the custody of any one sales person. Our payment for loss of or damage to property of others will only be for the account of the owner of the property. "B.

EXCLUSIONS 1.e.; 2.a. and 2.d.(4), (5) & (6) of CP 10 30" do not apply to this Coverage. This coverage is an additional amount of insurance.

8. Exhibitions

You may extend the insurance that applies to Your Business Personal Property, including property of others that is in your care, custody or control, or for which you have accepted responsibility, to apply to that property while temporarily on display to the public at premises you do not regularly occupy.

The most we will pay for loss of damage under this Coverage is \$50,000 at any one exhibition. Our payment for loss of or damage to property of others will only be for the account of the owner of the property. "B. EXCLUSIONS 1.e., 2.a. and 2.d.(5) of CP 10 30" do not apply to this Coverage. This coverage is an additional amount of insurance.

9. Property In Transit (Section E.1 of CP 10 30) is replaced by the following:

You may extend the insurance that applies to your Business Personal Property to shipments of such property while "in transit" more than 100 feet from the described premises at your risk, by motor vehicle, rail car or aircraft, between points within the coverage territory. This includes property you have sold when your responsibility continues until the property is delivered.

- a) This coverage also applies to:
 - 1) The necessary additional expenses that you incur to inspect, repackage and reship undamaged Covered property when the shipment is damaged as a result of a

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Covered Cause of Loss.

2) FOB Shipments

Outgoing shipments where the risk of loss or damage is transferred to the buyer when such property leaves your premises. You must use all reasonable means to collect the amount due you from the buyer before making a claim under the Property in Transit Additional Coverage Extension.

We will not make payment under this Property In Transit Additional Coverage Extension until you grant us the right of recovery against the buyer.

3) Shipments during loading or unloading and within 100 feet of any transporting conveyance.

- 4) Outgoing shipments which have been rejected by the consignee or are not deliverable while:**
- a) In due course of transit, being returned to you; or
 - b) Up to 30 days after delivery or attempted delivery awaiting return to you.

b) Under this Property in Transit Additional Coverage Extension, we will not pay for:

- 1) Property in the care, custody or control of your salesperson.
- 2) Mail shipments in the custody of the US Postal Service; or
- 3) Property of others for which you are responsible as a carrier for hire or car loader, consolidator, broker, freight forwarder, shipping association, or other arranger of transportation.

c) We will not pay for loss or damage if you impair our rights to recover from any carrier for hire. But you may accept from carriers for hire bills of lading, receipts or contracts of transportation which contain a limitation of value.

- d) The most we will pay under this Property in Transit Additional Coverage Extension is \$50,000 for all loss or damage to property in any one conveyance. Our payment for loss of or damage to property of others will be for the account of the owner of the property.**

This Coverage is additional insurance. The "Additional Condition, Coinsurance and B. EXCLUSIONS 2.a., 2.d.(4), (6), (7)(a) & (b) and 2.1. of CP 10 30" do not apply to this Coverage.

10. Depositors Forgery

You may extend the insurance that applies to Your Business Personal Property to apply to loss you sustain because a written promise or order to pay "money" is forged or altered.

We will pay for this loss whether the promise or order is:

- a) Made by you;
- b) Drawn upon by you; or
- c) Made or drawn by an agent of yours.

The most we will pay for loss in any one "occurrence" of Depositors Forgery under this Coverage Extension is \$25,000. This coverage is an additional amount of insurance.

11. Employee Dishonesty

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

- a) Loss or damage to any property, other than contraband or property in the course of illegal transportation or trade, resulting from 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

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- (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) We will not pay for loss or damage:
 - 1) Resulting from any dishonest or criminal act that you or any of your partners commit whether acting alone or in collusion with any other persons.
 - 2) The only proof of which as to its existence or amount is:
 - a. - an inventory computation; or
 - b. - a profit and loss computation.
 - c) All loss or damage:
 - 1) Caused by one or more person; or
 - 2) Involving a single act or series of related acts; is considered one "occurrence".
 - d) We will pay only for loss or damage you sustain through acts committed or events occurring during the Policy Period. Regardless of the number of years this policy remains in force or the number of premiums paid, no Limit of Insurance cumulates from year to year or period to period.
 - e) This coverage does not apply to any "employee" immediately upon discovery by:
 - 1) You; or
 - 2) Any of your partners, officers or directors not in collusion with the "employee";
 of any dishonest act committed by that "employee" before or after being hired by you.
 - f) We will pay only for covered loss or damage discovered no later than one year from the end of the Policy Period.
 - g) If you (or any predecessor in interest) sustained loss or damage during the period of any prior insurance that you could have recovered under that insurance except that the time within which to discover loss or damage had expired, we will pay for it under this coverage, provided:
 - 1) This coverage became effective at the time of cancellation or termination of the prior insurance; and
 - 2) The loss of damage would have been covered by this coverage had it been in effect when the acts or events causing the loss or damage were committed or occurred.
 - h) The insurance under paragraph g) above is part of, not in addition to, the Limit of Insurance applying to this Coverage and is limited to the lesser of the amount recoverable under:
 - 1) This coverage as of its effective date; or
 - 2) The prior insurance had it remained in effect.
 - i) You may extend this coverage to apply to loss caused by any "employee" while temporarily outside the Coverage Territory for a period of not more than 90 days.

The most we will pay for loss in any one "occurrence" of Employee Dishonesty under this Coverage is \$50,000. "B. Exclusion 2.h. of CP 10 30" does not apply to this Coverage. This coverage is an additional amount of insurance.

Welfare and Pension Plan ERISA

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Compliance

In compliance with certain provisions of the Employee Retirement Income Security Act (ERISA):

- a) "Employee" also includes any natural person who is:
 - 1) a trustee, an officer, administrator or a manager, except an administrator or a manager who is an independent contractor, of any Employee Welfare or Pension Benefit Plan (hereinafter called Plan) insured under this insurance, and
 - 2) your director or trustee while the pension is handling funds or other property of any Plan insured under this insurance.
- b) If any Plan is insured with any other entity under this insurance, you or the Plan Administrator must select a Limit of Insurance for the **EMPLOYEE DISHONESTY** coverage that is sufficient to provide an amount of insurance for each Plan that is at least equal to that required if each Plan were separately insured.
- c) If the Insured first named in the Declarations is an entity other than a Plan, any payment we make to that Insured for loss sustained by any Plan will be held by the Insured for the use and benefit of the Plan(s) sustaining loss.
- d) If two or more Plans are insured under this insurance, any payments we make for loss:
 - 1) sustained by two of more Plans or
 - 2) of commingled funds or other property of two or more Plans that arises out of one "occurrence", is to be shared by each Plan sustaining loss in the proportion that the amount of insurance required for each such Plan under ERISA provisions bears to the total of those amounts.
- e) The Deductible Condition, section II.

does not apply to the Welfare and Pension Plan ERISA Compliance.

12. Money and Securities

You may extend the Insurance that applies to Your Business Personal Property to apply to loss of your "money" and "securities" resulting directly from "theft", disappearance or destruction while:

- a) Inside your premises;
- b) Inside the premises of a banking institution or similar safe depository; or
- c) Outside your premises in the custody of:
 - 1) A "messenger"; or
 - 2) An armored motor vehicle company.

The most we will pay for loss under this Coverage is \$25,000. "B. EXCLUSIONS 1.e., 2.a., 2.d.(1), (4), (5) and (6) of CP 10 30" do not apply to this Coverage. This coverage is an additional amount of insurance.

13. Foundations and Underground Pipes

You may extend the insurance that applies to Building to apply to loss or damage to:

- a) 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;
- b) Underground pipes, flues and drains; and
- c) The cost of excavation, grading, backfilling or filing.

The most we will pay for loss under this Coverage is 10% of the applicable Limit of Insurance for Building shown in the Declarations, but not more than \$250,000. Payment for loss or damage to this property is included within the applicable Limit of Insurance.

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14. Tenant Glass

You may extend the insurance that applies to Your Business Personal Property to apply to loss or damage to building glass, including encasement, frames, alarm tape, lettering and ornamentation for which you are legally responsible as a tenant.

The most we will pay for loss or damage under this Coverage is \$10,000 at each location where you are a tenant.

The Additional Condition, Coinsurance does not apply to these Extensions. This coverage is an additional amount of insurance.

15. Ordinance or Law Coverages

If a Covered Cause of Loss occurs to covered Building property at the described premises, we will pay:

a) Loss to the Undamaged Portion of the Building Coverage

For Loss of value to the undamaged portion of the building caused by enforcement of any ordinance, regulation or law that:

- 1) Requires the demolition of the undamaged part of the same building caused by a Covered Cause of Loss when the entire building suffering a Covered Cause of Loss must be demolished;
- 2) Regulates the construction or repair of that specific portion of the building that has been damaged, or establishes zoning or land use requirements at the described premises; and
- 3) Is in force at the time of loss.

Coverage for the undamaged portion of the building is the same as that provided for the damaged portion of the building.

This Loss of the Undamaged Portion of the building Coverage is included within the Limit of Insurance applicable to the Covered Property. This is not additional amount of insurance.

Payment for the undamaged portion of the building will be on the same valuation basis applicable to the damaged portion of the building.

b) Demolition Cost Coverage

The cost to demolish and clear the site of undamaged parts of the same building when such demolition and site clearing is caused by enforcement of any ordinance, regulation or law that:

- 1) Requires the demolition of the undamaged part of the same building that has been damaged by a Covered Cause of Loss when the entire building suffering a Covered Cause of Loss must be demolished;
- 2) Regulates construction and repair of that specific portion of the building that has been damaged or establishes zoning or land use requirements at the described premises; and
- 3) Is in force at the time of loss.

c) Increased Cost of Construction Coverage

- 1) The increased cost to repair, rebuild or reconstruct that specific portion of covered building property damaged by a Covered Cause of Loss due to the enforcement of any building, zoning or land use ordinance, regulation or law; and
- 2) To rebuild demolished parts of the building when such demolition was required by enforcement of any ordinance, regulation or law that:
 - a) requires the demolition of

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the undamaged part of the same building that has been damaged by a Covered Cause of Loss when the entire building suffering a Covered Cause of Loss must be demolished;

- b) regulates construction and repair of that specific portion of the building that has been damaged or establishes zoning or land use requirements at the described premises; and
- c) is in force at the time of loss.

The repaired or rebuilt property must be intended for similar occupancy as the current property, unless otherwise required by zoning or land use ordinance or law.

We will not pay for increased construction costs unless the property is actually repaired or replaced, at the same or another premises, as soon as reasonably possible after the loss or damage, not to exceed two years.

The most we will pay for loss under **Demolition Cost Coverage and Increased Cost of Construction Coverage** of this Coverage is \$50,000 at each described premises. However, if the property is demolished, and repaired or replaced at the same premises, or another location, we will not pay more than:

- 1) The amount you actually and necessarily spend to demolish and clear the site where the loss occurred; and
- 2) The amount you actually spend, or would have spent, to repair, rebuild, or construct the property with other property of comparable material and quality, and of the same height, floor

area and style, at the same site on the same premises.

Demolition Cost Coverage and Increased Cost of Construction Coverage are additional insurance.

We will not pay under this Coverage 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".

The terms of this Coverage apply separately to each building.

16. Newly Acquired Locations Increased Limits for Business Income and Extra Expense

You may extend your "business income" and "extra expense" coverage to apply to property at any location you acquire, other than at fairs or exhibitions.

The most we will pay for loss under this Newly Acquired Locations Increased Limits of Business Income and Extra Expense Coverage is the lesser of:

- a) The highest limit of insurance for "business income" and "extra expense" shown in the Declarations, or
- b) \$250,000

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

- a) This policy expires;
- b) 180 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 you acquire the property. This coverage is an additional amount of insurance.

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17. Contractual Penalties

You may extend your "business income" coverages to apply to penalties that are imposed by a written contract between you and your customers. These penalties must:

- a) Result from your failure to timely deliver your product according to contract terms;
- b) Result from direct physical loss or damage by a Covered Cause of Loss to Covered Property; and
- c) Have been paid to your customer.

The most we will pay under this Coverage is \$25,000. This Coverage is an additional amount of insurance.

18. Dependent Properties

You may extend your "business income" and "extra expense" coverages to apply to the actual loss of "business income" or "extra expense" you sustain due to the necessary suspension of your "operations" during the "dependent property period of restoration". The suspension must be caused by direct physical loss of or damage to property at the premises of a "dependent property" caused by or resulting from a Covered Cause of Loss.

As respects loss of "business income" caused by direct physical loss of or damage to property at any premises of a "dependent property", the coverage territory is all parts of the world if:

- a) Loss of "business income" is sustained due to the necessary suspension of your "operations" during the "period of restoration"; and
- b) The suspension is caused by direct physical loss or damage caused by or resulting from any

Covered Cause of Loss to property at the premises of a "dependent property".

The "business income" and "extra expense" coverage provisions respecting direct physical loss or damage at the described premises will apply separately to each "dependent property" premises.

We will reduce the amount of your "business income" loss, other than "extra expense", to the extent you can resume "operations" in whole or in part by using any other available source of materials or outlet for your products.

The most we will pay under this Dependent Properties Coverage is 25% of the applicable Limit of Insurance for "business income" or "extra expense" shown in the Declarations, but not more than \$100,000, for loss you sustain from loss of or damage to property at the premises of any one "dependent property". This coverage is an additional amount of insurance.

19. Utility Services

You may extend your "business income" and "extra expense" coverages to apply to the actual loss of "business income" or "extra expense" you sustain at the described premises caused by the interruption of service to the described premises. The interruption must result from direct physical loss or damage by a Covered Cause of Loss to property not on the described premises that provides the following services:

- a) Water supply services;
- b) Communication supply services;
- or
- c) Power supply service.

We will only pay for loss you sustain after the first 12 hours following the direct physical loss or damage to the

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property described above.

The most we will pay for loss or damage under this Coverage is \$25,000 at each described premises. This amount is included in the limit of insurance for "business income" and "extra expense".

20. Transit Business Income and Extra Expense

You may extend your "business income" or "extra expense" coverages to apply to the actual loss of "business income" or "extra expense" you sustain due to direct physical loss or damage to Covered Property "in transit" caused by or resulting from a Covered Cause of Loss.

The most we will pay for loss under this Coverage is \$100,000. This amount is included in the Limit of Insurance for "business income" and "extra expense".

21. Contingent Transit Business Income and Extra Expense

You may extend your "business income" or "extra expense" coverage to apply to the actual loss of "business income" or "extra expense" you sustain due to direct physical loss or damage to Business Personal Property of Others, not in your care, custody or control, while "in transit" caused by or resulting from a Covered Cause of Loss.

The most we will pay for loss under this Coverage is \$100,000. This amount is included in the Limit of Insurance for "business income" and "extra expense".

22. Change in Temperature, Electrical Injury, Utility Services And Contamination By Refrigerant

The most we will pay for loss or damage to Covered Property under this Coverage is \$50,000. This limit will apply to all loss or damage

proximately caused by the same event, whether such loss or damage results from change in temperature, electrical injury, off premises services or contamination by refrigerant or any combination of the four. "B. EXCLUSIONS 1.e., 2.a. and 2.d. (6), (7)(a) & (b) of CP 10 30" do not apply to this Coverage.

Change In Temperature

Damage to covered property caused by a change in temperature or humidity resulting from a mechanical breakdown or malfunction of heating, refrigerating, cooling or humidity control equipment at the described premises.

Electrical Injury

Damage to covered property caused by artificially generated electric current, other than electrical arcing, that damages, destroys or otherwise disturbs electrical devices, appliances or wires.

Utility Premises Services

Damage to covered property caused by the interruption of service resulting from direct physical loss or damage, by a Covered Cause of loss, to the following property not on the described premises:

- a) Water supply services;
- b) Communication supply services;
- or
- c) Power supply services.

Contamination By Refrigerant

Contamination by refrigerant from refrigerating, cooling or humidity control apparatus or equipment

Payment under this Coverage is included within the applicable Limit of Insurance.

23. Water Damage, Other Liquids, Powder or Molten Material Damage (Section E.2. of CP 10 30)

is replaced by the following:
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

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replace any part of the building or structure, or in the case of underground pipes; lawns, shrubs or paved areas, to repair damage to the system or appliance from which the water or other substance escapes.

Payment under the Coverage is included within the applicable Limit of Insurance. The maximum we will pay for loss or damage to lawns, shrubs or paved areas is \$25,000.

24. Water

"B. Exclusion 9.(3) of CP 1030 is deleted. Exclusion 9.(4) is amended to read:

- a) Underground Water Seepage**
We will pay up to \$10,000 at each described premises for loss or damage to covered property caused by or resulting from water under the ground surface pressing on, or flowing or seeping through:
 - 1) Foundations, walls, floors or paved surfaces;**
 - 2) Basements, whether paved or not; or**
 - 3) Doors, windows or other openings.**
- b) This cause of loss does not apply to Personal Property At Other Premises.**

B. Blanket Coverages

1. Accounts Receivable

You may extend this insurance to apply to losses and expenses that you incur as a result of loss or damage to your records of accounts receivable.

Losses and expenses under this coverage mean:

- a) All sums due you from customers, provided you are unable to effect collection;**

- b) Interest charges on any loan used to offset impaired collections pending prepayment of such sums made uncollectible by loss or damage.**
- c) Collection expenses in excess of normal collection costs made necessary because of loss or damage; or**
- d) Other reasonable expenses incurred by you in recreating records of accounts receivable following such loss or damage.**

For accounts receivable, we will pay the lesser of:

- a) The sum of all accounts receivable due (with reasonable deductions);**
- b) The reasonable cost to reconstruct your accounts receivable records; or**
- c) The applicable limit.**

If we have made payment, you will immediately notify and credit us for any recoveries made by you or others on your behalf.

"B. EXCLUSIONS 1.e., 2.a., and 2.d.(4) through (7) of CP 10 30" do not apply to this Coverage.

2. Business Income and Extra Expense

a) Business Income

We will pay for the actual loss of "business income" you incur due to the necessary suspension of "operations" during the "period of restoration". The suspension must be caused by direct physical loss of or damage to property at the described premises, including personal property in the open, or in a vehicle, within 100 feet, caused by or resulting from a Covered Cause of Loss. Loss as defined above must be incurred during the "period of restoration".

b) Extra Expense

We will pay the actual and

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necessary "extra expense" you sustain due to direct physical loss of or damage to property at the described premises caused by or resulting from any covered cause of loss. Loss as defined above must be incurred during the "period of restoration".

We will pay for Loss of Business Income or Extra Expense that occurs during the "period of restoration" up to 12 consecutive months after the date of direct physical loss or damage causing the loss of income or "extra expense". This coverage does not extend to cover windfall profits that might have been earned due to any unfavorable conditions caused by the impact of a covered loss.

c) Extended Business Income Increased Time Period

We will pay for the actual loss of "business income" you incur arising from a covered cause of loss to covered property during the period that:

- 1) Begins on the date property (except "finished stock") is, or should have reached, "substantial completion" and "operations" are resumed; and
- 2) ends on the earlier of:
 - a) the date you could, or should have been able to, fully restore your earnings to their pre-loss level, whether or not your "operations" were profitable; or
 - b) 180 consecutive days after the "period of restoration ends, or 12 consecutive months from the date of the covered loss, whichever is less.

This coverage does not extend to cover windfall profits that might have been earned due to any unfavorable conditions

caused by the impact of a covered loss.

3. Claim Expenses

We will pay for all reasonable expenses you incur at our request to assist us in:

- a) The investigation of a claim; or
- b) The determination of the amount of loss, such as taking inventory.

We will not pay for:

- a) Expenses to prove that loss or damage is covered;
- b) Expenses incurred under **SECTION 2. APPRAISAL OF E. LOSS CONDITION of CP 0010;**
- c) Expenses incurred for examinations under oath; or
- d) Expenses or percentages billed by and payable to attorneys, or independent or public adjusters.

4. Computers and Computerized Equipment (EDP)

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

- a) Your computer equipment and related component parts, including such property of others that is in your care, custody or control;
- b) Your instructional material and prepackaged software programs purchased for use with your computer system; and
- c) Your blank electronic or magnetic media.

Our payment for loss of or damage to property of others will only be for the account of the owner of the property. "B. EXCLUSIONS 1.e., 2.a., and 2.d.(4) through (7) of CP 10 30" do not apply to this Coverage Extension.

Business Income Computer Virus

We will pay for the actual loss of "business income" or "extra expense" you incur due to the

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necessary suspension of "operations" during the "period of restoration" caused by or resulting from "computer virus" that occurs at the premises shown in the Declarations.

5. Fine Arts

You may extend this insurance to apply to "fine arts" that are your property or the property of others that are in your care, custody or control.

Our payment for loss of or damage to property of others will only be for the account of the owner of the property. "B. EXCLUSIONS 1.e., 2.a. and 2.b., 2.d.(4) & (6) of CP 10 30" do not apply to this Coverage.

6. Fire Department Service Charge

(Section A.4.c. of CP 00 10) is replaced by the following:

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

- a) Assumed by contract or agreement prior to loss; or
- b) Required by local ordinance

7. Movement Of Property

If:

- a) You move Covered Property from a described premises to a new premises; and
- b) A Limit of Insurance for such new premises is specifically endorsed to this Coverage Part and the prior described premises has been deleted from this Coverage Part; and
- c) Direct physical loss or damage from a Covered Cause of Loss occurs to Covered Property at the prior described premises before the movement of property to the new premises is completed;

We will pay for loss or damage to

covered property at the prior described premises.

Insurance under this Movement Of Property Additional Coverage will end when any of the following first occurs:

- a) The movement of property to the new premises is completed; or
- b) 30 days after the effective date of the endorsement adding the new premises

8. Outdoor Property (Section A.5.e. of CP 0010) is replaced by the

following:

You may extend the insurance provided by this Coverage Form to apply to:

- a) Bridges, roadways, walks, patios or other paved surfaces;
- b) In-ground sprinkler systems and piping;
- c) Outdoor fences and awnings;
- d) Radio, microwave or television towers, antennas or satellite dishes, including their lead-in wiring and masts;
- e) Retaining walls that are not part of the building;
- f) Signs, whether or not attached to covered buildings, or structures;
- g) Building Glass; or
- h) Trees, shrubs and plants (other than "stock" or lawns;

which you own or which you have a contractual liability to insure, including debris removal expense, caused by or resulting from any Covered Cause of Loss, except for h) above.

Trees, shrubs and plants (other than "stock" or lawns)" above is covered for loss or damage caused by or resulting from the following causes of loss:

- 1) Fire;
- 2) Lightning;
- 3) Explosion;
- 4) Riot or Civil Commotion; or
- 5) Falling Objects

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9. Personal Effects and Property of Others (Section A.5.b. of CP 00 10) is replaced by the following:

You may extend this insurance to apply to Personal Effects owned by you, your officers, your partners or your employees.

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

10. Valuable Papers and Records - Cost of Research (Section A.5.c. of CP 00 10) is replaced by the following:

You may extend this insurance 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. There will be no payment made with regards to research for any valuable papers or records which are not replaced or restored.

"B. EXCLUSIONS 1.e., 2.a., and 2.d.(4) through (7) of CP 10 30" do not apply to this coverage.

C. 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 more than one coverage under this form applies to property that has been damaged from one "occurrence", you may choose only one of these coverages to apply to that loss. The most we will pay in this case is the largest of the limits that would be applicable.

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:

- 1. Preservation of Property (Section A.4.b. of CP 00 10)** is replaced by the following:
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:
 - a) While it is being moved or while temporarily stored at another location; and
 - b) Only if the loss or damage occurs within 90 days after the property is first moved.

Payments under this Additional Coverage will not increase the applicable Limit of Insurance.

- 2. Theft Damage To Building**
You may extend the insurance that applies to Your Business Personal Property to apply to damage caused directly by "theft" or attempted "theft" to:
 - a) That part of any building containing Covered Property; or
 - b) Equipment within the building used to maintain or service the building.
 - c) Under this Theft Damage To Building Coverage Extension, we will not pay for damage:
 - 1) To glass; or
 - 2) To lettering or artwork on glass or etching to glass.

This Theft Damage To Building Coverage applies only to premises where you are a tenant and are responsible for such damage.

Payment under this Coverage is included within the applicable Limit of Insurance.

- 3. Marring And Scratching**
We will pay for loss or damage to

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Covered Property at the described premises due to sudden and accidental marring and scratching of:

- a) Your "stock"; and
- b) Property of others that is in your care custody or control.

This Cause of Loss does not apply to:

- a) Property at other premises; and
- b) Property in transit

Payment under this Coverage is included within Your Business Personal Property Limit of Insurance.

4. Brands And Labels

If branded or labeled merchandise that is Covered Property is damaged by a Covered Cause of Loss, and we take all or any part of the damaged property at an agreed or appraised value, you may extend the insurance that applies to Your Business Personal Property to pay expenses incurred to:

- a) Stamp salvage on the merchandise or its containers, if the stamp will not physically damage the merchandise; or
- b) Remove the brands or labels, if doing so will not physically damage the merchandise or its containers, and relabel the merchandise or its containers to comply with the law.

Payment of these expenses is included within the applicable Limit Of Insurance.

5. Consequential Loss To "Stock"

We will pay for the reduction in value of the remaining parts of "stock" in process of manufacture when the reduction is caused by direct physical loss or damage from a covered Cause of Loss to other parts of covered "stock" in process of manufacture.

Payment of any reduced value of

"stock" is included within the applicable Limit of Insurance for Your Business Personal Property.

6. Fire Protection Equipment Recharge

We will pay expenses you incur to recharge automatic fire protection equipment when such equipment is discharged to fight a fire or as the result of a Covered Cause of Loss.

The deductible does not apply to this Coverage. Payment of these expenses is included within the applicable Limit of Insurance.

IV. "C. LIMITATIONS" of CP 10 30 is changed as follows:

LIMITATION 4.b. is replaced as follows:

\$2,500 for jewelry, watches, watch movement, jewels, pearls, precious and semi precious stones, and bullion. This limit does not apply to jewelry and watches worth \$100. or less per item.

\$35,000 for gold, silver, platinum and other precious alloys or metals used in the manufacture of your product.

LIMITATION 4.c. for patterns, dies, molds, and forms is deleted.

V. "E. LOSS CONDITIONS" of CP 0010 is changed as follows:

7. Valuation is replaced with the following:

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

- a. At replacement cost as of the time of loss or damage, except as provided in a.1), 2) or 3), b., c., d., e., f., g., h., i., j., k., l., m., n. or o. below.
 - 1) You may claim for loss or damage covered by this insurance on an actual cash value basis instead of on a

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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 replacement cost, when applicable, if you notify us of your intent to do so within 180 days after the date loss or damage occurs.

When you make claim on an actual cash value basis we will determine the value of Covered Property at actual cash value. If applicable, the **ADDITIONAL CONDITIONS**,

Coinurance will continue to apply.

- 2) We will not pay on a replacement cost basis for any loss or damage:
 - a) Until the lost or damaged property is actually repaired or replaced; and
 - b) Unless repairs or replacement are made as soon as reasonably possible after the loss or damage.

If the Limit of Insurance for Building satisfies the **ADDITIONAL CONDITION**, Coinurance, 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.

- 3) We will not pay more for loss or damage on a replacement cost basis than the least of:
 - a) The Limit of Insurance applicable to the lost or damaged property;
 - b) The cost to replace, on the same premises, the lost or damaged property with other property:
 - 1 - of comparable material and quality; and
 - 2 - used for the same purpose; or
 - c) The amount you actually spend that is necessary to repair or replace the lost or damaged property.

b. 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, except as specifically provided for under this Coverage Part.

c. Inflation Guard

- 1) The Limit of Insurance for Building will automatically increase by 4% or the percentage shown in the Declarations to provide for increase in cost of construction during the preceding policy year.
- 2) The amount of increase will be:
 - a) 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
 - b) The percent expressed as a decimal (example: 4% is .04), times
 - c) The number of days since the beginning of the current policy year of 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
4%

The number of days since the
Beginning of the policy year (Or last
policy change) is
146

The amount of increase is
 $\$100,000 \times .04 \times 146/365 = \$1,600$

d. Seasonal Fluctuation

- 1) The Limit of Insurance for Business Personal Property will automatically increase by 25% to provide for seasonal variations.
- 2) This increase will apply only if the Limit of Insurance shown for Business Personal Property in

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the Declarations is at least 100% of your average monthly values during the lesser of:

- a) The 12 months immediately preceding the date the loss or damage occurs; or
- b) The period of time you have been in business as of the date the loss or damage occurs.

e. Manufacturers Selling Price

We will determine the value of finished "stock" you manufacture at:

- 1) The selling price, if no loss or damage occurred;
- 2) Less discounts and expenses you otherwise would have had.

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

g. 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, depending on the duration of the remaining lease period. If you have no lease, or are on a month-to-month lease, no proportional coverage is available. Where there is an existing lease, 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.

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

h. 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.

i. The value of the Fine Arts property insured is not agreed upon but will be ascertained at the time of loss or damage. We will not pay more than the least of the following amounts:

- 1) The actual cash value of the property at the time of loss or damage; or
- 2) The amount for which you could reasonably be expected to pay to have the property repaired to its condition immediately prior to the loss.

j. Pairs or sets at our option:

- 1) The cost to repair or replace any part to restore the pair or set to its value before the loss; or
- 2) The difference between the value of the pair or set before and after the loss.

k. Property "in transit" at:

- 1) The amount of invoice plus accrued costs, prepaid charges and charges since shipment that are not included in the invoice amount; or
- 2) In the absence of an invoice, the value of the Covered Property will be:
 - a) Its selling price if no loss or damage had occurred, less discounts and expenses you otherwise would have had if the Covered Property is your finished "stock"; or
 - b) Its actual cash value as of the time of loss or damage.

**l. The amount of "business income", "extra expense" and "resumption of operations" loss will be determined based on:
"Business Income" is**

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- 1) The net income of the business before the direct physical loss or damage occurred;
- 2) The likely net income of the business if no loss or damage occurred;
- 3) The operating expenses, including payroll expenses, necessary to resume "operations" with the same quality of service that existed just before the direct physical loss or damage; and
- 4) Other relevant sources of information, including:
 - a) Your financial records and accounting procedures;
 - b) Bills, invoices and other vouchers; and
 - c) Deeds, liens or contracts.

"Extra Expense" is

- 1) All expenses that exceed the normal operating expenses that would have been incurred by "operations" during the "period of restoration" if no direct physical loss or damage had occurred.

We will deduct from the total of such expenses:

- a) The salvage value that remains of any property bought for temporary use during the "period of restoration", once "operations" are resumed; and
 - b) Any "extra expense" that is paid for by other insurance, except for insurance that is written subject to the same plan, terms, conditions and provisions as this insurance; and
- 2) All necessary expenses that reduce the "business income" loss that otherwise would have been incurred.

"Resumption of Operations"

We will reduce the amount of your:

- 1) "Business income" loss, other than "extra expense", to the extent you can resume your

"operations", in whole or in part, by using damaged or undamaged property (including merchandise or "stock") at the described premises or elsewhere.

- 2) "Extra expense" loss to the extent you can return "operations" to normal and discontinue such "extra expense".

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

- m. Business Personal Property of Others and Personal Property of Others at Actual Cash Value.
- n. Contents of a residence at Actual Cash Value.
- o. Manuscripts at Actual Cash Value.

VI. DEFINITIONS. The following replaces H. DEFINITIONS OF CP0010:

1. "Business income" means the:
 - a) Net income (net profit or loss before income taxes) that would have been earned or incurred; and
 - b) Continuing normal operating expenses incurred, including payroll.
2. "Computer Virus" means an intentional unwanted entry into electronic data processing media which results in unintended functions distorting, corrupting or manipulating the electronic data processing media.
3. a. "Dependent property" means property operated by others on whom you depend to:
 - 1) Deliver materials or services, other than water, communication or power supply services to you, or to others for your account;
 - 2) Accept your products or services; or
 - 3) Manufacture products for delivery to your customers under contract of sale.

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- b. "Dependent property period of restoration", with respect to "dependent property", means the period of time that:
- 1) Begins with the date of direct physical loss or damage caused by or resulting from any Covered Cause of Loss at the premises of the "dependent property"; and
 - 2) Ends on the date when the property at the premises of the "dependent property" is, or should have been repaired, rebuilt or replaced with reasonable speed and similar quality, to a point of "substantial completion". The "period of restoration" also cease when the "operations" at the dependent property" are permanently relocated - for whatever reason.

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

- c. "Dependent property period of restoration" does not include any increased period required due to the enforcement of any ordinance of 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".
4. "Employee" means any natural person:
- a. While in your service and for 30 days after termination of service; and
 - b. Whom you compensate directly by salary, wages or commissions; and
 - c. Whom you have the right to direct and control while performing services for you; or
 - d. Employed by an employment contractor 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.

"Employee" does not mean any:

- a. Agent, broker, factor, commission merchant, consignee, independent contractor or representative of the same general character; or
 - b. Director or trustee except while performing acts coming within the scope of the usual duties of an "employee".
5. "Extra expense" means the:
- 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:
 - a) To avoid or minimize the suspension of business and to continue "operations" and
 - b) To minimize the suspension of business if you cannot continue "operations",
 - c) To repair or replace any property to the extent reduces the amount of loss that otherwise would have been payable under this Business Income and Extra Expense additional coverage. This does not mean that we will pay for property to be repaired or replaced when limits for that property have been, or will be, exhausted.
6. "Fine arts" means antiques and objects d'art of every nature and description which are your property or the property of others in your care, custody or control at the time of loss, while on the premises described in the Declarations or while on public exhibition, "in transit", or in your custody for business related purposes.
7. "Finished stock" means the "stock" you have manufactured, including whiskey and alcoholic products being aged, unless there is a coinsurance percentage shown for business income in the declarations.

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"Finished stock" does not include "stock" you have manufactured that is held for sale on the premises of any retail outlet insured under this coverage part.

8. "In Transit" means in the course of shipment or conveyance from or to the premises shown in the Declarations. It includes such shipments while temporarily stopped or delayed incidental to the delivery, such as overnight rest or for repair of the vehicle. It does not include stops or delays in shipment that are not incidental to the delivery or where the course of delivery as defined above is broken, such as vehicles situated for loading at a warehouse for a period of days.
9. "Messenger" means you, any of your partners or any "employee" while having care and custody of "money" and "securities" outside your premises.
10. "Money" means currency, coins and bank notes and bullion in current use and having a face value and travelers checks, register checks and money orders held for sale to the public.
11. "Occurrence" means an:
 - a. Act or series of related acts involving one or more persons; or
 - b. Act or event, or a series of related acts or events not involving any person.
12. "Operations" means your business activities occurring at the described premises.
13. "Period of restoration" means the period of time that:
 - a. Begins with date of direct physical loss or damage caused by or resulting from any Covered Cause of Loss at the described premises; and
 - b. Ends on the date when the property at the described premises is, or should have been repaired, rebuilt, or replaced with reasonable speed and similar quality, to a point of "substantial completion". The

"period of restoration" also ceases when your "operations" are permanently relocated - for whatever reason.

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

- a. Regulates the construction, use or repair, or requires the tearing down of any property; or
- b. Requires any insured or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way, respond to, or assess the effects of "pollutants".

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

14. "Perishable goods" means business personal property maintained under controlled conditions for its preservation, and susceptible to loss or damage if the controlled conditions change.
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. "Securities" mean negotiable and non-negotiable instruments or contracts representing either "money" or other property and includes:
 - a. Tokens, tickets (lottery tickets held for sale are not "securities"), revenue and other stamps or unused value (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".
17. "Specified Causes of Loss" means the following: fire; lightning; explosion; windstorm or hail; smoke; aircraft or

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

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

- 1) The cost of filling sinkholes; or
- 2) Sinking or collapse of land into
man made underground cavities.

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

- 1) Personal property in the open; or
- 2) The interior of a building or
structure, or property inside a
building or structure, unless the
roof or an outside wall of the
building or structure is first
damaged by a falling object.

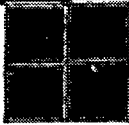
c. Water damage means accidental
discharge or leakage of water or
steam as the direct result of the
breaking apart or cracking of any
part of a system or appliance (other
than a sump system including its
related equipment and parts)
containing water or steam.

18. "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.

19. "Substantial completion" means the
property may be used or otherwise
enjoyed for its intended purpose even if
all restoration, repair, replacement or
rebuilding work is not complete. For
example, a building awaiting only exterior
paint must be considered substantially
complete as this aspect of repair does
not prevent it from being used.

20. "Theft" means any act of stealing.

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HANOVER INSURANCE

COMMERCIAL GENERAL LIABILITY COVERAGE PART DECLARATIONS

[] Supplemental Declarations is attached.

NEW

Renewal of Number

POLICY FROM		POLICY PERIOD TO		AGENCY	
Z01 5280801	08-29-88	08-29-89	AT 12:01 AM STANDARD TIME AT YOUR MAILING ADDRESS SHOWN ON THE COMMON DECLARATIONS	21-4505	

LIMITS OF INSURANCE

General Aggregate Limit (Other Than Products-Completed Operations)	\$ 2,000,000	
Products-Completed Operations Aggregate Limit	\$ 2,000,000	
Personal and Advertising Injury Limit	\$ 1,000,000	
Each Occurrence Limit	\$ 1,000,000	
Fire Damage Limit	\$ 100,000	Any One Fire
Medical Expense Limit	\$ 5,000	Any One Person

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 here: N/A

(Enter Date or "None" if No Retroactive Date Applied)

DESCRIPTION OF BUSINESS (All Premises You Own, Rent or Occupy:)

PREM. NO.	BLDG. NO.	LOCATION
		SEE FORM 401-0024(11-85)

GENERAL LIABILITY SCHEDULE

PREM. NO.	BLDG. NO.	CLASS./DESCR.	CODE NO.	PREM. BASIS	RATE		ADVANCE PREMIUM	
					PR. OPS	ALL OTHER	PR. OPS	ALL OTHER
1	1	COMPOSITE RATED	15050	\$350,000,000	.178	.18	\$ INCL	\$ INCL

S) = GROSS SALES

Total Advance Premium \$ 125,850

FORMS AND ENDORSEMENTS

Forms and Endorsements applying to this Coverage Part and made part of this policy at time of issue:
IL 0021(04-89), 421-0001(09-90), CG7012(01-88), CG0001(01-96), 421-0080

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THESE DECLARATIONS AND THE COMMON POLICY DECLARATIONS, IF APPLICABLE, TOGETHER WITH THE COMMON POLICY CONDITIONS, COVERAGE FORM(S) AND FORMS, AND ENDORSEMENTS, IF ANY ISSUED TO FORM A PART THEREOF, COMPLETE THE ABOVE NUMBERED POLICY.

FORM 421-0001 (3/80)

ROA 2155

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THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

CGL SPECIAL BROADENING ENDORSEMENT

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

SUMMARY OF COVERAGES

1.	Additional Insured by Contract, Agreement or Permit	Included
2.	Additional Insured - Broad form Vendors	Included
3.	Aggregate Limit per Location	Included
4.	Alienated Premises	Included
5.	Bodily Injury Redefined	Included
6.	Broad Form Property Damage - Borrowed Equipment, Customers Goods & Use of Elevators	Included
7.	Incidental Malpractice (Employed nurses, EMT's & paramedics)	Included
8.	Knowledge of Occurrence	Included
9.	Medical Payments - Increased Limit	\$
10.	Mobile Equipment Redefined	Included
11.	Newly Acquired or Formed Organizations - Covered until end of policy period	Included
12.	Non-Owned Aircraft Hired, Chartered or Loaned with Paid Crew	Included
13.	Non-Owned Watercraft	feet
14.	Personal Injury - Broad Form	Included
15.	Product Recall Expense	\$
16.	Property Damage Legal Liability (Fire, Lightning, Explosion, Smoke or Leakage Damage)	\$
17.	Supplementary Payments Increased Limits	\$
	-Bail bonds	\$
	-Loss of Earnings	\$
18.	Unintentional Failure to Disclose Hazards	Included
19.	Unintentional Failure to Notify	Included

This endorsement amends coverages provided under the Commercial General Liability Coverage Form through new coverages, higher limits and broader coverage grants.

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1. **ADDITIONAL INSURED BY CONTRACT, AGREEMENT OR PERMIT**

Under Section II - Who Is An Insured,
Paragraph 5. is added as follows:

5.a. Any person or organization with whom you agreed, because written contract, written agreement or permit, is an insured, but only with respect to:

- (1) "Your work" for the additional insured(s) at the location designated in the contract, agreement or permit.
- (2) facilities owned or used by you.

This insurance applies on a primary basis if that is required by the written contract, written agreement or permit.

b. This provision does not apply:

- (1) Unless the written contract or written agreement has been executed or permit has been issued prior to the "bodily injury", "property damage", "personal injury" or "advertising injury".
- (2) To any person or organization included as an insured by an endorsement issued by us and made part of this coverage Part.
- (3) To any person or organization included as an insured under Item 2 of this endorsement.
- (4) To any lessor of equipment:
(a) after the equipment lease expires;
or
(b) if the "bodily injury", "property damage", "personal injury" or "advertising injury" arises out of sole negligence of the lessor.
- (5) To any:
(a) Owners or other interest from whom land has been leased which takes place after the lease for that land expires;
or
(b) Managers or lessors of premises if:
(i) the occurrence takes place after you cease to be a tenant in that premises; or
(ii) the "bodily injury", "property damage", "personal injury" or "advertising injury" arises out of structural alterations, new construction or demolition operations performed by or on behalf of the manager or lessor.

2. **ADDITIONAL INSURED BROAD FORM VENDORS**

Under Section II - Who Is An Insured,
Paragraph 6. is added as follows:

6.a. Any person or organization with whom you agreed, because of a written contract or written agreement to provide insurance, but only with respect to "bodily injury" or "property damage" arising out of "your products" which are distributed or sold in the regular course of the Vendor's business, subject to the following additional exclusions:

b. The insurance afforded the vendor does not apply to:

- (1) "Bodily injury" or "property damage" for which the vendor 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 that the vendor would have in the absence of contract or agreement;

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- (2) Any express warranty authorized by you;
- (3) Any physical or chemical change in the product made intentionally by the vendor;
- (4) Repackaging, unless unpacked solely for the purpose of inspection, demonstration, testing, or the substitution of under instruction from the manufacturer, and then repackaged in the original container;
- (5) Any failure to make such inspection, adjustments, tests or servicing as the vendor has agreed to make or normally undertakes to make in the usual course of business in connection with the sale of the product;
- (6) Demonstration, installation, servicing or repair operations, except such operations performed at the vendor's premises in connection with the sale of the product;
- (7) Products which, after distribution or sale by you, have been labeled or relabeled or used as a container, part or ingredient of any thing or substance by or for the vendor.
- c. This insurance does not apply to any insured person or organization, from whom you have acquired such products, or any ingredient, part or container, entering into, accompanying or containing such products.

3. AGGREGATE LIMIT PER LOCATION

(1) Under Section III - Limits of Insurance the General Aggregate Limit applies separately to each of your "locations" owned by or rented to you.

(2) Under Section V - Definitions, definition 20. is added as follows:

20. "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.

4. ALIENATED PREMISES

Under Section I - Coverage A, Paragraph 2 Exclusions, j.(2) is replaced in its entirety with the following:

(2) Premises you sell, give away or abandon, if the "property damage" arises out of any part of those premises and occurred from hazards that were known by you, or should have reasonably been known by you, at the time the property was transferred or abandoned.

5. BODILY INJURY REDEFINED

Under Section V - Definitions, definitions 3. "bodily injury" is replaced in its entirety with the following:

3. "Bodily injury" means bodily injury, sickness or disease sustained by a person. This includes mental anguish, mental injury, shock, fight or death resulting from "bodily injury", sickness or disease.

6. BROAD FORM PROPERTY DAMAGE - Borrowed Equipment, Customers Goods, Use of Elevators

1. Under Section I - Coverage A, paragraph 2, Exclusion J, is amended as follows:

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Paragraph (4) does not apply to "property damage" to borrowed equipment while at a job site and not being used to perform operations.

Paragraphs (3), (4) and (6) do not apply to "property damage" to "customers goods" while on your premises nor to the use of elevators.

2. Under Section V - Definitions, definition 21. is added as follows:

21. "Customers goods" means property of your customer on your premises for the purpose of being:

- a. Worked on; or
- b. Used in your manufacturing process.

3. The Insurance afforded under this provision is excess over any other valid and collective property insurance (including deductible) available to the insured whether primary, excess, contingent or on any other basis.

7. INCIDENTAL MALPRACTICE - Employed Nurses, EMT's and Paramedics

Under Section II - Who Is an Insured, paragraph 2.a. (1)(d) does not apply to a nurse, emergency medical technician or paramedic employed by you if you are not engaged in the business or occupation of providing medical, paramedical, surgical dental, x-ray or nursing services.

8. KNOWLEDGE OF OCCURRENCE

Under Section IV - Commercial General Liability Conditions, Condition 2 - Duties In the Event of Occurrence, Offense, Claim or Suit, paragraph e. is added as follows:

e. Notice of an "occurrence", offense, claim or "suit" will be considered knowledge of the insured if reported to an individual named insured, partner, executive officer or an "employee" designed by you to give us such a notice.

9. MEDICAL PAYMENTS - INCREASED LIMITS

(1) Under Section I - Coverage C, paragraph a. (2) is replaced in its entirety by the following:

(2) The expenses are incurred and reported to us within three years of the date of the accident, and

(2) Under Section III - Limits of Insurance, paragraph 7, is replaced in its entirety by the following:

7. Subject to 5. above, the higher of:

- a. \$10,000.; or
- b. The amount shown in the Declarations for Medical expense Limit is the most we will pay under coverage C for all medical expenses because of "bodily injury" sustained by one person.

(3) This coverage does not apply if Coverage C - Medical Payments is excluded either by the provisions of the Coverage Part of by endorsement.

10. MOBILE EQUIPMENT REDEFINED

Under Section b - Definitions, definition 11, Mobile Equipment, paragraph f.(1) (a) (b) (c) does not apply to self-propelled vehicles of less than 1,000 pounds gross vehicle weight.

11. NEWLY ACQUIRED OR FORMED ORGANIZATIONS

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Under Section II - Who Is An Insured
paragraph 4.a. is replaced in its entirety by the following:

a. Coverage under this provision is afforded only until the end of the policy period.

12. NON-OWNED AIRCRAFT, HIRED, CHARTERED OR LOANED WITH PAID CREW

Under Section I - Coverage A, paragraph 2
Exclusions, g.(6) is added as follows:

(6) An aircraft that you do not own that is hired, chartered or loaned with a paid crew.

Paragraph (6) does not apply if the insured has any other insurance for "bodily injury" or "property damage" liability that would also be covered under this provision, whether the other insurance is primary, excess, contingent or on any other basis. In that case, this provision does not provide any insurance.

13. NON-OWNED WATERCRAFT

Under Section I - Coverage A, paragraph 2 Exclusions, g.(2) is replaced in its entirety by the following:

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

(a) Less than 51 feet long; and

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

This provision applies to any person, who with your consent, either uses or is responsible for the use of a watercraft.

14. PERSONAL INJURY - BROAD FORM

(1) Under Section I - Coverage B, paragraph 2.a (4) is deleted.

(2) Under Section v - Definitions, definition 13, paragraph f. is added as follows:

f. Discrimination or humiliation (unless insurance thereof is prohibited by law) that results in injury to the feelings or reputation of a natural person, but only if such discrimination or humiliation is:

(1) Not done intentionally by or at the direction of:

(a) The insured,

(b) Any officer of the corporation, director, stockholder, partner or member of the insured, and

(2) Not directly or indirectly related to an "employee", nor to the employment, prospective employment or termination of any person or persons by an insured.

(3) This coverage does not apply if Coverage b - Personal and Advertising Injury Liability is excluded either by the provisions of the Coverage Part or by endorsement.

15. PRODUCT RECALL EXPENSE

(1) Under Section I - Coverage A, paragraph 2 Exclusions, N. is replaced in its entirety by the following:

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:

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- (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, but this exclusion does not apply to "product recall expenses" that you incur for the "covered recall" of "your product". The exception of the exclusion does not apply to "product recall expenses" resulting from:

- (1) Failure of any products to accomplish their intended purpose;
- (2) Breach of warranties of fitness, quality, durability or performance;
- (3) Loss of customer approval, or any cost incurred to regain customer approval;
- (4) Redistribution or replacement of "your product" which has been recalled by like products or substitutes;
- (5) Caprice or whim of the insured;
- (6) A condition likely to cause loss of which any insured knew or had reason to know at the inception of this insurance;
- (7) Asbestos, including loss, damage or no known or suspected defect solely because a known or suspected defect in another of "your products" has been found.

- (2) Under Section II - Who Is An Insured, Paragraph 4.d. is added as follows:

d. Coverage A does not apply to "product recall expense" arising out of any withdrawal or recall that occurred before you acquired or formed the organization.

- (3) Under Section III - Limits of Insurance, paragraph 1. is replaced in its entirety by the following:

3. The Products-Completed Operations Aggregate Limit is the most we will pay for the sum of:

- a. Damage under Coverage A because of "bodily injury" and "property damage" included in the "products-completed operations hazard"; and
- b. "Product recall expenses".

- (4) Under Section III - Limits of Insurance, paragraph 8. is added as follows:

8. Subject to 5. above, \$100,000. is the most we will pay for all "product recall expenses" arising out of the same defect or deficiency.

- (5) Under Section IV - Commercial General Liability Conditions, Condition 2 - Duties in the Event of Occurrence, Offense, Claim or Suit, paragraph g. is added as follows:

g. You must see to it that the following are done in the event of an actual or anticipated "covered recall" that may result in "product recall expense":

- (2) Cease any further release, shipment, consignment or any other method of distribution of like of similar products until it has been determined that all such products are free from defects that could be a cause of loss under this insurance.

- (6) Under Section V - Definitions, the following definitions are added:

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22. "Covered recall" means recall made necessary because you or a governmental body has determined that a known or suspected defect, deficiency, inadequacy, or dangerous condition in "your product" has resulted or will result in "bodily injury" or "property damage".

23. "Product recall expense" means:

a. Necessary and reasonable expenses for:

- (1) Communications, including radio or television announcements or printed advertisements including stationary, envelopes and postage;
- (2) Shipping the recalled products from any purchaser, distributor or user to the place or places designated by you;
- (3) Remuneration paid to your regular "employees" for necessary overtime;
- (4) Hiring additional persons, other than your regular "employees";
- (5) Expenses incurred by "employees" including transportation and accommodations;
- (6) Expenses to rent additional warehouse or storage space;
- (7) Disposal of "your product", but only to the extent that specific methods of destruction other than those employed for trash discarding or disposal are required to avoid "bodily injury" or "property damage" as a result of such disposal; you incur exclusively for the purpose of recalling "your product"; and

a. Your lost profit resulting from such "covered recall".

16. **PROPERTY DAMAGE LEGAL LIABILITY (Fire, Lightning, Explosion, Smoke or Leakage from Fire Protective Systems Damage)**

(1) The word fire is changed to fire, lightning, explosion, smoke and leakage from fire protective systems where it appears in the Limits of Insurance section of the Declarations for the Commercial General Liability Coverage Part;

(2) Under Section I - Coverage A, the last paragraph (after the exclusions) is replaced in its entirety by the following:

Exclusions c. through n. do not apply to damage by fire, lightning, explosion, smoke or leakage from fire protective systems to premises while rented to you or temporarily occupied by you with the permission of the owner. A separate limit of insurance applies to this coverage described in LIMITS OF INSURANCE (SECTION III). This limit will apply to all damage proximately caused by the same event, whether such damage results from fire, lightning, explosion, smoke or leakage from fire protective systems or any combination of the five.

(3) Under Section III - Limits of Insurance, Paragraph 6. is replaced in its entirety by the following:

6. Subject to 5. above, the higher of:

- a. \$300,000.; or
- b. the Fire, Lightning, Explosion, Smoke or Leakage From Fire Protective Systems Damage Limit is shown in the Declarations

Is the most we will pay under Coverage A for damages because of "property damage" from fire, lightning, explosion smoke and leakage from fire protective systems to premises, while rented to you or temporarily occupied by you with permission of the owner.

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(4) Under Section IV - Commercial General Liability Conditions, Condition 4. Commercial Insurance, Paragraph b. (2) is replaced in its entirety by the following:

b.(2) That is fire, lightning, explosion, smoke or leakage from fire protective systems insurance for premises rented to you or temporarily occupied by you with permission of the owner; or

(5) Under Section V - Definitions, definition *. "Insured contract", a. is replaced in its entirety by the following:

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, lightning, explosion, smoke or leakage from fire protective systems to premises while rented to you or temporarily occupied by you with permission of the owner is not an "insured contract".

(6) This coverage does not apply if Fire Damage Legal Liability of Coverage A is excluded either by the provisions of the Coverage Part or by endorsement.

17. SUPPLEMENTARY PAYMENTS INCREASED LIMITS

Under Section I - Supplementary Payments Coverages A and B, paragraphs 2. and 4. are replaced in their entirety as follows:

2. Up to \$2,500. 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.

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 \$300. a day because of time off from work.

18. UNINTENTIONAL FAILURE TO DISCLOSE HAZARDS

Under Section IV - Commercial General Liability Conditions, Condition 6 - Representations, paragraph d. is added as follows:

d. We will not disclaim coverage under this coverage Part if you fail to disclose all hazards existing as of the inception date of the policy provided such failure is not intentional.

UNINTENTIONAL FAILURE TO NOTIFY

Under Section IV - Commercial General Liability Conditions, Condition 2 - Duties in The Event of Occurrence, Offense, Claim or Suit, paragraph f. is added as follows.

f. Your rights afforded under this policy shall not be prejudiced if you fail to give us notice of an "occurrence" offense, claim or "suit", solely due to your reasonable and documented belief that the "bodily injury" or "property damage" is not covered under this policy.

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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.

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QUICK REFERENCE

COMMERCIAL GENERAL LIABILITY COVERAGE PART

READ YOUR POLICY CAREFULLY

The Commercial General Liability Coverage part in your policy consists of Common Policy Conditions, Declarations, a Coverage Form, and Endorsements. Following is a Quick Reference indexing of the principal provisions contained in each of the components making up the Coverage Part.

COMMON POLICY CONDITIONS (IL0017)

- Cancellation
- Changes
- Examination of Your Books and Records
- Inspections and Surveys
- Premiums
- Transfer of Your Rights and Duties under this Policy

DECLARATION FORM(S) (CG7000 and CG7001 or CG-1, 2, 3 and/or 4)

- Named Insured and Mailing Address
- Policy Period
- Description of Business and Location of Premises
- Limits of Insurance
- Forms and Endorsements applying to the Coverage Part at time of Issue

COVERAGE FORM (CG0001)

SECTION I - COVERAGES

Coverage A - Bodily Injury and Property Damage Liability

Insuring Agreement

Exclusions

Coverage B - Personal and Advertising Injury Liability

Insuring Agreement

Exclusions

Coverage C - Medical Payments

Insuring Agreement

Exclusions

Supplementary Payments

SECTION II - WHO IS AN INSURED

SECTION III - LIMITS OF INSURANCE

SECTION IV - COMMERCIAL GENERAL LIABILITY CONDITIONS

Bankruptcy

Duties in the Event of Occurrence, Claim or Suit

Legal Action Against Us

Other Insurance

Premium Audit

Representations

Separation of Insureds

Transfer of Rights of Recovery Against Others to Us

ENDORSEMENTS (If Any)

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 WHO IS AN INSURED (SECTION II).

Other words and phrases that appear in quotation marks have special meaning. Refer to DEFINITIONS (SECTION V).

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 LIMITS OF INSURANCE (SECTION III); 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

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- (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;
- (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:
 - (i) If the pollutants are brought on or to the premises, site or location in connection with such operations by such insured, contractor or subcontractor; or
 - (ii) 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.

Subparagraph (d)(i) does not apply to "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 fuels, lubricants or other operating fluids are intentionally discharged, dispersed or released, or if such fuels, lubricants or other operating fluids are brought on or to the premises, site or location with the intent to be discharged, dispersed or released as part of the operations being performed by such insured, contractor or subcontractor.

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Subparagraphs (a) and (d)(i) do not apply to "bodily injury" or "property damage" arising out of heat, smoke or fumes from a hostile fire.

As used in this exclusion, a hostile fire means one which becomes uncontrollable or breaks out from where it was intended to be.

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

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.

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".

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.

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.

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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.

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 LIMITS OF INSURANCE (Section III).

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

- (1) The amount we will pay for damages is limited as described in LIMITS OF INSURANCE (SECTION III); 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:

- (1) "Personal injury" caused by an offense arising out of your business, excluding advertising, publishing, broadcasting or telecasting done by or for you;
- (2) "Advertising injury" caused by an offense committed in the course of advertising your goods, products or services;

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 injury" or "advertising injury":

- (1) Arising out of oral or written publication of material, if done by or at the direction of the insured with knowledge of its falsity;

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- (2) Arising out of oral or written publication of material whose first publication took place before the beginning of the policy period;
 - (3) Arising out of the willful violation of a penal statute or ordinance committed by or with the consent of the insured;
 - (4) For which the insured has assumed liability in a contract or agreement. This exclusion does not apply to liability for damages that the insured would have in the absence of the contract or agreement; or
 - (5) Arising out of the actual, alleged or threatened discharge, dispersal, seepage, migration, release or escape of pollutants at any time.
- b. "Advertising injury" arising out of:
- (1) Breach of contract, other than misappropriation of advertising ideas under an implied contract;
 - (2) The failure of goods, products or services to conform with advertised quality or performance;
 - (3) The wrong description of the price of goods, products or services; or
 - (4) An offense committed by an insured whose business is advertising, broadcasting, publishing or telecasting.
- c. 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.

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.

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.

- 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.

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SUPPLEMENTARY PAYMENTS – COVERAGES A AND B

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 \$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.
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 the "suit".
6. Prejudgment interest awarded against the insured on that part of the judgment we pay. If we make an offer to pay the 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.

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

(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 COVERAGE A – BODILY INJURY AND PROPERTY DAMAGE LIABILITY (Section I – Coverages), 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.

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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 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.
- 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;

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- 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 injury" or "advertising injury" arising out of an offense committed before you acquired or formed the organization.

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

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 injury" and all "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 Fire Damage Limit is the most we will pay under Coverage A for damages because of "property damage" to premises, while rented to you or temporarily occupied by you with permission of the owner, arising out of any one fire.
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.

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.

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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 any of the other insurance, whether primary, excess, contingent or on any other basis:

- (1) That is Fire, Extended Coverage, Builder's Risk, Installation Risk or similar coverage for "your work";
- (2) That is Fire insurance for premises rented to you or temporarily occupied by you with permission of the owner; or
- (3) If the loss arises out of the maintenance or use of aircraft, "autos" or watercraft to the extent not subject to Exclusion g. of Coverage A (Section I).

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.

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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. "Advertising injury" means injury arising out of one or more of the following offenses:

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

2. "Auto" means a land motor vehicle, trailer or 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;
- 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

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- (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. "Impaired property" means tangible property, other than "your product" or "your work", that cannot be used or is less useful because:
- It incorporates "your product" or "your work" that is known or thought to be defective, deficient, inadequate or dangerous; or
 - You have failed to fulfill the terms of a contract or agreement;
- if such property can be restored to use by:
- The repair, replacement, adjustment or removal of "your product" or "your work"; or
 - Your fulfilling the terms of the contract or agreement.
8. "Insured contract" means:
- 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";
 - A sidetrack agreement;
 - Any easement or license agreement, except in connection with construction or demolition operations on or within 50 feet of a railroad;
 - An obligation, as required by ordinance, to indemnify a municipality, except in connection with work for a municipality;
 - 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.
9. "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".
10. "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".

11. "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.

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

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

- a. False arrest, detention or imprisonment;
- b. Malicious prosecution;
- c. The wrongful eviction from, wrongful entry into, or invasion of the right of private occupancy of a room, dwelling or premises that a person occupies by or on behalf of its owner, landlord or lessor;
- d. Oral or written publication of material that slanders or libels a person or organization or disparages a person's or organization's goods, products or services; or
- e. Oral or written publication of material that violates a person's right of privacy.

14. "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.

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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.

15. "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.

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

- 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.

17. "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.

18. "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.

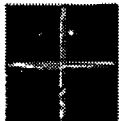
19. "Your work" means:

- 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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**HANOVER
INSURANCE**

**COMMERCIAL CRIME ()VERAGE PART
DECLARATIONS.**

☐ Supplemental Declarations is attached.

NEW

Renewal of Number

POLICY NUMBER	FROM	POLICY PERIOD	TO	AGENCY CODE
ZDI 5260801	08-29-98	08-29-99	AT 12:01 AM STANDARD TIME AT YOUR MAILING ADDRESS SHOWN ON THE COMMON DECLARATION.	4505

DESCRIPTION OF PREMISES

PREM. NO. BLDG. NO. LOCATION

SEE FORM 401-0024(1185) 1

COVERAGES PROVIDED

PREM. NO.	BLDG. NO.	Description of Coverage	Limit of Insurance	Deductible Amount	Premium
1	1	EMPLOYEE DISHONESTY COV A - BLANKET	50,000	0	INCL

TOTAL PREMIUM FOR THIS COVERAGE PART \$1,499

FORMS AND ENDORSEMENTS (other than applicable Coverage Form(s) shown above.)

Forms and Endorsements applying to this Coverage Part and made part of this policy at time of issue:
CR1000(06-95), 431-0001(11-85), CR7002(01-88), CR0001(10-90), CR0101(NC)

CANCELLATION OF PRIOR INSURANCE

By acceptance of this policy you give us notice cancelling prior policy or bond No(s).

the cancellation to be effective at the time this Coverage Part becomes effective.

THESE DECLARATIONS AND THE COMMON POLICY DECLARATIONS, IF APPLICABLE, TOGETHER WITH THE COMMON POLICY CONDITIONS,
COVERAGE FORM(S) AND FORMS AND ENDORSEMENTS, IF ANY, ISSUED TO FORM A PART THEREOF, COMPLETE THE ABOVE NUMBERED POLICY.

FORM 431-0001(11-85)

CR DA 1

CRIME GENERAL PROVISIONS

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 of assets 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", but only if you:
 - a. Give us written notice within 30 days thereafter; and
 - b. Pay us an additional premium.
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. **Discovery Period for Loss:** We will pay only for covered loss discovered no later than one year from the end of the policy period.
5. **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.

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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.
12. **Non-Cumulation of Limit of 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.
13. **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.
14. **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.

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15. 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.

16. Records: You must keep records of all Covered Property so we can verify the amount of any loss.

17. 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.

18. 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.

19. 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.

20. 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;

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(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 employed by an employment contractor 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, 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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QUICK REFERENCE

COMMERCIAL CRIME COVERAGE PART

READ YOUR POLICY CAREFULLY

The Commercial Crime Coverage Part in your policy consists of Common Policy Conditions, Declarations, Crime General Provisions Form, Coverage Form(s), and Endorsements. Following is a Quick Reference indexing of the principal provisions contained in each of the components making up the Coverage Part.

COMMON POLICY CONDITIONS (IL0017)

- Cancellation
- Changes
- Examination of Your Books and Records
- Inspections and Surveys
- Premiums
- Transfer of Your Rights and Duties Under This Policy

DECLARATION FORM(S) (CR7000 and CR7001 or CR-1)

- Named Insured
- Mailing Address
- Policy Period
- Coverage, Limits of Insurance and Deductible
- Endorsements Forming Part of This Policy When Issued
- Cancellation of Prior Insurance

CRIME GENERAL PROVISIONS FORM (CR1000)

- A. General Exclusions
 - 1. Acts Committed by You or Your Partners
 - 2. Governmental Action
 - 3. Indirect Loss
 - 4. Legal Expenses
 - 5. Nuclear
 - 6. War and Similar Actions
- B. General Conditions
 - 1. Consolidation-Merger
 - 2. Coverage Extension
 - 3. Discovery Period for Loss
 - 4. Duties in the Event of Loss
 - 5. Joint Insured
 - 6. Legal Action Against Us
 - 7. Loss Covered Under More Than One Coverage of This Insurance
 - 8. Loss Sustained During Prior Insurance
 - 9. Loss Covered Under This Insurance and Prior Insurance Issued by Us or Any Affiliate
 - 10. Non-Cumulation of Limit of Insurance
 - 11. Other Insurance
 - 12. Ownership of Property; Interest Covered
 - 13. Policy Period
 - 14. Records
 - 15. Recoveries
 - 16. Territory
 - 17. Transfer of Your Rights of Recovery Against Others to Us
 - 18. Valuation-Settlement
- C. General Definition
 - 1. "Employee"

Citizens® Insurance Company of America

2. "Money"
3. "Property Other Than Money and Securities"
4. "Securities"

COVERAGE FORM(S)

A. Coverage

1. Section 1.-Inside the Premises
 - a. Covered Property
 - b. Covered Causes of Loss
 - c. Coverage Extensions
2. Section 2.-Outside the Premises
 - a. Covered Property
 - b. Covered Causes of Loss
 - c. Coverage Extensions

B. Limit of Insurance

C. Deductible (If Applicable)

D. Additional Exclusions, Conditions and Definitions

ENDORSEMENTS (IF APPLICABLE)

CR 00 01 10 90

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.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

NORTH CAROLINA CHANGES – LEGAL ACTION AGAINST US

This endorsement modifies insurance provided under the following:

COMMERCIAL CRIME COVERAGE PART

When forming a part of this policy, the Legal Action Against Us Condition in the Crime General Provisions and in the Safe Depository Direct Loss Coverage Form is replaced by the following:

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 3 years from the date you discover the loss.

MB 01187

The Hanover Insurance Company COMMERCIAL INLAND MARINE COVERAGE PART-DECLARATIONS	Customer No.	Billing Type & Mode	Reins Applies		Spec. Comm.	Ann. Code	Advt. Freq.

☐ Supplemental Declarations is attached.

NEW

Renewal of Number

POLICY NUMBER	FROM	POLICY PERIOD	TO	AGENCY CODE
ZDI 5260801	08-29-98	08-29-99	AT 12:01 STANDARD TIME AT YOUR MAILING ADDRESS SHOWN ON THE COMMON DECLARATIONS	21-4505

NAME OF COVERAGE	PREMIUM
CONTRACTOR'S EQUIPMENT (BROAD FORM)	\$ 3,445 DEPOSIT
BUILDERS RISK & INSTALLATION FORM	\$144,000 DEPOSIT
SIGNS	\$ 1

TOTAL PREMIUM FOR THIS COVERAGE: \$ 147,446

FORMS AND ENDORSEMENTS

Forms and Endorsements applying to this Coverage Part and made part of this policy at time of issue:
351-0080(01-87), 351-0205(02-83), 221-0163(04-90)(1,2,3,4,5), 441-0001(11-85), CM0001(06-95),
CM7003(01-88), 441-0020, CM0103(NC), 441-0013(03-85), CM0028(06-95)

THESE DECLARATIONS AND THE COMMON POLICY DECLARATIONS, IF APPLICABLE, TOGETHER WITH THE COMMON POLICY CONDITIONS, COVERAGE
FORM(S) AND FORMS AND ENDORSEMENTS, IF ANY ISSUED TO FORM A PART THEREOF COMPLETE THE ABOVE NUMBERED POLICY.

FORM 441-0001(11-85)



**HANOVER
INSURANCE**

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY

IT IS AGREED CONTRACTOR'S EQUIPMENT (BROAD FORM), FORM 351-0080(01-87) IS AMENDED TO READ AS FOLLOWS:

ITEM 2-a IS REPLACED WITH THE FOLLOWING:

AUTOMOBILES, TRUCKS, TRACTORS, OR OTHER SIMILAR CONVEYANCES DESIGNED FOR HIGHWAY USE;

(1)

Nothing herein contained shall be held to vary, alter, waive or extend any of the terms, conditions, agreements or limitations of the Policy other than as above stated.

(Completion of the following, including countersignature, is required to make this endorsement effective only when it is issued subsequent to preparation of the Policy.)

Effective 08-29-98 this endorsement forms a part of Policy No. ZDI 5260801

Issued to _____

By _____ Insurance Company

Date of Issue _____ Countersigned by _____
Authorized Representative of the Company

Form 221-0163 (4/90)



**HANOVER
INSURANCE**

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY

IT IS AGREED CONTRACTOR'S EQUIPMENT (BROAD FORM), FORM 351-0080(01-87) IS AMENDED TO ADD THE FOLLOWING:

ADDITIONAL CONDITIONS

REPORTING CONDITIONS - THE FOLLOWING REPORTING CONDITIONS APPLY:

1. PREMIUM COMPUTATION AND ADJUSTMENT.

THE INSURED AGREES TO KEEP AN ACCURATE RECORD OF ALL OWNED CONTRACTORS EQUIPMENT VALUES AND TO REPORT IN WRITING TO THE COMPANY WITHIN THIRTY (30) DAYS AFTER THE EXPIRATION DATE OF THIS POLICY THE TOTAL VALUES OF ALL OWNED CONTRACTORS EQUIPMENT AT THE END OF THE 12 MONTH POLICY PERIOD. WE WILL APPLY THE ANNUAL RATE OF .75 PER \$100 OF VALUE TO THE TOTAL ANNUAL VALUE REPORTED. WE WILL COMPARE THE TOTAL COMPUTED PREMIUM TO THE DEPOSIT PREMIUM. IF IT IS MORE THAN THE DEPOSIT PREMIUM, YOU WILL PAY US THE DIFFERENCE. IF YOUR COVERAGE IS CANCELLED YOU MUST REPORT THE TOTAL VALUE OF CONTRACTORS EQUIPMENT UP TO AND INCLUDING THE DATE OF CANCELLATION AND PAY ANY ADDITIONAL PREMIUM DUE.

(2)

Nothing herein contained shall be held to vary, alter, waive or extend any of the terms, conditions, agreements or limitations of the Policy other than as above stated.

(Completion of the following, including countersignature, is required to make this endorsement effective only when it is issued subsequent to preparation of the Policy.)

Effective 08-29-98 this endorsement forms a part of Policy No. ZDI 5260801

Issued to _____

By _____ Insurance Company

Date of Issue _____ Countersigned by _____
Authorized Representative of the Company

Form 221-0183 (4/90)



HANOVER
INSURANCE

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY

CONTRACTOR'S EQUIPMENT SUPPLEMENTAL DECLARATIONS

<u>COVERED PROPERTY</u>	<u>LIMIT</u>	<u>DEDUCTIBLE</u>
SCHEDULE ON FILE	\$500,000	\$100
CATASTROPHE LIMIT	\$500,000	

(3)

Nothing herein contained shall be held to vary, alter, waive or extend any of the terms, conditions, agreements or limitations of the Policy other than as above stated.

(Completion of the following, including countersignature, is required to make this endorsement effective only when it is issued subsequent to preparation of the Policy.)

Effective 08-29-98 this endorsement forms a part of Policy No. ZDI 5260801

Issued to _____

By _____ Insurance Company

Date of issue _____ Countersigned by _____
Authorized Representative of the Company

Form 221-0153 (4/90)

ROA 2192

MB 01191



**HANOVER
INSURANCE**

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY

IT IS AGREED BUILDERS RISK AND INSTALLATION FORM 351-0205 IS AMENDED TO READ AS FOLLOWS:

ITEM 10. COMPLETED VALUE REPORTING IS DELETED IN IT'S ENTIRETY AND REPLACED WITH THE FOLLOWING:

THE INSURED AGREES TO KEEP AN ACCURATE RECORD OF TOTAL CLOSINGS AND NUMBER OF TRADES SOLD COVERED UNDER THIS POLICY AND TO REPORT IN WRITING TO THIS COMPANY WITHIN THIRTY (30) DAYS AFTER THE EXPIRATION DATE OF THIS POLICY, THE TOTAL NUMBER OF CLOSINGS AND TOTAL NUMBER OF TRADES SOLD WITHIN THE PAST 12 CONSECUTIVE MONTHS. WE WILL APPLY THE ANNUAL RATE OF \$45 PER CLOSING TO THE ANNUAL NUMBER REPORTED. WE WILL COMPARE THE TOTAL COMPUTED PREMIUM TO THE DEPOSIT PREMIUM. IF IT IS MORE THAN THE DEPOSIT PREMIUM, YOU WILL PAY US THE DIFFERENCE. IF IT IS LESS THAN THE DEPOSIT PREMIUM, WE WILL RETURN THE DIFFERENCE SUBJECT TO THE MINIMUM PREMIUM INDICATED ON THE FORM.

IF YOUR COVERAGE IS CANCELLED YOU MUST REPORT THE TOTAL NUMBER OF CLOSINGS AND NUMBER OF TRADES SOLD UP TO AND INCLUDING THE DATE OF CANCELLATION AND PAY ANY ADDITIONAL PREMIUM DUE.

(4)

Nothing herein contained shall be held to vary, alter, waive or extend any of the terms, conditions, agreements or limitations of the Policy other than as above stated.

(Completion of the following, including countersignature, is required to make this endorsement effective only when it is issued subsequent to preparation of the Policy.)

Effective 08-29-98 this endorsement forms a part of Policy No. ZDI 5260801

Issued to _____

By _____ Insurance Company

Date of Issue _____ Countersigned by _____
Authorized Representative of the Company

Form 221-0163 (4/80)



**HANOVER
INSURANCE**

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY

IT IS AGREED BUILDERS RISK AND INSTALLATION FORM 351-0205 (10-83) IS AMENDED TO READ AS FOLLOWS:

ITEM 4. PROPERTY INSURED IS AMENDED TO INCLUDE THE FOLLOWING:

CONTENTS IS INCLUDED AS PROPERTY INSURED.

(5)

Nothing herein contained shall be held to vary, alter, waive or extend any of the terms, conditions, agreements or limitations of the Policy other than as above stated.

(Completion of the following, including countersignature, is required to make this endorsement effective only when it is issued subsequent to preparation of the Policy.)

Effective 08-29-98 this endorsement forms a part of Policy No. ZDI 5260801

Issued to _____

By _____ Insurance Company

Date of Issue _____ Countersigned by _____
Authorized Representative of the Company

Form 221-0183 (4/90)

ROA 2194

MB 01193

COMMERCIAL INLAND MARINE BUILDERS RISK AND INSTALLATION FORM

1. This policy insures against risks of direct physical loss of or damage to the property insured from any external cause unless the loss is excluded in Item 11 Perils Excluded.

2. **ADDITIONAL COVERAGE**

COLLAPSE - This policy insures against risk of direct physical loss involving collapse of a building or any part of a building caused only by one or more of the following:

- a. fire; lightning; windstorm; hail; explosion; smoke; aircraft; vehicles; riot; civil commotion; vandalism or malicious mischief; breakage of glass; falling objects; weight of snow, ice or sleet; water damage; all only as insured against this policy.
- b. hidden decay;
- c. hidden insect or vermin damage;
- d. weight of people or personal property;
- e. weight of rain which 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.

This Company shall not be liable for loss to the following types of property, if otherwise covered in this policy, under items b., c., d., e and f. unless the loss is a direct result of the collapse of a building:

outdoor radio or television antennas, including their lead-in wiring, masts or towers; awnings; gutters and downspouts; yard fixtures; outdoor swimming pools; fences; piers; wharves and docks; beach or diving platforms or appurtenances; retaining walls; walks, roadways and other paved surfaces.

Collapse does not include settling, cracking, shrinkage, bulging or expansion. This Additional Coverage does not increase the amount(s) of insurance provided in this policy.

3. **ATTACHMENT AND TERMINATION OF LIABILITY**

This policy covers from the time property is at the risk of the insured, during transit, while temporarily detained at locations and thereafter while at construction premises, which commences on or after the inception of this policy, but coverage will cease:

- (1) upon acceptance of the property by the owner or purchase, or
- (2) when the insured's interest ceases, or
- (3) 30 days after completion of the project, or
- (4) on each building, structure or addition when occupied for its intended purpose: unless written consent of the company is obtained, or
- (5) upon expiration or termination of this policy;

whichever first occurs.

4. **PROPERTY INSURED**

This policy insures, except as otherwise provided, materials, supplies, machinery, equipment, fixtures and similar property destined to become a permanent part of:

- (1) the construction, installation or completion of building or structures, including foundations; or
- (2) the improvement, alteration, repair or addition to existing buildings or structures;

which are insured by this policy.

If a limit of liability is indicated, this policy will also insure:

- (1) Forms, scaffolding and temporary structures at the site of construction.
- (2) Plans, blueprints, designs, specifications or any similar property.
- (3) Tools and equipment of a portable nature customarily carried by the insured.

5. **PROPERTY AND INTERESTS EXCLUDED**

This policy does not insure property of others, unless the insured has prior to loss assumed liability therefor, or is legally liable, and then only to the extent of the insured's liability. However, in no event does this policy insure existing buildings or structures to which improvements, alterations, repairs or additions are being made.

6. **LIMITS OF LIABILITY**

This Company shall not be liable for more than:

- (A) \$ 3,000,000 any one loss, casualty or disaster including the salvage charges or other expenses or all combined, except as follows:
- (B) \$ 1,000,000 at any one construction premises;
- (C) \$ 50,000 on forms, scaffolding and temporary structures while at the site of construction;
- (D) \$ 50,000 while in transit;
- (E) \$ 50,000 while held in storage at premises owned, leased or operated by the insured or at any temporary storage location other than at the construction premises;
- (F) \$ 50,000 on plans, blueprints, designs, specifications or any similar property;
- (G) \$ NO COVERAGE on tools and equipment of a portable nature customarily carried with the insured, including when said property is temporarily returned to the insured's premises, subject to a limit of NO COVERAGE on any one tool, or place of equipment.

7. **DEDUCTIBLE**

Each claim for loss or damage, separately, occurring shall be adjusted separately and from the amount of each such adjusted claim there shall be deducted 1,000.

8. **MINIMUM PREMIUM** - The minimum premium to be earned under this policy for each year of the policy term shall be 500.

9. **MINIMUM RETAINED PREMIUM** - in the event of cancellation of this policy by the insured it shall be understood and agreed that the minimum retained premium shall be 5,000.

10. **COMPLETED VALUE REPORTING**

The insured agrees to keep an accurate record of the value of all property covered under this policy and to report in writing to this Company within thirty (30) days after the end of each month, the projected total completed value of each structure at risk under this insurance as of the last day of the preceding month, and pay premium on the aggregate amount reported at the agreed monthly rate of _____ per \$100.00.

At the time of any loss, if the insured has failed to file with this Company reports of value as above required, this policy, subject otherwise to all of its terms, conditions and limitations, shall cover only at the locations and for not more than the amount included in the last report of values filed prior to the loss. If such delinquent report is a first report of values herein required to be filed, liability shall be limited to ninety (90) per cent of the amount for which this company would otherwise be liable.

In the event of loss or damage this Company shall be liable for no greater proportion of such loss or damage than the value last reported by the insured prior to loss or damage bears to the projected total completed value of the building or structure involved. This clause shall apply separate each building or structure insured under this policy. Notwithstanding the requirements of this policy that premium be paid upon the projected completed values at risk thereunder, the Company's liability shall in no event exceed the limits of liability as specified in this policy. The Company, through its authorized representative, shall be permitted to inspect the books and records of the insured pertaining to the subject matter of this insurance at all reasonable time during life of this policy and for twelve (12) months after the expiration or termination date of the insurance. Any evasion or attempted evasion by the insured in connection with statements, payment of premium or any matter relating to this insurance shall void such policy and shall be an absolute defense to any suit or action brought under such policy.

11. **PERILS EXCLUDED**

This policy does not insure loss caused directly or indirectly by any of the following. Such loss is excluded regardless of any other cause or event contributing concurrently or in any sequence to the loss.

- (a) any unexplained loss, mysterious disappearance of property (except property in the custody of carriers of bailees for hire) or shortage disclosed on taking inventory;
- (b) loss or damage caused by or resulting from earthquake, volcanic action, mud flow, earth sinking, earth rising or shifting, landslide or other earth movement, except for property in due course of transit or unless loss by fire or explosion ensues, and then only for such ensuing loss;
- (c) loss or damage caused by or resulting from:
 - 1. flood, surface water, waves, tidal water to tidal wave, overflow of streams or other bodies of water, or spray from any of the foregoing, all whether driven by wind or not;
 - 2. water which backs up through sewers or drains;
 - 3. water below the surface of the ground including that which exerts pressure on or flows, seeps or leaks through sidewalks, driveways, foundations, walls, basement or other floors, or through doors, windows or any other opening in such sidewalks, driveways, foundations, walls or floors;
 - 4. release of water impounded by a dam regardless of cause;except for property in due course of transit, unless loss by fire or explosion ensues, and then only for such ensuing loss;
- (d) loss or damage to property in the open caused by rain, snow, sleet, sand or dust (other than property in the custody of carriers of hire);
- (e) loss or damage caused by or resulting from error, omission or deficiency in design, specifications, workmanship, or materials, but this exclusion does not apply to loss by fire, lightning, windstorms, hail, explosion, riot or civil commotion, aircraft, vehicles, smoke or discharge from fire protective or building service equipment, to the extent that such perils are insured against in this policy;
- (f) loss or damage caused by or resulting from inherent vice, latent defect, wear and tear, deterioration, rust, corrosion, dampness, dryness of atmosphere, wet or dry rot, mold, extremes or changes of temperature, freezing insects or vermin.

- (g) loss or damage resulting from short circuit blow-out or other electrical disturbance caused by electrical currents artificially generated, unless fire or explosion ensues, and then only for loss or damage caused by such ensuing fire or explosion;
- (h) loss or damage caused by or resulting from mechanical breakdown or derangement, including rupture, bursting or disintegration of the rotating or moving parts of machines of machinery resulting from centrifugal or reciprocating force, unless loss by a peril not otherwise excluded ensues, and then only for such ensuing loss;
- (i) misappropriation, secretion, conversion, infidelity or any dishonest act on the part of the insured or other party of interest, his or their employees, while working or otherwise, or others to whom the property may be entrusted (carriers for hire excepted);
- (k) loss occasioned directly or indirectly by order of any government authority or by enforcement of any local or state ordinance or law regulating the construction, repair, or demolition of building(s) and structure(s);
- (l) loss of use, delay, loss of markets, penalties for noncompletion or noncompliance with contract conditions or consequential loss of any kind;
- (m) loss or damage caused by or resulting from subsidence, settling, cracking, shrinkage or expansion of walls, pavements, foundations, floors, roofs or ceilings;
- (n) loss or damage covered under any guarantee, warranty, or other obligation (expressed or implied) by any contractor, manufacturer or supplier, whether or not such contractor, manufacturer or supplier is an insured under this policy;
- (o) loss or damage caused by or resulting from testing, unless fire or explosion ensues, and then only for the ensuing fire or explosion;
- (p) by collapse, except as provided above in the collapse additional coverage. If a peril not otherwise excluded ensues on the described premises, this Company, will pay only for loss caused by the ensuing peril.

12. This policy does not insure against loss caused by any of the following:

However, any ensuing loss not excluded or excepted in this policy is covered.

- A. Weather conditions. However, this exclusion only applies if weather conditions contribute in any way with a cause or event excluded in Item 11 Perils Excluded above to produce the 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 on or off the described premises.

13. COINSURANCE

This Company shall be liable for no greater proportion of any loss, than the limit of liability, set forth in this policy, bears to the projected full value of the property insured at date of completion. If this policy covers two or more structures under construction, the foregoing shall apply separately to each structure.

14. GENERAL CONDITIONS

- (a) In no event shall this Company be liable for any increased cost of repairs or reconstruction by reason of any law, ordinance, regulation, permit or license regulating construction or repairs;
- (b) It shall be optional with the Company to take over any material for the loss of which it has paid or which has been replaced by new material at the expense of this Company, and also to repair, rebuild or replace any property lost or damaged, with other of like kind or quality within the reasonable time, on giving notice of its intention to do so not later than thirty (30) days after receipt of the Proof of Loss herein required, but there shall be no abandonment of any property to this Company;
- (c) This policy shall be void, unless otherwise provided by agreement in writing added hereto, if this policy be assigned or transferred;
- (d) In case of loss or damage to the property of others held by the insured, for which claim is made upon this Company with the consent of the insured, the right to adjust such loss or damage with the owner or owners of the property is reserved to this Company and the receipt of such owner or owners in satisfaction thereof shall be in full satisfaction of any claim of the insured for which such payment has been made. If legal proceedings be taken to enforce a claim against the insured as respects any such loss or damage, this Company reserves the right at its option, without expense to the insured, to conduct and control the defense on behalf of and in the name of the insured. No action of this Company in such regard shall increase the liability of this Company under this policy. In no event shall this Company be liable for legal expenses incurred by the insured without the Company's prior written consent;
- (e) In case other valid and collectible insurance exists on any property hereby insured at the time and place of loss, the insurance under this policy shall be considered as excess insurance and shall not apply or contribute to the payment of any loss until the amount of such other insurance shall have been exhausted, it being agreed that under this policy the insured is to be reimbursed to the extent of the difference between the amount collectible from such other insurance and the amount of actual loss otherwise collectible hereunder;
- (f) The term building(s) or structure(s) "value", as used in this form is defined to include paving; fences; shrubs and plants; and sales profit, only if values of such is included in the completed value on which premium charge for this policy is based.
- (g) Insofar as they conflict, the conditions of this form supersede the conditions of the policy to which it is attached.

The Hanover Insurance Companies COMMERCIAL INLAND MARINE SIGNS DECLARATIONS	Customer No.	Billing Type & Mode	Reins. Applies		Spec. Comm.	Ann. Code	Audit Freq.

NEW
Renewal of Number

POLICY NUMBER	FROM	POLICY PERIOD	TO	AGENCY CODE
ZDT 5260R01	08-29-08	08-29-09	AT 12-01 AM STANDARD TIME AT YOUR MAILING ADDRESS SHOWN ON THE COMMON DECLARATIONS	21-4505

LIMITS OF INSURANCE				
Type of Sign	AND	Lettering	Location	Limit of Insurance
PER SCHEDULE WITH COMPANY			BLANKET	\$ 15,000
				\$
				\$
Total \$				15,000
RATES AND PREMIUM				
PREMIUM FOR THIS COVERAGE FORM \$			INCL	
RATE \$			INCL	
DEDUCTIBLE				
The Deductible amount is \$100 unless otherwise stated				\$
SPECIAL PROVISIONS (if any)				
CM 00 01				
CM 00 28				

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COMPANY - UNDERWRITING OFFICE

FORM 441-0013 (11-85)

ROA 2198

MB 01197



**CONTRACTOR'S-EQUIPMENT
(Broad Form)**

1. THIS ENDORSEMENT COVERS the Contractor's Equipment scheduled in the Declarations.
2. THIS ENDORSEMENT DOES NOT COVER:
 - a. Automobiles, trucks, tractors, trailers or other similar conveyances designed for highway use;
 - b. Motorcycles;
 - c. Aircraft or watercraft;
 - d. Plans, blueprints, designs, specifications, manuscripts, and mechanical drawings;
3. THIS ENDORSEMENT INSURES AGAINST all risks of physical loss of or damage to the described property from any external cause, except as hereinafter provided.
4. THIS ENDORSEMENT DOES NOT INSURE AGAINST:
 - a. Loss of use or consequential loss of any kind;
 - b. Loss or damage to property while waterborne, except by public ferry
 - c. Loss, damage, or expense caused by or resulting from wear and tear, gradual deterioration, depreciation, insects, rodents or other vermin, mechanical breakdown or failure, inherent vice, latent defect or any other condition of or within the property which causes it to destroy itself;
 - d. Misappropriation, secretion, conversion, infidelity or any dishonest act on the part of the Insured or other party of interest, his or their employees or agents, whether during regular hours of employment or otherwise, or others to whom the property may be entrusted (common carriers excepted);
 - e. Loss or damage to property which the Insured has loaned, hired, rented or leased to others unless specifically endorsed hereon;
 - f. Loss or damage from electrical injury or disturbance to electrical appliances, devices or wiring caused by electricity, other than lightning, unless fire ensues and then only for loss or damage from such ensuing fire;
 - g. Unexplained or mysterious disappearance, or shortage disclosed upon taking inventory.
5. DEDUCTIBLE: Each claim for loss or damage, separately occurring, shall be adjusted separately and from the amount of such adjusted claim, the limit of insurance or the applicable limit of liability, whichever is less, there shall be deducted the "deductible amount" specified in the Declarations.
6. ADDITIONALLY PURCHASED PROPERTY: This endorsement is extended to cover each additionally purchased item of contractor's equipment, owned by the Insured, in consideration of the agreement by the Insured to report each such purchase within forty-five (45) days from the date of such purchase and pay premium thereon from said date at pro rata of the policy rate.
It is specifically understood and agreed, however, that this endorsement shall cease to cover such additional items if not reported to the Company within the forty-five (45) day period AND IN ANY EVENT, THE COMPANY SHALL NOT BE LIABLE UNDER THE PROVISIONS OF THIS CLAUSE FOR MORE THAN (a) the actual cash value of such property, nor (b) for more than twenty-five (25) percent of the TOTAL AMOUNT OF THE POLICY (exclusive of this paragraph) in respect to any one loss, disaster or casualty.
7. OTHER INSURANCE: If at the time of loss or damage there is available to a named or unnamed insured or other party of interest any other valid and collectible insurance, which would apply in the absence of this policy, the insurance under this policy shall apply as excess insurance over such other insurance.
8. COINSURANCE: The Company shall not be liable in the event of loss or damage for any greater proportion of such loss or damage than the amount hereby insured bears to the actual value of the property insured hereunder at the time when such loss or damage shall happen. If this policy covers two or more items, this condition shall apply to each item separately.
9. LOSS CLAUSE: Any loss hereunder shall not reduce the amount of this policy. If claim is paid for total loss of one or more scheduled items, the unearned premium applicable to such items shall be deemed fully earned by the Company.
10. TERRITORIAL LIMITS: This policy covers only within the limits of the forty-eight contiguous states of the United States, the District of Columbia and Canada.

COMMERCIAL INLAND MARINE CONDITIONS

The following conditions apply in addition to the Common Policy Conditions and applicable Additional Conditions is 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 not 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.

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".

MB 01200

QUICK REFERENCE

COMMERCIAL INLAND MARINE COVERAGE PART

READ YOUR POLICY CAREFULLY

The Commercial Inland Marine Coverage Part in your policy consists of Common Policy Conditions, Declarations, Coverage Form(s), Commercial Inland Marine Conditions and Endorsements. Following is a Quick Reference indexing of the principal provisions contained in each of the components making up the Coverage Part.

COMMON POLICY CONDITIONS (IL0017)

- Cancellation
- Changes
- Examination of Your Books and Records
- Inspections and Surveys
- Premiums
- Transfer of Your Rights and Duties under this Policy

DECLARATION FORM(S) (CM7000 and CM7001 or CM-1, 2, 3, 4, 5, and/or 6)

- Named Insured
- Mailing Address
- Policy Period
- Coverage, Limits of Insurance and Deductible
- Endorsements Forming Part of This Policy When Issued
- Cancellation of Prior Insurance

COVERAGE FORM(S)

- A. Coverage
- B. Exclusions
- C. Limits of Insurance
- D. Deductible (if applicable)
- E. Additional Conditions
- F. Definition(s)

COMMERCIAL INLAND MARINE CONDITIONS (CM0001)

Loss Conditions

- A. Abandonment
- B. Appraisal
- C. Duties in the Event of Loss
- D. Insurance Under Two or More Coverages
- E. Loss Payment
- F. Other Insurance
- G. Pair, Set or Parts
- H. Privilege to Adjust with Owner
- I. Recoveries
- J. Reinstatement of Limit After Loss
- K. Transfer of Rights of Recovery Against Others to Us

General Conditions

- A. Concealment, Misrepresentation or Fraud
- B. Legal Action Against Us
- C. No Benefit to Bailee
- D. Policy Period
- E. Valuation

ENDORSEMENTS (IF APPLICABLE)



ALLMERICA FINANCIAL[®]
HANOVER INSURANCE

INLAND MARINE BRIDGE ENDORSEMENT
(For use when the Commercial Inland Marine Coverage
Part is included in a Commercial Lines Policy)

This endorsement modifies insurance under the forms included in the Commercial Inland Marine Coverage Part and creates a "bridge" of clarification between the Commercial Inland Marine Coverage Part and the Commercial Lines Policy of which it is a part.

The terms and conditions of each form are changed as follows:

1. Whenever the term "policy" is used in any form or in any related endorsement or declarations, it is changed to "coverage part".
2. The following words have the same meaning:
 - a. "You" and "your" refer to the Named Insured shown in the Declarations.
 - b. "We," "us" and "our", refer to the Company providing this insurance.
3. If and whenever the term "peril" is used in any form, related endorsement, or declarations, the term "peril" is changed to "Cause of Loss".
4. Unless we change any term or condition by endorsement, the following provisions apply to each form and any related endorsement or declarations:
 - a. If included in this coverage Part, all conditions of the Commercial Inland Marine Conditions, Inland Marine General Terms and the Common Policy Conditions:
 - i. Apply; and
 - ii. Replace any similar condition in each form.
 - b. All other terms and conditions of each form remain unchanged.



ALLMERICA FINANCIAL[®]
HANOVER INSURANCE

CI 226
(11-85)

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

NORTH CAROLINA CHANGES

This endorsement modifies insurance provided under the following:

COMMERCIAL INLAND MARINE COVERAGE PART

A. WARRANTIES

Wherever the words "warrants" "warranties", "warranted", or "warranty" appear in this Coverage Part, you and we agree that they are representations.

B. PROTECTIVE SAFEGUARDS

The Protective Safeguards Additional Condition is replaced by the following:

You must maintain the protective safeguards stated by you to be in effect at a location when this coverage began.

You must notify us immediately when you fail to keep the protective safeguards:

1. In working condition at a location; and

2. In operation when you are closed to business.

C. Commercial Inland Marine General Condition B. **Legal Action Against Us** is replaced by the following:

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 3 years after you first have knowledge of the "loss".

CM 00 28 06 95
SIGNS 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 F—DEFINITIONS.

A. COVERAGE

We will pay for "loss" to Covered Property from any of the Covered Causes of Loss.

1. COVERED PROPERTY, as used in this Coverage Form, means:

- a. Your signs; and
- b. Similar property of others in your care, custody or control.

2. PROPERTY NOT COVERED

Covered Property does not include 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; leakage from fire extinguishing equipment; sinkhole collapse; volcanic action; breakage of building glass; falling objects; weight of snow, ice or sleet; water damage; 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 materials or methods in construction, remodeling or renovating if the collapse occurs during the course of the construction, remodeling or renovating.

This Additional Coverage does not increase the Limits of Insurance provided in this Coverage Form.

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 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" caused by or resulting from acts of destruction ordered by governmental authority and taken at the time of a fire to prevent its spread if the fire would be covered under this Coverage Form.

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. Delay, loss of use, loss of market or any other consequential loss.
- b. Breakage during transportation, or breakage during installation, repairing or dismantling. But we do insure against such "loss" caused directly by fire, lightning, or by accident to the vehicle carrying the property if these causes of "loss" would be covered under this Coverage Form.

(over)

- c. Dishonest or criminal act committed by:
- (1) You, any of your partners, employees, directors, trustees, or authorized representatives;
 - (2) Anyone else with an interest in the property, or their employees or authorized representatives; or
 - (3) Anyone else to whom the property is entrusted for any purpose.

This exclusion applies whether or not such:

- (1) Persons are acting alone or in collusion with other persons; or
- (2) Acts occur during the hours of employment.

This exclusion does not apply to:

- (1) Covered Property that is entrusted to others who are carriers for hire; or
- (2) Acts of destruction by your employees. But theft by employees is not covered.

- d. Artificially generated current creating a short circuit or other electric disturbance within an article covered under this Coverage Form. But we will pay for direct "loss" caused by resulting fire if the fire would be covered under this Coverage Form.

This exclusion only applies to "loss" to that article in which the disturbance occurs.

- e. 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.
- f. 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 contribute in any way with a cause or event excluded in paragraph 1. above to produce the "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.

- e. Wear and tear, any quality in the property that causes it to damage or destroy itself, hidden or latent defect, gradual deterioration; mechanical breakdown; dampness, cold or heat.

1.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. COINSURANCE

All Covered Property, except property in transit, must be insured for its total value as of the time of "loss" or 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." This penalty will not apply to property in transit.

F. DEFINITIONS

"Loss" means accidental loss or damage.

CM 00 28 06 95
SIGNS 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 F—DEFINITIONS.

A. COVERAGE

We will pay for "loss" to Covered Property from any of the Covered Causes of Loss.

1. COVERED PROPERTY, as used in this Coverage Form, means:

- a. Your signs; and
- b. Similar property of others in your care, custody or control.

2. PROPERTY NOT COVERED

Covered Property does not include 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; leakage from fire extinguishing equipment; sinkhole collapse; volcanic action; breakage of building glass; falling objects; weight of snow, ice or sleet; water damage; 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 materials or methods in construction, remodeling or renovating if the collapse occurs during the course of the construction, remodeling or renovating.

This Additional Coverage does not increase the Limits of Insurance provided in this Coverage Form.

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 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" caused by or resulting from acts of destruction ordered by governmental authority and taken at the time of a fire to prevent its spread if the fire would be covered under this Coverage Form.

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. Delay, loss of use, loss of market or any other consequential loss.
- b. Breakage during transportation, or breakage during installation, repairing or dismantling. But we do insure against such "loss" caused directly by fire, lightning, or by accident to the vehicle carrying the property if these causes of "loss" would be covered under this Coverage Form.

(over)



ALLMERICA FINANCIAL[®]
HANOVER INSURANCE

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

It is understood and agreed builders risk form 3510205(1083) is amended to show a \$1,000,000 liability limit for offsite coverage and a \$100,000 limit for transit coverage as per attached.

No change in premium

Endt #4

Nothing herein contained shall be held to vary, alter, waive or extend any of the terms, conditions, agreements or limitations of the policy other than as above stated.

(Completion of the following, including countersignature, is required to make this endorsement effective only when it is issued subsequent to preparation of the Policy.)

Effective 6-21-99

this endorsement forms a part of Policy No. ZDI 5260801

Issued to Crossman Communities, Inc.
21-4505

By Massachusetts Bay Insurance Company

Date of Issue 2-4-00

Countersigned by _____
Authorized Representative of the Company

221-0163 (4-90)



ALLMERICA FINANCIAL[®]
HANOVER INSURANCE

COMMERCIAL INLAND MARINE BUILDERS RISK AND INSTALLATION FORM

1. This policy insures against risks of direct physical loss of or damage to the property insured from any external cause unless the loss is excluded in Item 11 Perils Excluded.

2. **ADDITIONAL COVERAGE**

COLLAPSE-This policy insures against risk of direct physical loss involving collapse of a building or any part of a building caused only by one or more of the following:

- a. fire; lightning; windstorm; hail; explosion; smoke; aircraft; vehicles; riot; civil commotion; vandalism or malicious mischief; breakage of glass; falling objects; weight of snow, ice or sleet; water damage; all only as insured against in this policy,
- b. hidden decay;
- c. hidden insect or vermin damage;
- d. weight of people or personal property;
- e. weight of rain which 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.

This Company shall not be liable for loss to the following types of property, if otherwise covered in this policy, under Items b., c., d., e. and f. unless the loss is a direct result of the collapse of a building:

outdoor radio or television antennas, including their lead-in wiring, masts or towers; awnings; gutters and downspouts; yard fixtures; outdoor swimming pools; fences; piers; wharves and docks; beach or diving platforms or appurtenances; retaining walls; walks, roadways and other paved surfaces.

Collapse does not include settling, cracking, shrinkage, bulging or expansion. This Additional Coverage does not increase the amount(s) of insurance provided in this policy.

3. **ATTACHMENT AND TERMINATION OF LIABILITY**

This policy covers from the time property is at the risk of the Insured, during transit, while temporarily detained at locations and thereafter while at construction premises, which commences on or after the inception of this policy, but coverage will cease:

- (1) upon acceptance of the property by the owner or purchaser, or
 - (2) when the Insured's interest ceases, or
 - (3) 30 days after completion of the project, or
 - (4) on each building, structure or addition when occupied for its intended purpose: unless written consent of the company is obtained, or
 - (5) upon expiration or termination of this policy;
- whichever first occurs.

4. **PROPERTY INSURED**

This policy insures, except as otherwise provided, materials, supplies, machinery, equipment, fixtures and similar property destined to become a permanent part of:

- (1) the construction, installation or completion of building or structures, including foundations; or

(2) the improvement, alteration, repair or addition to existing buildings or structures; which are insured by this policy.

If a limit of liability is indicated, this policy will also insure:

- (1) Forms, scaffolding and temporary structures at the site of construction.
- (2) Plans, blueprints, designs, specifications or any similar property.
- (3) Tools and equipment of a portable nature customarily carried by the insured.

5. PROPERTY AND INTERESTS EXCLUDED

This policy does not insure property of others, unless the Insured has prior to loss assumed liability therefor, or is legally liable, and then only to the extent of the Insured's liability. However, in no event does this policy insure existing buildings or structures to which improvements, alterations, repairs or additions are being made.

6. LIMITS OF LIABILITY

This Company shall not be liable for more than:

- (A) \$3,000,000 any one loss, casualty or disaster including the salvage charges or other expenses or all combined, except as follows:
- (B) \$ 1,000,000 at any one construction premises;
- (C) \$ 50,000 on forms, scaffolding and temporary structures while at the site of construction;
- (D) \$ 100,000 while in transit;
- (E) \$ 1,000,000 while held in storage at premises owned, leased or operated by the insured or at any temporary storage location other than at the construction premises;
- (F) \$ 50,000 on plans, blueprints, designs, specifications or any similar property;
- (G) \$ No coverage on tools and equipment of a portable nature customarily carried with the insured, including when said property is temporarily returned to the Insured's premises, subject to a limit of No coverage on any one tool, or piece of equipment.

7. DEDUCTIBLE

Each claim for loss or damage, separately occurring shall be adjusted separately and from the amount of each such adjusted claim there shall be deducted 1,000.

8. MINIMUM PREMIUM - The minimum premium to be earned under this policy for each year of the policy term shall be 500.

9. MINIMUM RETAINED PREMIUM - In the event of cancellation of this policy by the insured it shall be understood and agreed that the minimum retained premium shall be 5,000.

10. COMPLETED VALUE REPORTING

The insured agrees to keep an accurate record of the value of all property covered under this policy and to report in writing to this Company within thirty (30) days after the end of each month, the projected total completed value of each structure at risk under this insurance as of the last day of the preceding month, and pay premium on the aggregate amount reported at the agreed monthly rate of per \$100.00.

At the time of any loss, if the insured has failed to file with this Company reports of value as above required, this policy, subject otherwise to all of its terms, conditions and limitations, shall cover only at the locations and for not more than the amount included in the last report of values filed prior to the loss. If such delinquent report is a first report of values herein required to be filed, liability shall be limited to ninety (90) per cent of the amount for which this company would otherwise be liable.

In the event of loss or damage this Company shall be liable for no greater proportion of such loss or damage than the value last reported by the insured prior to loss or damage bears to the projected total completed value of the building or structure involved. This clause shall apply separately to each building or structure insured under this policy. Notwithstanding the requirements of this policy that premium be paid upon the projected total completed values at risk thereunder, the Company's liability shall in no event exceed the limits of liability as specified in this policy. The Company, through its authorized representative, shall be permitted to inspect the books and records of the insured pertaining to the subject matter of this insurance at all reasonable time during life of this policy and for twelve (12) months after the expiration or termination date of the insurance. Any evasion or attempted evasion by the insured in connection with statements, payment of premium or any matter relating to this insurance shall void such policy and shall be an absolute defense to any suit or action brought under such policy.

11. PERILS EXCLUDED

This policy does not insure loss caused directly or indirectly by any of the following. Such loss is excluded regardless of any other cause or event contributing concurrently or in any sequence to the loss.

- (a) any unexplained loss, mysterious disappearance of property (except property in the custody of carriers or bailees for hire) or shortage disclosed on taking inventory;
- (b) loss or damage caused by or resulting from earthquake, volcanic action, mud flow, earth sinking, earth rising or shifting, landslide or other earth movement, except for property in due course of transit or unless loss by fire or explosion ensues, and then only for such ensuing loss;
- (c) loss or damage caused by or resulting from:
 - 1. flood, surface water, waves, tidal water to tidal wave, overflow of streams or other bodies of water, or spray from any of the foregoing, all whether driven by wind or not;
 - 2. water which backs up through sewers or drains;
 - 3. water below the surface of the ground including that which exerts pressure on or flows, seeps or leaks through sidewalks, driveways, foundations, walls, basement or other floors, or through doors, windows or any other opening in such sidewalks, driveways, foundations, walls or floors;
 - 4. release of water impounded by a dam regardless of cause;except for property in due course of transit, unless loss by fire or explosion ensues, and then only for such ensuing loss;
- (d) loss or damage to property in the open caused by rain, snow, sleet, sand or dust (other than property in the custody of carriers for hire);
- (e) loss or damage caused by or resulting from error, omission or deficiency in design, specifications, workmanship, or materials, but this exclusion does not apply to loss by fire, lightning, windstorms, hail, explosion, riot or civil commotion, aircraft, vehicles, smoke or discharge from fire protective or building service equipment, to the extent that such perils are insured against in this policy;
- (f) loss or damage caused by or resulting from inherent vice, latent defect, wear and tear, deterioration, rust, corrosion, dampness or dryness of atmosphere, wet or dry rot, mold, extremes or changes of temperature, freezing, insects or vermin.
- (g) loss or damage resulting from short circuit, blow-out, or other electrical disturbance caused by electrical currents artificially generated, unless fire or explosion ensues, and then only for loss or damage caused by such ensuing fire or explosion;
- (h) loss or damage caused by or resulting from mechanical breakdown or derangement including rupture, bursting or disintegration of the rotating or moving parts of machines or machinery

resulting from centrifugal or reciprocating force, unless loss by a peril not otherwise excluded ensues, and then only for such ensuing loss;

- (j) loss or damage to steam boilers, steam pipes, steam turbines, or steam engines caused by or resulting from bursting, rupture or explosion of such objects;
- (j) misappropriation, secretion, conversion, infidelity or any dishonest act on the part of the insured or other party of interest, his or their employees, while working or otherwise, or others to whom the property may be entrusted (carriers for hire excepted);
- (k) loss occasioned directly or indirectly by order of any government authority or by enforcement of any local or state ordinance or law regulating the construction, repair, or demolition of building(s) and structure(s);
- (l) loss of use, delay, loss of markets, penalties for noncompletion or noncompliance with contract conditions, or consequential loss of any kind;
- (m) loss or damage caused by or resulting from subsidence, settling, cracking, shrinkage or expansion of walls, pavements, foundations, floors, roofs or ceilings;
- (n) loss or damage covered under any guarantee, warranty, or other obligation (expressed or implied) by any contractor, manufacturer or supplier, whether or not such contractor, manufacturer or supplier is an insured under this policy;
- (o) loss or damage caused by or resulting from testing, unless fire or explosion ensues, and then only for the ensuing fire or explosion.
- (p) by collapse, except as provided above in the collapse additional coverage. If a peril not otherwise excluded ensues on the described premises, this Company will pay only for loss caused by the ensuing peril.

12. This policy does not insure against loss caused by any of the following:

However, any ensuing loss not excluded or excepted in this policy is covered.

- A. Weather conditions. However, this exclusion only applies if weather conditions contribute in any way with a cause or event excluded in Item 11 Perils Excluded above to produce the 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 on or off the described premises.

13. COINSURANCE

This Company shall be liable for no greater proportion of any loss, than the limit of liability, set forth in this policy, bears to the projected full value of the property insured at date of completion. If this policy covers two or more structures under construction, the foregoing shall apply separately to each structure.

14. GENERAL CONDITIONS

- (a) In no event shall this Company be liable for any increased cost of repairs or reconstruction by reason of any law, ordinance, regulation, permit or license regulating construction or repairs;
- (b) It shall be optional with this Company to take over any material for the loss of which it has paid or which has been replaced by new material at the expense of this Company, and also to repair, rebuild or replace any property lost or damaged, with other of like kind or quality within a reasonable time, on giving notice of its intention to do so not later than thirty (30) days after receipt of the Proof of Loss herein required, but there shall be no abandonment of any property to this Company;

- (c) This policy shall be void, unless otherwise provided by agreement in writing added hereto, if this policy be assigned or transferred;
- (d) In case of loss or damage to the property of others held by the insured, for which claim is made upon this Company with the consent of the insured, the right to adjust such loss or damage with the owner or owners of the property is reserved to this Company and the receipt of such owner or owners in satisfaction thereof shall be in full satisfaction of any claim of the insured for which such payments has been made. If legal proceedings be taken to enforce a claim against the insured as respects any such loss or damage, this Company reserves the right at its option, without expense to the insured, to conduct and control the defense on behalf of and in the name of the insured. No action of this Company in such regard shall increase the liability of this Company under this policy. In no event shall this Company be liable for legal expenses incurred by the insured without the Company's prior written consent;
- (e) In case other valid and collectible insurance exists on any property hereby insured at the time and place of loss, the insurance under this policy shall be considered as excess insurance and shall not apply or contribute to the payment of any loss until the amount of such other insurance shall have been exhausted, it being agreed that under this policy the insured is to be reimbursed to the extent of the difference between the amount collectible from such other insurance and the amount of actual loss otherwise collectible hereunder.
- (f) The term building(s) or structure(s) "value", as used in this form is defined to include paving; fences; shrubs and plants; and sales profit, only if values of such is included in the completed value on which premium charge for this policy is based.
- (g) Insofar as they conflict, the conditions of this form supersede the conditions of the policy to which it is attached.



ALLMERICA FINANCIAL®
HANOVER INSURANCE

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

It is understood and agreed the following location is added to the policy with a contents limit of \$60,000:

615 Davis Drive, Suite 300, Morrisville NC 27560

Additional prorated premium \$102

Endt #3

Nothing herein contained shall be held to vary, alter, waive or extend any of the terms, conditions, agreements or limitations of the policy other than as above stated.

(Completion of the following, including countersignature, is required to make this endorsement effective only when it is issued subsequent to preparation of the Policy.)

Effective 6-18-99

this endorsement forms a part of Policy No. ZDI 5260801

Issued to Crossman Communities, Inc.
21-4505

By Massachusetts Bay Insurance Company

Date of Issue 2-4-00

Countersigned by _____

Authorized Representative of the Company

221-0163 (4-90)

MB 01213

ROA 2214

**HANOVER
INSURANCE**

M.B.A.H. INS.
21-4505

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY

IT IS UNDERSTOOD AND AGREED THE FOLLOWING LOCATION ARE ADDED TO THE POLICY:

494 S EMERSON, GREENWOOD, IN FOR \$30,000. CONTENTS AND
3077 KETERING BLVD., STE 114, MARIANE, OH FOR \$ 50,000.

ALSO, LOCATION #4, CONTENTS 5412 COURSEIEW DRIVE, STE. 210 MASON, OH IS INCREASED BY \$25,000.

AND LOC. #1 CONTENTS 929 EASTWIND DRIVE, STE.2D, WESTERVILLE, OH IS INCREASED BY \$7500.

LOCATION #7, 50 WASHINGTON ST., 1B , COLUMBUS, IN IS DELETED AND REPLACED BY:157 HOLIDAY PLACE,

FRANKLIN, IN. A GL BROADENING ADDITIONAL INSURED IS ADDED FOR FRANKLIN, IN IN THE NAME OF:

GOLF DEVELOPMENT, 1280 W, SOUTHPORT ROAD, INDIANAPOLIS, IN.

ADDITIONAL PREMIUM: \$169.

ENDORSEMENT #1

Nothing herein contained shall be held to vary, alter, waive or extend any of the terms, conditions, agreements or limitations of the Policy other than as above stated.

(Completion of the following, including countersignature, is required to make this endorsement effective only when it is issued subsequent to preparation of the Policy.)

Effective 01-20-99 this endorsement forms a part of Policy No. ZDI 859 08 01

Issued to CROSSMANN COMMUNITIES, INC.

By MASSACHUSETTS BAY Insurance Company

Date of Issue 08-29-98 Countersigned by _____
04-21-99 JH EXP.DATE: 08-29-98 Authorized Representative of the Company

Form 221-0163 14/90

ROA 2215

MB 01214



ALLMERICA FINANCIAL[®]
HANOVER INSURANCE

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

It is understood and agreed the employee dishonesty is deleted from the policy.

Return premium (\$1499)

Endt #2

Nothing herein contained shall be held to vary, alter, waive or extend any of the terms, conditions, agreements or limitations of the policy other than as above stated.

(Completion of the following, including countersignature, is required to make this endorsement effective only when it is issued subsequent to preparation of the Policy.)

Effective 8-29-98

this endorsement forms a part of Policy No. ZDI 5260801

Issued to Crossman Communities, Inc.
21-4505

By Massachusetts Bay Insurance Company

Date of Issue 2-3-00

Countersigned by _____

Authorized Representative of the Company

221-0163 (4-90)

MB 01215

ROA 2216



ALLMERICA FINANCIAL®
HANOVER INSURANCE

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

It is understood and agreed the following location is added to the policy
for blanket building coverage of \$40,000:

Richmond Equillies LLC
1628 Breckenridge Drive
Murfreesboro TN 37129

Additional prorated premium \$48

Nothing herein contained shall be held to vary, alter, waive or extend any of the terms, conditions, agreements or limitations of the policy other than as above stated.

(Completion of the following, including countersignature, is required to make this endorsement effective only when it is issued subsequent to preparation of the Policy.)

Effective 7-15-99

this endorsement forms a part of Policy No. ZDI 5260801

Issued to Crossman Communities, Inc.
21-4505

By Massachusetts Bay Insurance Company

Date of Issue 2-7-00

Countersigned by _____

Authorized Representative of the Company

221-0183 (4-90)

- c. Dishonest or criminal act committed by:
- (1) You, any of your partners, employees, directors, trustees, or authorized representatives;
 - (2) Anyone else with an interest in the property, or their employees or authorized representatives; or
 - (3) Anyone else to whom the property is entrusted for any purpose.

This exclusion applies whether or not such:

- (1) Persons are acting alone or in collusion with other persons; or
- (2) Acts occur during the hours of employment.

This exclusion does not apply to:

- (1) Covered Property that is entrusted to others who are carriers for hire; or
- (2) Acts of destruction by your employees. But theft by employees is not covered.

- d. Artificially generated current creating a short circuit or other electric disturbance within an article covered under this Coverage Form. But we will pay for direct "loss" caused by resulting fire if the fire would be covered under this Coverage Form.

This exclusion only applies to "loss" to that article in which the disturbance occurs.

- e. 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.

- f. 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 contribute in any way with a cause or event excluded in paragraph 1. above to produce the "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.

- e. Wear and tear, any quality in the property that causes it to damage or destroy itself, hidden or latent defect, gradual deterioration; mechanical breakdown; dampness, cold or heat.

1C. 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. COINSURANCE

All Covered Property, except property in transit, must be insured for its total value as of the time of "loss" or 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."

This penalty will not apply to property in transit.

F. DEFINITIONS

"Loss" means accidental loss or damage.

**STATE OF SOUTH CAROLINA
COUNTY OF HORRY**

**IN THE COURT OF COMMON PLEAS
FIFTEENTH JUDICIAL CIRCUIT**

**Crossman Communities of North
Carolina, Inc., Beazer Homes
Investment Corp., and Daniel Rogers**

Plaintiffs,

v.

Case No. 2004-CP-26-84

**Harleysville Mutual Insurance Company,
Indiana Insurance Company,
Massachusetts Bay Insurance Company,
Cincinnati Insurance Company, and
Associated Insurors, Inc.
of Myrtle Beach,**

Defendants.

Affidavit of W. Mark Berry

Massachusetts Bay Insurance Company,

Third-Party Plaintiff,

v.

**Waterway Village River Oaks Horizontal
Property Regime, Water Way Village at
River Oaks Homeowners Association,
Inc., Lightkeepers Village Homeowners
Association, Inc., 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, River Oaks II Horizontal
Property Regime, River Oaks
Homeowners Association, Inc., Buck
Creek Golf Villas Horizontal Property
Regime, and Buck Creek Golf Villas
Homeowners' Association, Inc.,**

Third-Party Defendants.

AFFIDAVIT OF W. MARK BERRY

I, W. Mark Berry, after being duly sworn, do hereby affirm and state as follows:

1. My name is W. Mark Berry, and I am over the age of eighteen (18) years and under no legal disability. The facts stated in this Affidavit are based upon my personal knowledge and are true and correct to the best of my knowledge and belief.

2. I am the Vice President of Risk Management at Beazer Homes Corp. ("Beazer"). I have responsibility for the risk management and insurance programs. I have served in this position since July 2002. Prior to this time, I held a variety of titles with Marsh USA, Inc., an insurance broker, including senior vice-president. At that time, Beazer was one of my primary accounts, and I worked extensively with Beazer concerning placement of its insurance coverage, as I continue to do in my current position with Beazer.

3. Beazer's corporate structure, as described below, is reflected in various publicly available documents filed with the SEC and various secretaries of state in states where Beazer entities are registered. Likewise, the sequence and mechanics of the acquisition of Pinehurst Builders, Inc., River Oaks Golf Development Corporation, and Buck Creek Corporation (collectively, the "Pinehurst Entities"), by Crossmann Communities, Inc. ("CCI") and the sequence and mechanics of the acquisition of CCI by Beazer are matters of public record.

4. CCI acquired the Pinehurst Entities on or about May 29, 1998. At the time of that acquisition, Plaintiff Crossmann Communities of North Carolina, Inc. ("Crossmann") was incorporated as a wholly owned subsidiary of CCI and was the operating entity in South Carolina for the former Pinehurst Entities.

5. On or about April 17, 2002, Beazer Homes Investment Corp. ("BHIC") acquired the stock of CCI. CCI was merged into BHIC, and BHIC succeeded to all of CCI's rights and

obligations under its insurance policies. The CCI-BHIC merger agreement states that “[f]ollowing the merger, the separate corporate existence of [CCI] shall cease, and [BHIC] shall continue as the surviving corporation . . . and shall succeed to and assume all the rights and obligations of [CCI] in accordance with the [Delaware General Corporation Law] and the [Indiana Business Corporation Law].” True and correct copies of the Certificate of Merger, titled “Agreement and Plan of Merger Among Beazer Homes USA, Inc., Beazer Homes Investment Corp., and Crossmann Communities, Inc.,” dated January 29, 2002, and Merger Agreement are attached to this Affidavit as **Exhibit A**.

6. CCI is a named insured on a commercial umbrella liability policy, Policy No. CCC 444 58 40 (the “Cincinnati Policy”), issued by Cincinnati Insurance Company (“Cincinnati”). The Cincinnati Policy was in effect from July 1, 1998 through July 1, 2001 and renewed for an additional one-year period from July 1, 2001 through July 1, 2002. Thus, the policy was in effect for a total of four years, from July 1, 1998 through July 1, 2002. True and correct copies of the Cincinnati Policy and the Renewal are attached to this Affidavit as **Exhibits B and C**.

7. The Cincinnati Policy provides excess, or umbrella, coverage that sits above Plaintiffs’ primary insurance. If the primary insurance underlying any of the years of the Cincinnati coverage exhausts, the excess carrier, Cincinnati, has a duty to “drop down” and respond as primary insurance.

8. The primary policy underlying the Cincinnati policy from the time that the Cincinnati policy inception through August 29, 1998 was issued by Indiana Insurance Company. The Indiana Policy had an initial policy period of July 1, 1997 -- prior to CCI’s acquisition of the Pinehurst Entities -- to July 1, 1998. The policy was renewed for a second policy period of July

1, 1998 to July 1, 1999, but the policy was cancelled on August 29, 1998. Therefore, the Indiana Policy covered the Pinehurst Entities and CCI after its acquisition of the Pinehurst Entities for approximately three months -- May 29, 1998 to August 29, 1998. Each policy period had a \$1,000,000 "each occurrence limit" and a \$2,000,000 "products-completed operations aggregate limit." True and correct copies of the Indiana policies are attached to this Affidavit as **Exhibits D and E**.

9. The primary policy underlying the Cincinnati Policy from August 29, 1998 to August 29, 2000 was issued by Massachusetts Bay Insurance Company. The Massachusetts Bay Policy had an initial policy period of August 29, 1998 to August 29, 1999, and was renewed for a second policy period of August 29, 1999 to August 29, 2000. The Massachusetts Bay Policy indicates a \$1,000,000 "each occurrence limit" and a \$2,000,000 "products - completed operations aggregate limit" for each policy period. (Massachusetts Bay Policy, Dec. Sheet.) A true and correct copy of the Massachusetts Bay policy is attached to this Affidavit as **Exhibit F**.

10. The primary policy underlying the Cincinnati Policy from August 29, 2000 through January 1, 2002, was issued by Regent Insurance Company. The Regent Policy had an initial policy period of August 29, 2000 to August 29, 2001, and was reissued for the period January 1, 2001 through January 1, 2002. The Regent policy indicates a \$1,000,000 "each occurrence limit" and a \$2,000,000 "products - completed operations aggregate limit." (Regent Policy, Dec. Sheet.) True and correct copies of the Regent policy and the renewal are attached to this Affidavit as **Exhibits G and H**.

11. Beazer and its predecessors-in-interest, Crossmann and the Pinehurst Entities, are defendants in seven underlying lawsuits filed in the state courts of South Carolina by homeowners alleging that negligence of Beazer, Crossmann, and the Pinehurst Entities, and/or

their subcontractors in the construction of condominium projects led to property damage and/or bodily injury (the "Underlying Lawsuits").

12. Harleysville Mutual Insurance Company ("Harleysville") issued consecutive general liability policies covering Pinehurst and related entities effective from July 29, 1993, prior to Crossmann's acquisition of the Pinehurst Entities, until the last policy was cancelled on August 29, 1998. Each policy was in effect for one year, with the exception of the last policy which was cancelled approximately one month after its inception. The Harleysville primary policies provide for a \$1,000,000 "each occurrence limit" and a \$2,000,000 "products - completed operations aggregate limit" for each policy period. (Harleysville Policy, Dec. Sheet.) True and correct copies of the Harleysville policies for the last two policy periods, July 29, 1997 to July 29, 1998 and July 29, 1998 to August 29, 1998, are attached to this Affidavit as **Exhibit I**. Harleysville also issued umbrella policies covering Pinehurst and related entities that sat above the Harleysville primary policies.

13. The Underlying Lawsuits concern condominium projects that were constructed during or prior to the Harleysville and Cincinnati policy periods. True and correct copies of the complaints from the Underlying Lawsuits are attached as **Exhibits B - G** to the Second Amended Complaint filed by Plaintiffs in this action in June 2005.

14. In late 2005, the Beazer Entities entered into settlement discussions with Indiana concerning the Underlying Lawsuits. From the beginning of this coverage action, Plaintiffs and Indiana had disputes as to the amount of the limits of coverage provided by the Indiana Policy. Indiana contended that because the Indiana policy only covered Plaintiffs for the Underlying Lawsuits for approximately three months, Indiana should not be responsible for two separate policy periods and two separate set of limits. Plaintiffs contended that regardless of how long

Indiana was “on the risk” for the Underlying Lawsuits, there were two separate policy limits, thus affording the Plaintiffs a total \$4,000,000 in products-completed operations aggregate coverage.

15. Plaintiffs and Indiana eventually compromised their disputes concerning the nature and extent of coverage, including the dispute as to the applicable limits of coverage, and agreed that Indiana would pay Plaintiffs an amount that would exhaust the Indiana Policy and extinguish all of Indiana’s obligations under the Policy.

16. On December 30, 2005, Indiana and the Plaintiffs executed a confidential “Settlement Agreement and Mutual Release” that settled their dispute.

17. In addition to Underlying Lawsuits, the Plaintiffs tendered approximately twenty-eight other claims to Regent concerning various cases pending against the Plaintiffs in Indiana, Ohio, and South Carolina.

18. Regent made payments on behalf of Plaintiffs towards the limits of its policy to indemnify the Plaintiffs for some of these claims.

19. The Plaintiffs and Regent disputed Regent’s obligations under its policy to respond to the Underlying Lawsuits, as well as the twenty-eight other claims that the Plaintiffs made under the Regent Policy.

20. In early 2005, the Plaintiffs and Regent mediated their disputes and entered into settlement discussions with Regent concerning the various claims submitted by the Plaintiffs. During these negotiations, the Plaintiffs had a good faith dispute with Regent as to the amount of the limits of the Regent Policy. Regent argued that only one set of limits was available, \$1,000,000 for each occurrence and \$2,000,000 for the products-completed operations aggregate. The Plaintiffs argued that the reissuance of the policy effective January 1, 2001, resulted in two

sets of limits, thus affording the Plaintiffs \$4,000,000 in products-completed operations aggregate coverage.

21. The Plaintiffs and Regent eventually compromised this dispute and agreed that, in addition to the indemnity payments Regent had already made to the Beazer Entities, Regent would make an additional cash payment to Plaintiffs that would exhaust the Regent Policy and extinguish all of Regent's obligations under the Policy. The Regent settlement payment was allocated in full by Beazer to offset a portion of the settlement costs incurred in the Colon class action case pending in Indiana, which is discussed in paragraph 29 below.

22. On May 17, 2005, Regent and the Plaintiffs executed a confidential "Settlement Agreement and Mutual Release" that settled their dispute.

23. Prior to finalizing the settlement with Regent, the Plaintiffs notified Cincinnati of the potential settlement and requested that Cincinnati begin providing a defense to the Plaintiffs.

24. In addition to the Underlying Lawsuits, Plaintiffs tendered several other claims to Massachusetts Bay concerning various cases pending against the Plaintiffs in Indiana and Kentucky.

25. Massachusetts Bay made payments to the Beazer Entities towards the limits of its policy to indemnify the Plaintiffs for some of these other claims.

26. After mediation of this lawsuit on February 2 and 3, 2006, Plaintiffs and Massachusetts Bay reached an agreement in principle concerning the various claims for coverage made by the Plaintiffs. The Plaintiffs and Massachusetts Bay compromised their dispute and agreed that, in addition to the indemnity payments Massachusetts Bay had already made to the Beazer Entities, Massachusetts Bay would make an additional cash payment to Plaintiffs that

would exhaust the Massachusetts Bay Policy and extinguish all of Massachusetts Bay's obligations under the Policy.

27. On March 14, 2006, Massachusetts Bay and Plaintiffs executed a confidential "Settlement and Mutual Release" that settled their dispute.

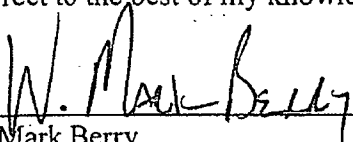
28. Prior to settling their disputes with Plaintiffs, Regent and Massachusetts Bay were both providing a defense to the Plaintiffs for the Underlying Lawsuits, and were splitting the costs for South Carolina-based defense counsel with Harleysville.

29. In 2003 and 2004, Beazer and Crossmann were defendants in a class action property damage case in Indiana state court captioned Colon v. Trinity Homes, et al. In October 2004, the court approved a settlement of the Colon class action. The Colon class action involved property damage claims by homeowners who claimed that water intrusion had caused damage to their homes. The claims in the Colon class action triggered the Regent policy underlying the Cincinnati excess policy, and also triggered the Cincinnati policy. Beazer has expended over \$27,770,073 through January 2006 for remediation of property damage in connection with the settlement of the Colon lawsuit, which vastly exceeds the limits of the Regent policy. In addition to Colon, Beazer also paid to settle two of the Underlying Lawsuits involved in this coverage action -- River Oaks I and River Oaks II. River Oaks I was settled for a payment by the Beazer Entities to the River Oaks I plaintiffs. Beazer settled River Oaks II for a payment by Beazer to the River Oaks II plaintiffs. The payments made by Beazer to settle the River Oaks I and River Oaks II lawsuits, even after accounting for the indemnity payments received by Indiana and Massachusetts Bay, exceed the applicable per occurrence limits of the Indiana and Massachusetts Bay policies.

30. As of March 20, 2006, the primary insurance policies of Indiana, Massachusetts Bay, and Regent underlying the Cincinnati Policy are exhausted, and none of these primary policies is available to Plaintiffs to respond to any of the Underlying Lawsuits. I am not aware of any other primary insurance that is "available" to the Plaintiffs to cover the Underlying Lawsuits because no other insurer has admitted that it covers Plaintiffs for the Underlying Lawsuits. A copy of Plaintiffs' Schedule of Insurance is attached as **Exhibit J**.

31. Cincinnati has denied that it has a duty to defend and has never contributed towards Plaintiffs' defense or investigation of the Underlying Lawsuits.

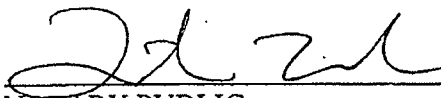
The foregoing statements are true and correct to the best of my knowledge and belief.



W. Mark Berry

SUBSCRIBED AND SWORN TO before me on this the 29th day of March 2006.





NOTARY PUBLIC

My commission expires:

11-19-07

Dated: March 29th, 2006

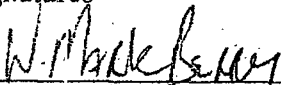
1. If there is an "occurrence" or are "occurrences" under the Harleysville and Cincinnati policies ("the Policies"), then the damages at the underlying projects that resulted from water intrusion and that meet the definition of "property damage" in the Policies are \$7.2 million. If the trial Court finds that there has been an occurrence or occurrences, then the Court shall find that Plaintiffs' insured loss is \$7.2 million, subject to the Court's rulings on the issues set forth in paragraphs ~~9b~~^{8b}, ~~9c~~^{8c}, and ~~9d~~^{8d} below. MS.
DH
JW
2. The parties agree that the damage referred to in paragraph 1 above began within 30 days after the Certificate of Occupancy was issued for each building and that such damage, and new damage, progressed until repaired or until Beazer Homes paid to settle the underlying cases, whichever came first.
3. The parties preserve the right to argue whether any of the claimed damages arise from an "occurrence" under the Harleysville and Cincinnati Policies.
4. The parties stipulate to the following facts:
 - a. The insureds under the Harleysville and Cincinnati Policies served as the architect, general contractor and the developer at River Oaks I, River Oaks II, Buck Creek, and Waterway Village.
 - b. The insureds under the Policies served as the general contractor for buildings 20 and 28 at Lightkeeper's Village.
 - c. All of the construction work at all of the underlying projects was performed entirely by subcontractors.
5. Dan Rogers agrees to fully release Harleysville and Cincinnati from all claims raised in the pleadings.
6. Harleysville and Cincinnati agree that, for purposes of the disposition of this matter at the trial court level, they will not raise the applicability of policy exclusions with respect to Judge John's consideration of the issues identified below in paragraph 9. Harleysville and Cincinnati preserve the right to raise the applicability of policy exclusions on appeal to the extent permitted by the South Carolina Rules of Appellate Procedure and South Carolina law in response to contentions raised by plaintiffs that give rise to a policy exclusion.

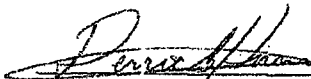
Court's Ex. 1

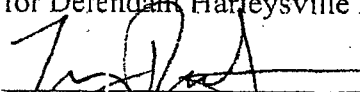
7. The parties agree that the record in this case shall consist of all settlement documents, pleadings, discovery, and depositions, in both the coverage case and the underlying cases which have been produced and exchanged in discovery in this case.
8. The parties agree that the following matters are the only issues of law to be addressed by Judge John :
 - a. Did the property damage giving rise to Plaintiffs' claims for coverage arise from an "occurrence";
 - b. In the event the Court finds that there was an occurrence or occurrences, how shall the \$7.2 million in insured damages referred to in paragraph 1 above be allocated, whether by "joint and several" or by "time on the risk;"
 - c. In the event judgment is entered for Plaintiffs, and that the Court determines that "time on the risk" is the proper allocation method, what is the proper period over which the "time on the risk" should be calculated. All parties reserve their right to argue, from the applicable facts and law, the appropriate start date and end date for any pro rata time on the risk allocation period. Alternatively, in the event that judgment is entered for the Plaintiffs and the Court determines that "joint and several" is the proper allocation method, whether Harleysville or Cincinnati is entitled to any set-off under South Carolina law in light of Plaintiffs' settlement with other insurers and, if set-off is appropriate, the amount of any such set-off.
 - d. In the event the Court finds that there has been an occurrence or occurrences, whether Plaintiffs are entitled to prejudgment interest with respect to the award of insured damages, with each party preserving their rights with respect to that issue.
9. The parties agree that Cincinnati can argue to the Court that the underlying insurance has not been exhausted and that Cincinnati has no obligation to "drop down" and cover Plaintiffs for losses in the Underlying Lawsuits, and Plaintiffs can oppose Cincinnati's contention and argue that Cincinnati's policies are presently triggered.
10. The parties agree that all rights to appeal are preserved as to any and all rulings and judgment of the trial court.

11. The parties agree to jointly petition the South Carolina Supreme Court to accept immediately appellate review of the trial court's judgment and, if the Court refuses to do so, the parties agree to pursue appellate issues, as appropriate, to the South Carolina Court of Appeals.
12. Plaintiffs agree to release Harleysville from all claims arising from the alleged acts and omissions of Associated Insurors as alleged in the agency-related claims for relief in the Second Amended Complaint.
13. Cincinnati's applicable policies are excess policies with a "follow form" endorsement applicable to completed operations.
14. The parties agree and acknowledge that this Agreement is reached in compromise of a disputed claim, and is not to be construed as a concession of the rights of any party beyond this litigation or as an admission of any coverage obligations of any party.

Signatures


for Plaintiffs Beazer Homes/Crossmann Communities, & Dan Rogers


for Defendant Harleysville Mutual Insurance


for Defendant The Cincinnati Insurance Co

January 29, 2007

Trinity Water Intrusion Claims

Damages

Defense/Investigation:

Defense Costs	\$3,066,483.13
<i>Colon</i> Plaintiff's Attorney Fees	1,999,999
Investigative Costs	9,634,808
	Subtotal: \$14,701,290.13

Indemnity:

Repair Costs	\$33,572,134
Water Intrusion Division Expenses	8,968,007
Individual Homeowner Settlements	203,000
	Subtotal: \$42,743,141

Total: \$57,444,431.13

Recoveries

Insurer Settlements/Recoveries

Defense:

One Beacon \$3,900,000

One Beacon (Tomasic, Bogan, King) 27,192

Ohio Casualty 1,810,000

Liberty 1,292,691.44

Insurer Defense Subtotal: \$7,029,883.44

Indemnity:

One Beacon \$9,000,000

Regent 3,000,000

Illinois Union 500,000

Liberty 381,605.88

Insurer Indemnity Subtotal: \$12,881,605.88

Subcontractor Recovery

Settlements: \$23,670,023.65

Less Attorney Fees: \$5,995,923.62

Net Subcontractor Recovery: 17,674,100.03

Indemnity Subtotal: \$30,555,705.91

Total Net Recoveries: \$37,585,589.35

Uncovered Losses

	<u>Defense</u>	<u>Indemnity</u>	<u>Total</u>
Damages	14,701,290	42,743,141	57,444,431
<u>Recoveries</u>	<u>7,029,883</u>	<u>30,555,705</u>	<u>37,585,589</u>
Uncovered Loss	7,671,407	12,187,436	19,858,842

Lexington, Kentucky Water Intrusion Claims

Damages Summary

Repair Costs

Total Repair Costs: \$13,418,760

Recoveries

Beazer/Crossmann Insurers:

Massachusetts Bay (allocation): \$1,450,000

Illinois Union (allocation): \$500,000

Total Insurance Recovery: \$1,950,000

Subcontractors:

Total Subcontractor Recovery: \$2,925,000

Less Attorney Fees: \$1,505,752

Net Subcontractor Recovery: \$1,419,248

Total Net Recoveries: \$3,369,248

Uncovered Loss: \$10,049,512

SETTLEMENT AGREEMENT AND MUTUAL RELEASE

This Settlement Agreement and Mutual Release ("Agreement"), is hereby entered into by and between **POLICYHOLDERS** and **CINCINNATI**, as those terms are defined below.

I. DEFINITIONS

As used herein, the following terms when set forth in bold and all capitals shall have the following meanings:

1. **"BEAZER"** means:
 - (a) Beazer Homes Investments, LLC;
 - (b) Beazer Homes Indiana, LLP;
 - (c) Beazer Homes Investment Corp.;
 - (d) Beazer Homes USA, Inc.; and
 - (e) Their respective directors, officers, employees, agents, shareholders, attorneys, representatives, assigns, predecessors, successors, affiliates, subsidiaries, and parent companies.
2. **"CINCINNATI"** means The Cincinnati Insurance Company, and its directors, officers, employees, agents, shareholders, attorneys, representatives, assigns, predecessors, successors, affiliates, subsidiaries, and parent companies.
3. **"COVERAGE LAWSUITS"** means the **INDIANA COVERAGE LAWSUIT** and the **KENTUCKY COVERAGE LAWSUIT**.
4. **"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;
- (j) Cutter Homes, Ltd; and
- (k) Their respective directors, officers, employees, agents, independent contractors, shareholders, attorneys, representatives, assigns, predecessors, successors, affiliates, subsidiaries, and parent companies.

5. **"INDIANA COVERAGE LAWSUIT"** means the legal proceedings pending in the United States District Court for the Southern District of Indiana, captioned *Trinity Homes LLC and Beazer Homes Investments LLC v. Ohio Casualty Insurance Company and Cincinnati Insurance Company*, Case No. 1:04-CV-1920-SEB-DML.

6. **"INSURERS"** means:

- (a) Any individual or entity that issued a policy of insurance or indemnity agreement (whether primary, umbrella, excess, or otherwise), under which any one or more of the **POLICYHOLDERS** 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, subsidiaries, and parent companies.

7. **"KENTUCKY COVERAGE LAWSUIT"** means the legal proceedings pending in the United States District Court for the Eastern District of Kentucky, captioned *The Cincinnati Insurance Company v. Beazer Homes Investments LLC and Beazer Homes Indiana LLP and Beazer Homes Investments LLC v. The Cincinnati Insurance Company*, Case No. 5:05-CV-00470.

8. **"POLICIES"** means Cincinnati's umbrella liability policy number CCC 444 58 40 issued to Crossmann Communities Inc. with effective dates from July 1, 1998 to July 1, 2001 and renewed from July 1, 2001 to July 1, 2002, which has separate \$10,000,000 each occurrence and aggregate limits for each of the four policy years.

9. **"POLICYHOLDERS"** means:

- (a) **BEAZER, TRINITY, and CROSSMANN;** and
- (b) Any individual or entity who claims insured status under the **POLICIES** and their respective directors, officers, employees, agents, shareholders, attorneys, representatives, assigns, predecessors, successors, affiliates, subsidiaries, and parent companies.

10. **"TRINITY"** means:

- (a) Trinity Homes, LLC;
- (b) Trinity Homes, Inc.;
- (c) Trinity Homes, LLC d/b/a Homes by John McKenzie; and
- (d) Their respective directors, officers, employees, agents, shareholders, attorneys, representatives, assigns, predecessors, successors, affiliates, subsidiaries, and parent companies.

11. **“UNDERLYING CLAIMS”** means:

- (a) all homeowner claims that are the subject of the following legal proceedings:
 - i. *Christopher J. Colon and Mary A. Colon, on behalf of themselves and all others similarly situated v. Trinity Homes, LLC and Beazer Homes Investment Corp.*, Cause No. 29D02-0404-PL-374, Hamilton County Superior Court, Indiana, originally captioned *Harmon v. Trinity Homes, LLC and Beazer Homes Investment Corp.*, Cause No. 29D01-0308-PI-651;
 - ii. *Tim Keenan and Jeannie Keenan v. Trinity Homes, LLC and Beazer Homes Investment Corp.*, Cause No. 29D02-0310-CT-885, Hamilton County Superior Court, Hamilton County, Indiana;
 - iii. *Larry King and Anita King v. Trinity Homes, LLC*, Cause No. 29D01-0303-CT-242, Hamilton County Superior Court, Hamilton County, Indiana;
 - iv. *Douglas A. McCoy and Natalie S. McCoy v. Trinity Homes, LLC and Beazer Homes Investment Corp.*, Cause No. 20D01-0312-PL-1016, Hamilton County Superior Court, Hamilton County, Indiana;
 - v. *Anthony J. Phifer and Christine R. Phifer v. Trinity Homes, LLC and Beazer Homes Investment Corp.*, Cause No. 29D02-0309-CT-739, Hamilton County Superior Court, Hamilton County, Indiana;
 - vi. *Stephen and Debra Summit v. Trinity Homes*, Cause No. 29D02-0209-PL-763, Hamilton Superior Court, Hamilton County, Indiana;
 - vii. *Kathleen M. Hanna v. Trinity Homes LLC and Beazer Homes USA, Inc.*, Cause No. 490060405-PL-000896, Superior Court of Marion County, Indiana;

- viii. *Steven Nash, Jill Nash, Julianna Nash, Nicholas Nash, by their natural parents, v. Trinity Homes, LLC and Beazer Homes USA, Inc.*, Cause No. 06D01-0406-PL-202, Superior Court of Boone County, Indiana;
- ix. *Christopher Lee Bouwkamp, Jennifer Anne Bouwkamp, Keila Loren Bouwkamp, and Caleb Jefferson Bouwkamp v. Trinity Homes, LLC, Beazer Homes USA, Inc., and Beazer Homes Investment Corp.*, Cause No. 06C010409-CT-540, Boone County Circuit Court, Boone County, Indiana;
- x. *Peter T. Jolly and Amy R. Jolly v. Trinity Homes LLC and Beazer Homes*, Cause No. 29D03-0408-PL-771, Superior Court of Hamilton County, Indiana;
- xi. *John F. Knabel, Barbara E. Knabel, and Matthew Knabel v. Trinity Homes, LLC, Beazer Homes USA, Inc., Beazer Homes Investment Corp.*, Cause No. 06C010410-CT-597, Boone County Circuit Court, Boone County, Indiana;
- xii. *Gregory A. Clouse, Laura S. Clouse, and Kendall Clouse v. Trinity Homes, LLC; Beazer Homes USA, Inc.; and Beazer Homes Investment Corp.*, Cause No. 06C010411-CT-672, Boone County Circuit Court, Boone County, Indiana;
- xiii. *Amy E. Farrow and Annabelle G. Farrow v. Trinity Homes, LLC; Beazer Homes USA, Inc.; and Beazer Homes Investment Corp.*, Cause No. 06C010412-CT-685, Boone County Circuit Court, Boone County, Indiana;
- xiv. *Tim Tomasic, et al. v. Trinity Homes, LLC and Beazer Homes USA, Inc.*, Cause No. 06D010512-PL-383, Boone County Superior Court, Boone County, Indiana;
- xv. *Todd Pierson, et al. v. Trinity Homes, LLC and Beazer Homes USA, Inc.*, Cause No. 06D010601-PL-012, Boone County Superior Court, Boone County, Indiana;
- xvi. *Robert King, et al. v. Trinity Homes, LLC, Beazer Homes USA, Inc., et al.*, Cause No. 06D010601-PL-035, Boone County Superior Court, Boone County, Indiana;
- xvii. *Michael Bogun, et al. v. John McKenzie, Trinity Homes, LLC, et al.*, Cause No. 29D010508-PL-747, Hamilton County Superior Court, Hamilton County, Indiana; and
- xviii. *Gary L. Hostetter, et al. v. Trinity Homes, LLC, et al.*, Cause No. 29D010711-PL-1275, Hamilton County Circuit Court, Hamilton County, Indiana; and

- (b) the homeowners' claims related to water intrusion in the Beaumont Subdivision near Lexington, Kentucky that are the subject of the **KENTUCKY COVERAGE LAWSUIT**.

II. RECITALS

WHEREAS, the **POLICYHOLDERS** have received or been served with numerous claims and suits (including but not limited to the **UNDERLYING CLAIMS**) from third parties in which the third parties sought damages from the **POLICYHOLDERS** because of alleged property damage and/or bodily injury arising from the alleged negligence, wrongful acts, or omissions of the **POLICYHOLDERS** and/or subcontractors; and

WHEREAS, certain present and former affiliates, successors, or predecessors of **CROSSMANN** allege they are insured under the **POLICIES**; and

WHEREAS, the **UNDERLYING CLAIMS** have been tendered by or on behalf of the **POLICYHOLDERS** to **CINCINNATI**; and

WHEREAS, the **POLICYHOLDERS** and **CINCINNATI** are parties to the **COVERAGE LAWSUITS**, in which the **POLICYHOLDERS** assert claims and/or counter-claims including breach of contract and seek, among other things, damages and a judicial declaration of the rights and the obligations of **CINCINNATI** and the **POLICYHOLDERS** under the **POLICIES** with respect to the **UNDERLYING CLAIMS**; and

WHEREAS, **CINCINNATI** and the **POLICYHOLDERS** dispute numerous issues regarding (a) whether the **POLICIES** provide coverage for the **UNDERLYING CLAIMS**; (b) the conditions and circumstances at issue in the **UNDERLYING CLAIMS**; and (c) the application of various terms, conditions and exclusions in the **POLICIES** to the **POLICYHOLDERS'** claims for insurance coverage for the **UNDERLYING CLAIMS**; and

WHEREAS, the **POLICYHOLDERS** and **CINCINNATI** wish to compromise and settle:

- (a) All past, present and future disputes of any kind whatsoever regarding the availability of insurance coverage for the **UNDERLYING CLAIMS** under the **POLICIES**; and
- (b) All claims and potential claims between them that were asserted, or could have been asserted, in the **COVERAGE LAWSUITS**; and

WHEREAS, the **POLICYHOLDERS** and **CINCINNATI** agree that the payment called for by **CINCINNATI** under this Agreement fully discharges the defense and indemnity obligations of **CINCINNATI** under the **POLICIES** as to all past, present, and future claims and suits relating to the **UNDERLYING CLAIMS** due to payment by **CINCINNATI**; and as a result of said payment, the **POLICYHOLDERS** and **CINCINNATI** agree that any further obligations, other than those set forth in this Agreement, of **CINCINNATI** and the

POLICYHOLDERS under the **POLICIES** related to the **UNDERLYING CLAIMS**, subject to all terms and conditions in this Agreement, are extinguished; and

WHEREAS, the **POLICYHOLDERS** and **CINCINNATI** recognize and agree that the execution of this Agreement and the payment 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 **POLICIES** for the **POLICYHOLDERS** with respect to any of the **UNDERLYING CLAIMS**.

III. TERMS AND CONDITIONS

NOW, THEREFORE, in consideration of the foregoing, upon the payment to the **POLICYHOLDERS** by **CINCINNATI** of the sum of \$11,000,000.00 (Eleven Million Dollars), the receipt of which will be acknowledged, the **POLICYHOLDERS** and **CINCINNATI** hereby warrant, stipulate, and agree as follows:

1. Within ten (10) days of the execution of this Agreement, **CINCINNATI** shall make the payment required under this Agreement by causing the sum of \$11,000,000.00 (Eleven Million Dollars) in presently available funds to be transmitted to **POLICYHOLDERS** via check according to the following instructions:

PAYEE: Beazer Homes USA, Inc.

ADDRESS: Beazer Homes USA, Inc.
Attn: Mr. Timothy Kozik
1000 Abernathy Road, Suite 260
Atlanta, Georgia 30328

2. In consideration of the payment described above, the **POLICYHOLDERS** and **CINCINNATI** hereby release and forever discharge the other from all claims, 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, remedies, and appraisals, that the **POLICYHOLDERS** and **CINCINNATI** have, may have, or ever had against each other, whether known or unknown, asserted or unasserted, contemplated or not contemplated, which arise from or relate to the **UNDERLYING CLAIMS** or the **COVERAGE LAWSUITS**; provided, however, that neither the **POLICYHOLDERS** nor **CINCINNATI** releases the other from any present or future obligations set forth in this Agreement.

3. In further consideration of the payment described above, the **POLICYHOLDERS** hereby release, acquit and forever discharge **CINCINNATI** of and from all claims for coverage, defense and indemnification under the **POLICIES** for any past, present, or future claims, suits, settlements or judgments related to the **UNDERLYING CLAIMS**, 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; provided, however, that the **POLICYHOLDERS** do not release **CINCINNATI** from any present or future obligations set forth in this Agreement.

4. In further consideration of the promises set forth in this Agreement, **CINCINNATI** hereby waives, discharges, acquits, and releases:

- (a) All claims for contribution of any type for amounts paid and claims released pursuant to this Agreement, against any person or entity (with the exception of any applicable reinsurers), including all past, present or future claims for contribution against any other **INSURERS** that may have coverage obligations to the **POLICYHOLDERS**; and
- (b) All subrogation claims that **CINCINNATI** might have under the **POLICIES** against third parties (with the exception of any applicable reinsurers), 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 **UNDERLYING CLAIMS**;

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

5. The **POLICYHOLDERS** enter this Agreement on behalf of themselves and their representatives, subsidiaries, parents, affiliates, successors, assigns, and all entities and individuals insured under the **POLICIES**. **CINCINNATI** enters this Agreement on behalf of itself and its representatives, insurers, subsidiaries, parents, reinsurers, affiliates, successors, and assigns. This Agreement applies to **CINCINNATI** and **POLICYHOLDERS** and their respective owners, subsidiaries, parents, 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.

6. The **POLICYHOLDERS** and **CINCINNATI** understand that this Agreement applies to all claims and/or potential claims arising from or related to the **UNDERLYING CLAIMS** or the **COVERAGE LAWSUITS**, either known or unknown, regardless of whether or not the **POLICYHOLDERS** or **CINCINNATI** has actually asserted a legal claim or is even aware of the facts that might permit it to make a legal claim related to the **POLICIES**. The **POLICYHOLDERS** and **CINCINNATI** accept the risks involved in making this Agreement. The **POLICYHOLDERS** and **CINCINNATI** 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.

7. The **POLICYHOLDERS** and **CINCINNATI** direct their respective attorneys to execute appropriate documents seeking dismissal with prejudice of the claims involving **CINCINNATI** from the **COVERAGE LAWSUITS**, in the forms attached hereto as Exhibit A and Exhibit B, within ten (10) days of receipt of the payment described in paragraph 1 of this Agreement.

8. Nothing in this Agreement is intended to limit or impair in any way whatsoever the obligations of any other **INSURERS** that may have coverage obligations to the **POLICYHOLDERS** nor impede or impair the **POLICYHOLDERS'** right and ability to recover any and all amounts due to **POLICYHOLDERS** by any other **INSURERS**. For example, and without limiting the force of the preceding sentence in any way, this Agreement is not intended in any way to limit the obligations of Ohio Casualty Insurance Company or Harleysville Insurance Company to **POLICYHOLDERS**.

9. Nothing in this Agreement limits or impairs in any way whatsoever the obligations of **CINCINNATI** to defend and indemnify **POLICYHOLDERS** under the **POLICIES** for any claims other than the **UNDERLYING CLAIMS**, or otherwise extends or expands any coverage obligations of **CINCINNATI** in any pending or future coverage claims, including but not limited to the claims that are the subject of the following lawsuits: (i) the case pending in the United States District Court for the District of South Carolina, Florence Division, captioned *Cincinnati Insurance Co. v. Crossmann Communities of North Carolina, Inc., et al.*, Case No. 4:09-cv-01373-TLW-TER; (ii) the case pending in the United States District Court for the District of South Carolina, Florence Division, captioned *Cincinnati Insurance Co. v. Crossmann Communities of North Carolina, et al.* and *Crossmann Communities of North Carolina, Inc., et al. v. Harleysville Mutual Insurance Company and Harleysville Mutual Insurance Company v. Indiana Insurance Company, et al.*, Case No. 4:09-cv-01379-TLW-TER; and (iii) the case pending in the South Carolina Court of Common Pleas, County of Horry, captioned *Crossmann Communities of North Carolina, Inc., et al. v. Harleysville Mutual Insurance Company, et al.*, Case No. 2004-CP-26-84. The **POLICYHOLDERS** and **CINCINNATI** further agree that nothing in this Agreement shall be deemed to be a waiver of any claims or defenses by **CINCINNATI** or **POLICYHOLDERS** in any other pending or future claims.

10. The **POLICYHOLDERS** and **CINCINNATI** acknowledge that they each have received independent legal advice from their attorneys regarding this Agreement. 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 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 **POLICYHOLDERS** and **CINCINNATI** respectively. The **POLICYHOLDERS** and **CINCINNATI** each will 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. It is agreed that this 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.

11. The **POLICYHOLDERS** and **CINCINNATI** agree that this Agreement is confidential and the Agreement, its terms, and the negotiation thereof will not be disclosed in any way except (a) to enforce its terms; (b) to inform the relevant courts that certain claims, listed herein, between the **POLICYHOLDERS** and **CINCINNATI** are being dismissed with prejudice; (c) to permit the **POLICYHOLDERS** to demonstrate to other **INSURERS**, including but not limited to excess or umbrella insurers, that **CINCINNATI's** coverage obligations for the **UNDERLYING CLAIMS** have been terminated; (d) to relevant courts if relevant to the

determination of the remaining limits under the **POLICIES** or to **POLICYHOLDERS'** outstanding losses; (e) to Ohio Casualty Insurance Company in connection with the **INDIANA COVERAGE LAWSUIT** and to Harleysville Mutual Insurance Company in connection with pending coverage litigation in South Carolina; (f) to permit **CINCINNATI** to advise its reinsurers; (g) as reasonably required in any document to be filed with any federal, state, or local agency or as part of any required financial disclosure; and (h) pursuant to any Order of a court.

12. The **POLICYHOLDERS** and **CINCINNATI** 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.

13. No change or amendment to this Agreement shall be effective unless in writing and signed by the **POLICYHOLDERS** and **CINCINNATI**.

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

15. This Agreement contains the entire agreement between the parties hereto, and its terms are contractual and not a mere recital. This Agreement supersedes 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.

16. 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.

17. Notices required or permitted under this Agreement shall be sent in writing by U.S. Mail, addressed as follows:

For **POLICYHOLDERS**: Mr. Timothy Kozik
Beazer Homes USA, Inc.
1000 Abernathy Road, Suite 260
Atlanta, Georgia 30328; and

Mr. Michael M. Raeber
King & Spalding LLP
1180 Peachtree Street N.E.
Atlanta, Georgia 30309-3521

For **CINCINNATI**: Mr. Troy Reichers
The Cincinnati Insurance Company
P.O. Box 145496
Cincinnati, Ohio 45250-5496

Ms. Kimberly A. Kyle
Kohnen & Patton LLP
PNC Center, Suite 800
201 E. Fifth Street
Cincinnati, Ohio 45202

Ms. Kristy Rans
Gardner & Rans P.C.
112 W. Jefferson, Suite 603
South Bend, Indiana 46601

IN WITNESS WHEREOF, we have hereunto executed this Agreement this 11th day of November, 2011.

FOR THE POLICYHOLDERS:

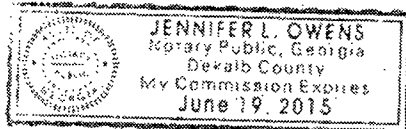
By:

Primer

File of Persons

STATE OF Georgia)
) ss:
COUNTY OF Chatham)

Before me the undersigned, a Notary Public in and for the County of Alameda, State of California, personally appeared James E. B. B. B., a duly authorized representative of the **POLICYHOLDERS**, who, first being duly sworn upon his/her oath, says that the facts alleged in the foregoing instrument are true. Signed and sealed this 11th day of November 2011.



County of Residence: De Kalb Notary Public
My commission expires: 12/30/2012

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

KING & SPALDING LLP
Attorneys for the POLICYHOLDERS

By: MICHAEL M. RAEBER

IN WITNESS WHEREOF, we have hereunto executed this Agreement this _____ day of November, 2011.

FOR THE POLICYHOLDERS:

By: _____

Printed: _____

Title or Position: _____

STATE OF _____)
) SS:
COUNTY OF _____)

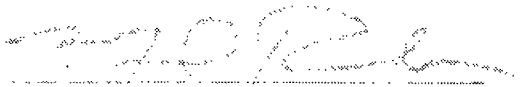
Before me the undersigned, a Notary Public in and for the County of _____, State of _____, personally appeared _____, a duly authorized representative of the **POLICYHOLDERS**, who, first being duly sworn upon his/her oath, says that the facts alleged in the foregoing instrument are true. Signed and sealed this _____ day of November 2011.

_____, Notary Public
County of Residence: _____
My commission expires: _____

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

KING & SPALDING LLP
Attorneys for the **POLICYHOLDERS**

By: _____


MICHAEL M. RAEBBER

FOR CINCINNATI:

By: Troy Reichers

TROY REICHERS

Printed

REGIONAL MANAGER

Title or Position

STATE OF Ohio)
COUNTY OF Butler) SS:

Before me the undersigned, a Notary Public in and for the County of Butler, State of Ohio, personally appeared Troy Reichers, a duly authorized representative of CINCINNATI, who, first being duly sworn upon his/her oath, says that the facts alleged in the foregoing instrument are true. Signed and sealed this 14th day of November 2011.

Stephen R. Fogle

Notary Public

County of Residence: Butler

My commission expires: _____

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



STEPHEN R. FOGLE, ATTORNEY AT LAW
NOTARY PUBLIC, STATE OF OHIO
MY COMMISSION HAS NO EXPIRATION DATE
SECTION 147.03 O.R.C.

Gardner & Rans P.C.
Attorneys for CINCINNATI

By: _____
KRISTY RANS

Kohnen & Patton LLP
Attorneys for CINCINNATI

By: _____
KIMBERLY A. KYLE

FOR CINCINNATI:

By: _____

Printed _____

Title or Position _____

STATE OF _____)
) SS:
COUNTY OF _____)

Before me the undersigned, a Notary Public in and for the County of _____, State of _____, personally appeared _____, a duly authorized representative of **CINCINNATI**, who, first being duly sworn upon his/her oath, says that the facts alleged in the foregoing instrument are true. Signed and sealed this _____ day of November 2011.

_____, Notary Public
County of Residence: _____
My commission expires: _____

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

Gardner & Rans P.C.
Attorneys for **CINCINNATI**

By: Kristy Rans
KRISTY RANS

Kohnen & Patton LLP
Attorneys for **CINCINNATI**

By: _____
KIMBERLY A. KYLE

IN THE UNITED STATES DISTRICT COURT
FOR THE SOUTHERN DISTRICT OF INDIANA
INDIANAPOLIS DIVISION

TRINITY HOMES LLC and
BEAZER HOMES INVESTMENTS
LLC,

Plaintiffs,

v.

OHIO CASUALTY INSURANCE
COMPANY and
CINCINNATI INSURANCE
COMPANY,

Defendants.

Case No. 1:04-CV-1920-SEB-DML

STIPULATION OF VOLUNTARY DISMISSAL WITH PREJUDICE

Pursuant to Federal Rule of Civil Procedure 41(a)(1)(A)(ii), Plaintiffs Trinity Homes LLC and Beazer Homes Investments LLC ("Beazer") and Defendant Cincinnati Insurance Company ("Cincinnati") stipulate and agree to the dismissal of Cincinnati from this case. Cincinnati and Beazer stipulate and agree that the claims that Beazer, on the one hand, and Cincinnati, on the other hand, have, may have, or ever had against each other in the above-referenced action have been compromised and settled. Cincinnati is therefore no longer a party and should be dismissed with prejudice from this case. Beazer and Cincinnati have agreed that each side shall bear its own costs.

This stipulation does not affect this case as it relates to Beazer and Defendant Ohio Casualty Insurance Company. Defendant Ohio Casualty Insurance Company endorses and consents to this stipulation.

Respectfully submitted, this ____ day of November, 2011.

/s/ Michael M. Raeber
KING & SPALDING LLP
Michael M. Raeber
Zachary A. McEntyre
1180 Peachtree Street, NE
Atlanta, Georgia 30309
(404) 572-4600
Fax: (404) 572-5139
Email: mraeber@kslaw.com

*Attorneys for Plaintiffs Trinity Homes LLC
and Béazer Homes Investments LLC.*

/s/ Kristy M. Rans
GARDNER & RANS, LLC
Kristy M. Rans
Martin J. Gardner
112 West Jefferson, Suite 603
South Bend, Indiana 46601
(574) 233-6035
Email: krans@gardnerandrans.com

*Attorneys for Defendant
Cincinnati Insurance Company*

CONSENTED TO BY:

/s/ Scott A. Harkness
NORRIS CHOPLIN & SHROEDER, LLP
Scott A. Harkness
Bruce L. Kamplain
101 West Ohio Street, 9th Floor
Indianapolis, IN 46204
Email: sharkness@ncs-law.com

*Attorneys for Defendant
Ohio Casualty Insurance Company*

IN THE UNITED STATES DISTRICT COURT
FOR THE SOUTHERN DISTRICT OF INDIANA
INDIANAPOLIS DIVISION

TRINITY HOMES LLC and	)	
BEAZER HOMES INVESTMENTS	)	
LLC,	)	
	)	
Plaintiffs,	)	
	)	
v.	)	Case No. 1:04-CV-1920-SEB-DML
	)	
OHIO CASUALTY INSURANCE	)	
COMPANY, and	)	
CINCINNATI INSURANCE	)	
COMPANY,	)	
	)	
Defendants.	)	

CERTIFICATE OF SERVICE

I hereby certify that on this date, a true and correct copy of the foregoing **STIPULATION OF VOLUNTARY DISMISSAL WITH PREJUDICE** was filed electronically. Notice of this filing will be sent to the following parties by operation of the Court's electronic filing system:

Scott A. Harkness
Bruce L. Kamplain
NORRIS CHOPLIN & SHROEDER, LLP
101 West Ohio Street, 9th Floor
Indianapolis, IN 46204
sharkness@ncs-law.com
bkamplain@ncs-law.com

Martin J. Gardner
Kristy M. Rans
GARDNER & RANS, LLC
112 West Jefferson, Suite 603
South Bend, Indiana 46601
mgardner@gardnerandrans.com
krans@gardnerandrans.com

This _____ day of November, 2011

/s/ Michael M. Raeber
Michael M. Raeber

**UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF KENTUCKY
CENTRAL DIVISION at LEXINGTON**

**THE CINCINNATI INSURANCE
COMPANY,**

Plaintiff,

v.

**BEAZER HOMES INVESTMENTS LLC and
BEAZER HOMES INDIANA LLP,**

Defendants.

CASE NO.: 5-05-CV-00470

BEAZER HOMES INVESTMENTS LLC,

Counterclaimant,

v.

THE CINCINNATI INSURANCE COMPANY,

Counterclaim Defendant.

STIPULATION OF VOLUNTARY DISMISSAL WITH PREJUDICE

Pursuant to Federal Rule of Civil Procedure 41(a)(1)(A)(ii), Plaintiff/Counterclaim Defendant The Cincinnati Insurance Company ("Cincinnati") and Defendants/Counterclaim Plaintiffs Beazer Homes Investments LLC and Beazer Homes Indiana LLP (collectively "Beazer") stipulate and agree to the dismissal of this case. Cincinnati and Beazer stipulate and agree that the claims that Beazer, on the one hand, and Cincinnati, on the other hand, have, may have, or ever had against each other in the above-referenced action have been compromised and settled. Accordingly, Cincinnati and Beazer hereby request that all such claims be dismissed, with prejudice, costs having been paid.

Respectfully submitted, this _____ day of November, 2011..

KING & SPALDING LLP

s/ Jessica E. Sabbath

Michael M. Raebert*
Georgia Bar No. 591722
Jessica E. Sabbath*
Georgia Bar No. 141396
Zachary A. McEntyre*
Georgia Bar No. 653571
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Tel: (404) 572-4600
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mraebert@kslaw.com
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* Admitted *Pro Hac Vice*

Jon A. Woodall
Kentucky Bar No. 85377
MCBRAYER, MCGINNIS, LESLIE
& KIRKLAND PLLC
201 East Main Street, Suite 1000
Lexington, Kentucky 40507
Tel: (859) 231-8780
Fax: (859) 231-6518
jwoodall@mmlk.com

**Counsel for Beazer Homes
Investments LLC and Beazer
Homes Indiana LLP**

KOHNEN & PATTON LLP

s/ Kimberly A. Kyle

K. Roger Schoeni (82813)
Kimberly A. Kyle (88781)
PNC Center, Suite 800
201 E. Fifth Street
Cincinnati, OH 45202
Tel: (513) 381-0656
Fax: (513) 381-5823
rschoeni@kplaw.com
kkyle@kplaw.com

**Counsel for The Cincinnati Insurance
Company**

CERTIFICATE OF SERVICE

I hereby certify that on this date, I have served a copy of the foregoing **STIPULATION OF VOLUNTARY DISMISSAL WITH PREJUDICE** upon counsel of record for all parties via e-mail and through the CM/ECF system.

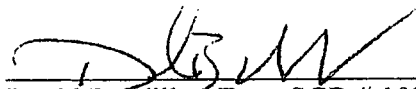
This ____ day of November, 2011.

s/ Kimberly A. Kyle
Kimberly A. Kyle

Certificate of Counsel

The undersigned hereby certifies that the Record on Appeal contains all material proposed to be included by any of the parties and not any other material.

June 6, 2013

A handwritten signature in black ink, appearing to read 'D.B. Miller', is written over a horizontal line.

David B. Miller, Esq., SCB # 10296
BELLAMY, RUTENBERG, COPELAND,
EPPS, GRAVELY & BOWERS, P.A.
P.O. Box 357
Myrtle Beach, SC 29578
(843) 448-2400